

Statement of Accounts

2014/2015



SOUTHEND-ON-SEA BOROUGH COUNCIL

STATEMENT OF ACCOUNTS

2014/15

Mayor

Councillor Andrew Moring

Leader of the Council

Councillor Ron Woodley

Chief Executive and Town Clerk

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EXPLANATORY FOREWORD

INTRODUCTION

The information provided in this publication presents the financial position of Southend-on-Sea Borough Council as at 31 March 2015, and the financial results for the financial year 2014/15. As a large and diverse organisation, these accounts will by their nature be both technical and complex and the purpose of this foreword is to provide a guide to the accounting information and statements that follow and summarise the Council's performance for the year.

Since the introduction of IFRS for local government accounting in 2010/11, the core financial statements comprise:

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

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

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

The 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, ie those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

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

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

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

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

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

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

FINANCIAL REVIEW 2014/15

REVENUE EXPENDITURE AND SERVICES PROVIDED

Revenue spending covers the day to day running costs of the Council's services, such as schools, social services and leisure. This spending is financed by government grants, Council Tax, retained Business Rates and other income such as fees and charges. The Council agreed a council tax requirement, including Leigh-on-Sea Town Council precept, of £61.4m for 2014/15 (£61.0m for 2013/14).

In setting this budget, the Southend-on-Sea Borough Council element of Council tax for Band D amounted to £1,137.42, (£1,137.42 in 2013/14).

The following table shows the final outturn position for 2014/15 on a net expenditure basis. The analysis of the actual costs reflects the way the Council's finances are managed, as opposed to the statutory required analysis used in the Statement of Accounts itself.

	Budget £000	Actual £000	Variance £000
Portfolios			
Leader	6,380	9,138	2,758
Adult Social Care, Health & Housing (inc HRA)	41,264	40,865	(399)
Children & Learning	33,267	28,648	(4,619)
Community Development	3,091	2,577	(514)
Enterprise, Tourism & Economic Development	12,724	19,159	6,435
Public Protection, Waste & Transport	23,602	26,192	2,590
Regulatory Services	2,421	2,171	(250)
Contingencies etc	5,290	(288)	(5,578)
Net Cost Of Services	128,039	128,462	423
Capital Financing Removed	(12,478)	(28,435)	(15,957)
Other Statutory Adjustments	9,564	11,517	1,953
Adjusted Net Cost Of Services	125,125	111,544	(13,581)
Levies	489	488	(1)
Leigh Parish Precept	330	330	0
Financing Costs, Interest etc	19,765	18,761	(1,004)
Net Operating Expenditure	145,709	131,123	(14,586)
Revenue Contribution to Capital	656	3,319	2,663
General Government Grants	(4,465)	(4,541)	(76)
Contribution to / (from) Earmarked Reserves	(8,216)	5,670	13,886
Contribution to / (from) General Reserves	0	0	0
Total to be Funded from Council Tax and Formula Grant	133,684	135,571	1,887
Funding from Council Tax and Formula Grant			
Revenue Support Grant	(38,988)	(38,981)	7
Retained Business Rates	(32,250)	(34,144)	(1,894)
Collection Fund Surplus	(1,000)	(1,000)	0
Council Tax	(61,446)	(61,446)	0
Contribution (to) / the General Reserve	0	0	0

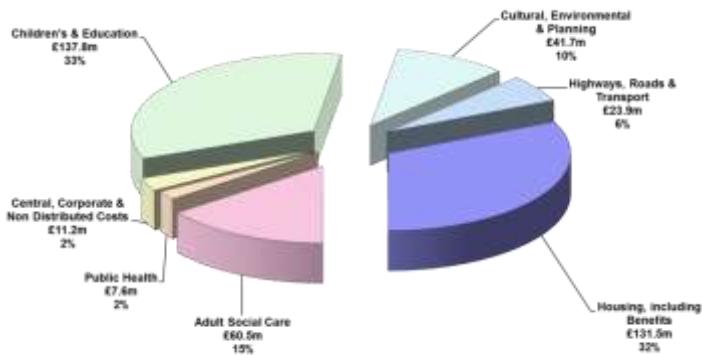
The table below reconciles the analysis on the Comprehensive Income and Expenditure Statement (page 30) to the outturn summary on the previous page.

Reconciliation of Gross Expenditure to Transfer to General Fund	2014/15 £000
Gross Expenditure on Services	414,281
Gross Income on Services	(287,967)
Net Expenditure on Services	126,314
Other Operating Expenditure	616
Financing and Investment Income and Expenditure	20,097
Taxation and Non-Specific Grant Income	(155,496)
Adjustments between accounting basis and funding basis under regulation	2,804
Transfers to Earmarked Reserves and HRA	5,665
Contribution (to) / from the General Reserve	0

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

Gross expenditure on services amounted to £414.3m. The charts on the following page show in broad terms the services provided for this expenditure, how this money was spent, and the sources of income that funded it.

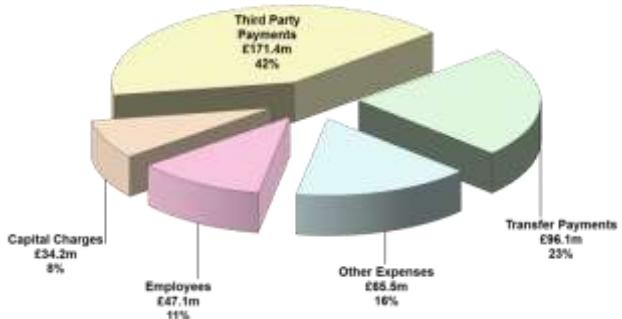
Gross Expenditure by Service £414.3m



Central costs include Council tax administration, all central support services, registration of births, deaths and marriages, elections and emergency planning.

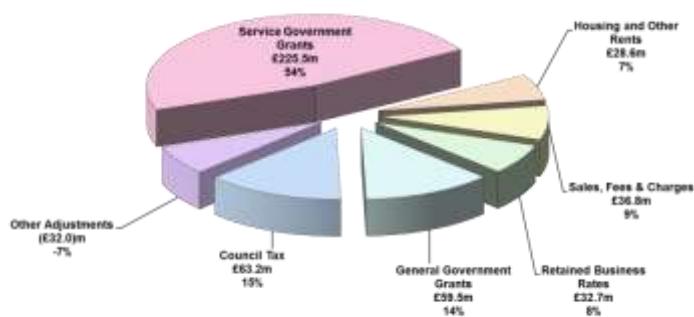
Corporate costs includes mayoral costs, members' allowances as well as all the cost of members' activities in the capacity of democratic representation and the core costs for the provision of the management infrastructure to support the delivery of services.

Gross Revenue Expenditure £414.3m



Third party payments refer to the payments we make to our contractors. This accounts for the biggest proportion of our expenditure. The next largest is transfer payments, which mainly refer to Housing Benefit payments. Other expenses include maintenance of buildings, vehicle costs and purchase of supplies, whilst capital charges are notional charges made to services for the capital assets employed in the delivery of services.

Revenue Funding Sources £414.3m



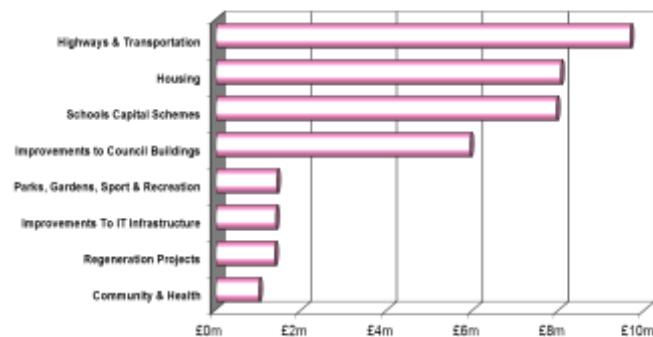
It can be seen that the majority of our income comes from Government Grants, either through grants for specific services or general government grants. Council tax is the next largest income stream.

CAPITAL EXPENDITURE

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

In 2014/15 the Council spent £36.8m on capital projects broadly categorised as follows:

Capital Expenditure

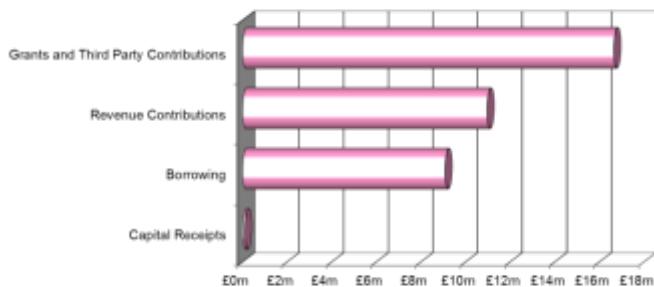


The table below describes some of the larger capital projects that the Council has undertaken this year.

	2014/15 £000
Investment in Highways Infrastructure	8,763
Investment in Housing Stock	8,034
Accommodation Strategy	4,533
Thorpe Greenways Primary School	1,161
Hamstel Infant and Junior School	913
Darlinghurst Primary School	791

The external funding of the capital programme comes from a number of sources, including government funding, third party (private sector) contributions, capital receipts from the sale of assets, and borrowing. The following diagram shows how the £36.8m capital expenditure was funded for the 2014/15 year.

Financing of Capital Expenditure



Borrowing is kept within affordable levels, with the total accumulated loans owed to external lenders amounting to £243.9m at 31 March 2015 (*£250.8m at 31 March 2014*).

The Council also owes money to Essex County Council in respect of assets transferred to Southend-on-Sea Borough Council in 1998 as part of the Local Government Re-organisation. The amount is £13.8m at 31 March 2015 (*£14.5m at 31 March 2014*).

The Council's operational upper limit for borrowing has been set at £265m (excluding transferred debt). Taking into account the borrowing outlined above, this leaves headroom of £21.1m.

This level of debt should also be viewed in relation to the Council's long term assets which have a net book value of £781.4m at 31 March 2015.

PENSION SCHEME

Accounting Standard IAS 19 requires the full recognition of pension fund costs and liabilities to be disclosed in the accounts. Southend-on-Sea Borough Council is a member of the Essex Pension Fund and the actuaries for this fund have estimated that the fund is currently in a net deficit position. The Council's share of this deficit, taking into account assets, investments and current and future liabilities has been estimated by the actuaries to be £176.286m as at 31 March 2015 (*£158.9m as at 31 March 2014*). All disclosures as required by IAS 19 are included in Note 48 to the Accounts.

HOUSING

On 24 October 2005, Southend-on-Sea Borough Council transferred responsibility for the management of its housing stock to South Essex Homes Limited, an Arm's Length Management Organisation (ALMO), controlled by the Council. Southend-on-Sea Borough Council retains ownership of the housing stock and the statutory responsibility for the Housing Revenue Account (HRA).

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

For the 2014/15 year the Housing Revenue Account has a balance carried forward of £3.5m (£3.5m 2013/14). The HRA broke even in 2014/15 (*2013/14 broke even*). Council rents were increased on average by 5.76% in 2014/15 (*5.03% in 2013/14*) in line with government guidelines.

In 2014/15 average rents per property (excluding service charges) were £83.40 per week.

The full financial performance of the HRA is reported on pages 109 to 115 of this document.

GROUP PERFORMANCE

Local Authorities with subsidiary companies, associated companies and joint ventures are required to prepare group accounts. As a wholly owned subsidiary, South Essex Homes Limited prepares and publishes its own accounts, which are then consolidated with Southend-on-Sea Borough Council. The single entity accounts for South Essex Homes Limited reports a pre-tax loss of £0.602m.

In addition, the Council has three other subsidiary companies and is party to two joint ventures, none of which are material to these accounts. The Council is also sole trustee for a number of Trusts. Where the Trusts are material in their operation, these too have been consolidated as part of the Group Accounts.

OUTLOOK FOR 2015/16

The Council Tax Budget Requirement for 2015/16 has been set at £63.3m for Southend-on-Sea Borough Council and £0.4m for Leigh-on-Sea Town Council. The Council tax for a Band D property for 2014/15 has been set at £1,159.54 for Southend-on-Sea Borough Council plus an additional £42.84 for the Leigh-on-Sea Town Council area. Additional charges are made in respect of Essex Police Authority and Essex Fire Authority.

Alongside the wider community of Southend, the Council continues to face financial challenges arising from the ongoing Government fiscal consolidation. As part of our financial planning we have made preparations to help protect the Council's financial position and as a consequence protect the provision of frontline services to the public. However we are very aware that as central government tackles the national budget deficit, resources for local government are likely to reduce significantly over coming years.

LOOKING FORWARD

(Extract from "Southend-on-Sea Borough Council Annual Report and Corporate Plan")

May 2014 saw the first significant change in the political control of the Council for 14 years, with a new joint administration of Independent, Labour and Liberal

Democrat councillors. The 2015 elections saw further changes and a new addition to the administration in the form of the Southend Independence Group.

Over the last year the administration has worked to ensure the Council delivers for Southend-on-Sea and this work will continue in the coming year. The administration set out its specific commitments in last year's Corporate Plan and Annual report and this year's report highlights how these commitments have been met. In particular, it shows how the Council has consulted further with local people and stakeholders to help review previous decisions, and find new ways forward in relation to our libraries, care homes and Shoebury flood defences.

This plan sets out many of our recent achievements, attained in a climate of continuing funding cuts by central government. In setting the budget for 2015/16 we needed to save £11m, equivalent to over £210,000 a week. Combined with increased demands on our services, this has meant taking some very difficult decisions. However, the agreed budget continues to protect frontline services and invest in improving the infrastructure of the town, with millions of pounds being invested into our landmark Pier, the Cliffs Pavilion and to sort out the cliffs slip.

The Council has a strong reputation for delivering, which means it is also attracting further support from a range of funding agencies. The A127 Tesco roundabout improvement scheme was delivered on time, to budget and is improving traffic flows. The £1.8m we obtained from the Government's Growth Fund is creating and safeguarding local jobs. The rationalisation of council offices into the one Civic campus is already saving us nearly £1m a year. A new community hub has been opened in the town centre to provide additional support for local people. This is on top of the £40m already awarded from the Big Lottery to help parents give their children a better start.

Southend-on-Sea is showing that it is 'open for business' with progress being made on the empty Victoria Avenue office blocks, the Seaways leisure project and Airport Business Park progressing well and with applications coming forward to develop seafront sites. We are also starting to provide social housing directly again and are actively looking at how we can provide more affordable housing for residents.

The Council is continually looking at ways it can save money and improve services, including doing things differently, if that is what it takes. We are working closely with health partners to link health and social care services, we have launched our own energy company and we have opened a new customer service centre enabling our residents to self-service more. We have also announced our new waste contractor Veolia, who will deliver an enhanced service whilst saving the taxpayer money each year. Achieving the Investors in People Gold standard last year is also testimony to how the Council has developed a workforce that is rising to this challenge.

With a likely further £33m to find over the next three years, and a new Government agenda to address, the Council faces even greater challenges ahead. However, we are confident that we are well placed to rise to this challenge and continue to make Southend-on-Sea such a fantastic place to live, work and do business.

Aims	Priorities	
Safe	Create a safe environment across the town for residents, workers and visitors Work with Essex Police and other partners to tackle crime Look after and safeguard our children and vulnerable adults	Prosperous Ensure continued regeneration of the town through a culture led agenda Ensure the town is 'open for business' and that new, developing and existing enterprise is nurtured and supported Improve the life chances of our residents, especially our vulnerable children and adults, by working to reduce inequalities and social deprivation across our communities
Clean	Encourage and enforce high standards of environmental stewardship Promote the use of green technology and initiatives to benefit the local economy and environment	Excellent Ensure residents have access to high quality education to enable them to be lifelong learners and have fulfilling employment Enable communities to be self-sufficient and foster pride in the town
Healthy	Promote healthy and active lifestyles for all Enable the planning and development of quality, affordable housing Work with the public and private rented sectors to provide good quality housing	Work with and listen to our communities and partners to achieve better outcomes for all Promote and lead an entrepreneurial, creative and innovative approach to the development of our town

Councillor Andrew Moring
The Worshipful The Mayor

INTRODUCTORY STATEMENTS

STATEMENT OF RESPONSIBILITY FOR THE STATEMENT OF ACCOUNTS

THE COUNCIL'S RESPONSIBILITIES

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Head of Finance and Resources.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

THE HEAD OF FINANCE AND RESOURCES' RESPONSIBILITIES

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

In preparing this Statement of Accounts, the Head of Finance and Resources has:

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

The Head of Finance and Resources has also:

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

HEAD OF FINANCE & RESOURCES' CERTIFICATE

I certify that these accounts present a true and fair view of the financial position of the Council at 31 March 2015 and its income and expenditure for the year ended 31 March 2015.



Joe Chesterton, CPFA
Head of Finance and Resources
30 September 2015

APPROVAL OF THE STATEMENT OF ACCOUNTS

In accordance with the requirements of Regulation 8 of the Accounts and Audit Regulations 2011, I confirm that the Statement of Accounts was approved by resolution of the Audit Committee of Southend on Sea Borough Council on 30 September 2015.



Councillor Betson
Chair of Audit Committee
30 September 2015

ANNUAL GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

Southend-on-Sea Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for ensuring the proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk, are in place. This responsibility extends to satisfying itself that any wholly owned subsidiary companies also have robust governance arrangements in place. To this end South Essex Homes has produced its own Annual Governance Statement which is included as part of this statement.

Southend-on-Sea Borough Council has approved and adopted a Local Code of Governance (the Code), which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the authority's code is part of the Council's constitution and is available on the Council's website at www.southend.gov.uk/constitution or can be obtained from the Policy, Engagement and Communications Team, Civic Centre, Victoria Avenue, SS2 6ER.

This statement explains how the Council has complied with the Code and also meets the requirements of Regulation 4 of the Accounts and Audit (England) Regulations 2011 in relation to the production and publication of an Annual Governance Statement.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies,

aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically.

The main governance framework has been in place at Southend-on-Sea Borough Council for the year ended 31 March 2015 and up to the date of approval of the annual report and statement of accounts.

THE COUNCIL'S GOVERNANCE FRAMEWORK

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

- Community Engagement
- Business Strategy and Planning
- Financial Reporting including Budgetary Control and Asset Management Policy Framework
- Risk Management including Fraud and Corruption
- Health and Safety
- Business Continuity
- Asset Management
- Performance Management
- Data Quality
- Information Management and Security
- Value for Money
- Procurement
- Project Management
- Complaints
- Codes of Conduct for Members and Staff
- Workforce Management
- The operation of Cabinet, Scrutiny Committees, Audit Committee and the Standards Committee.

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

The Corporate Director for Corporate Services has the responsibility for overseeing the implementation and monitoring of 'The Code', through a process which includes:

- Regular reports to the Corporate Management Team and the Audit Committee which set out:
 - weaknesses identified in the governance arrangements and
 - any corrective action necessary to resolve concerns identified;
- An annual review of the governance framework supported by officer assurance statements certified by Heads of Service and Corporate Directors;
- An annual report to the Corporate Management Team and the Audit Committee on the adequacy of governance arrangements; and

- An annual review of ‘The Code’, with any significant amendments being reported to the Audit Committee, endorsed by Cabinet and approved by Council.

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

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

The Council's Monitoring Officer is responsible for the maintenance of the Constitution and for reviewing its relevance and effectiveness, ensuring that it is fit for purpose at all times. Any changes to the Constitution are approved by full Council.

The Council operates a Cabinet and strong leader model of governance, with the Leader (who is appointed by Full Council for a four year term) appointing up to 9 other Councillors to form the Cabinet. Cabinet is responsible for the majority of functions of the Council within the budget and policy framework set by full Council. Executive decisions are taken by the Cabinet collectively or by officers acting under delegated powers, depending upon the significance of the decision being made. For urgent issues, the chief officer can take a decision in conjunction with the portfolio holder.

Decisions made by the Cabinet may be called in to a scrutiny committee in accordance with the provisions of the Scrutiny Procedure Rules. A decision made by Cabinet can be called in by any two Members with written notice given to the Chief Executive within five working days from the date of publication of the digest.

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

Decisions made by the Cabinet may be called in to a Scrutiny Committee in accordance with the provisions of the Scrutiny Procedure Rules. A decision made by Cabinet can be called in by any two Members with written notice given to the Chief Executive within five working days from the date of publication of the digest

Since May 2012 the Council has operated an enhanced pre-Cabinet scrutiny system where scrutiny and opposition Members are given opportunities to contribute to and offer advice on key decisions prior to consideration by Cabinet. This is achieved by reports to Scrutiny Committees and the outcomes of cross party working groups.

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

The Council operates a development and training programme for Members to help support them in their strategic roles.

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

The Council's major policy objectives and priorities are detailed in the Corporate Plan and Annual Report. The plan articulates the authority's vision, is subject to regular progress review, and is approved by the Corporate Management Team, Cabinet, and Council.

The Corporate Plan and Annual Report is underpinned by detailed service plans which are monitored monthly by Departmental Management Teams. In addition, a monthly performance report outlines key performance indicators that underpin the Council's corporate priorities and corporate priority actions. This is monitored by the Corporate Management Team, Cabinet, and each Scrutiny Committee.

Financial monitoring reports are produced on a monthly basis and form part of the Council's Monthly Performance Report. Reports detail explanations of variance from budget and identify a projected outturn for the year and are considered by Cabinet and the Scrutiny Committees. A three year Medium Term Financial Strategy is refreshed annually and is driven by the priorities agreed by the Council and outlined in the Corporate Plan and Annual Report.

The Corporate Risk Register is formally reviewed and reported upon each quarter to the Corporate Management Team, and to the Audit Committee half yearly. Departmental risk registers are reviewed regularly by Departmental Management Teams.

The Council engages with its communities and its arrangements are formulated within a Consultation and Engagement Strategy. Consultation and engagement activity and the results of this activity are reported and integrated into service planning and delivery.

The Council has a Health and Safety Policy, with an accompanying action plan that is reviewed each year and overseen by the Strategic Health and Safety Group, chaired by a Corporate Director, which has assisted the

Council in reaching Level 5 out of 5 on the RoSPA (Royal Society for the Prevention of Accidents) assessment.

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

Role of the Chief Financial Officer

The Chief Financial Officer (CFO) occupies a key position in the Council, managing the Council's finances and ensuring that resources are used wisely to secure positive results. 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 Accountants (CPIFA) issued a Statement on the Role of the Chief Financial Officer in Local Government. The statement:

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

These principles are:

- The CFO in a local authority is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest;
- The CFO in a local authority must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and aligned with the authority's overall financial strategy;
- The CFO in a local authority must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively;
- The CFO in a local authority must lead and direct a finance function that is resourced to be fit for purpose; and
- The CFO in a local authority must be professionally qualified and suitably experienced.

The Council has the necessary arrangements and procedures in place which ensure that these principles are complied with. This is through a combination of direct compliance by the CFO and, where not directly complied with, there are alternative procedures in place to ensure that the necessary outcomes and objectives are still achieved and suitable controls are in place. For

example, this may include deputising arrangements and delegated authority for financial management in the clearance of relevant Member reports.

Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Corporate Directors and Heads of Service within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, by comments made by external auditors and other review agencies and inspectorates and by a governance self-assessment reviewed by the Good Governance Group.

The May 2014 Council elections resulted in a new joint administration of Independent, Labour and Liberal Democrat councillors, the first significant change in political control of the Council for 14 years. The elections also saw the election of five UKIP councillors. This resulted in an orderly change of political control with the Council's decision making process proving effective throughout the year. A joint administration agreement and commitments for 2014/15 was adopted by the Council in July 2014, providing a high level policy framework for Council officers and members to work to.

Nine issues were subject to pre-Cabinet scrutiny through reports being considered by a Scrutiny Committee during 2014/15, with other issues (such as the future provision of secondary school places) considered through working parties. All budget items were referred directly to the three scrutiny committees. There were 26 'call-ins' during the year, 17 of which were for the Place scrutiny committee. Three 'in-depth' scrutiny reviews were undertaken: 'understanding erosion of the foreshore'; the 'Council's community leadership role in promoting safer communities' and 'how the Council assists and excites individuals and community groups to achieve healthier lifestyles'.

A revised and enhanced member development programme was undertaken for 2014/15, with an extensive induction programme for new members. The member induction included: sessions on service areas, getting the most from ICT, a bus tour of the borough and one to one briefings on Member Code of Conduct with the Monitoring Officer. Information packs with key sources of information were also made available, along with a DVD outlining the role of a councillor, and key information available via the Council's e-learning portal (SPARK). In total, 39 member training sessions were held during the year on a range of subjects, which included development control, licensing, safeguarding and corporate parenting.

The Health & Wellbeing Board (HWB) has continued to develop, building on and implementing the recommendations from the January 2014 Local Government Association Peer Review. It successfully

established and oversees the governance arrangements for Southend, A Better Start (Big Lottery funding for the early years fulfilling lives programme). The HWB, through the Joint Executive Group (JEG), has further developed in overseeing the delivery of the health and social care integration Pioneer Programme and Better Care Fund (BCF). The Council and Southend Clinical Commissioning Group established a Section 75 partnership agreement, to support the delivery of the BCF, allowing pooled budgets and integration between health and social care organisations.

The Council continues to review and adjust staffing structures to meet budgetary requirements and to align services appropriately. To further progress the integration of health and social care commissioning, shared joint integrated commissioning arrangements with Southend CCG have been put in place. This includes, from 1 April 2015, a new Joint Associate Director of Integrated Care Commissioning to drive improved outcomes for service users and drive efficiency. The housing function was aligned to the Head of Adult Services from 1 April 2015 in order to better align social care and housing services, particularly given the high level of cross-over of clients between the two areas.

The senior management structure was reviewed in 2013 and the Council agreed to create a People department (previously two separate departments for Adults and Children). As part of this review a full risk assessment was undertaken and it was agreed that the new arrangements would be revisited after two years to ensure that the new structure had not impacted adversely on outcomes for vulnerable people. This two year review took place in January 2015. Performance and employee related data was examined and interviews held with a number of staff and stakeholders across the department. Findings revealed that performance in all areas had been maintained or improved - against a backdrop of continued reductions to base budgets. These outcomes (and actions arising) have been discussed and agreed with the Chief Executive and the Corporate Director for People.

The Council's approach to information management is reviewed each year in respect of completing the Health and Social Care Information Centre Information Governance toolkit, enabling organisational assessment against Department of Health information governance policies and standards. The Council achieved Level 3 (the highest possible) against the required standards. The Department of Health continues to use the Council as a reference site for its work on health and social care integration and the Information Commissioner's Office continues to use the Council as a reference authority in relation to its work in processing Subject Access Requests.

Revised Articles of Association and Code of Governance for South Essex Homes Arms Length Management Organisation (ALMO), with a reduction in the size of its board from 15 to 10, a strengthening of client monitoring

arrangements were introduced in May 2014, along with the establishment of a new SEH commercial subsidiary, Atilius Ltd. The South Essex Homes Annual Governance Statement is attached below.

A revised Scheme of Delegation for the Governance of Southend Adult Community College was approved by Cabinet in September 2014.

The Good Governance Group of senior managers met quarterly to review the Council's governance arrangements to ensure they are fit for purpose and comply with good practice requirements and ensure that sufficient assurance is available throughout the year to support the production of the Annual Governance Statement.

Service reviews and other assessments have identified areas requiring an update to the Council's contract management framework. Work to address these areas is progressing, in relation to:

- Updating the Council's Financial Regulations
- Updating the Council's Contract Procedure Rules
- Updating the Council's Procurement Strategy and Toolkit.
- Implementing a new e-procurement system
- Collating Council contracts and related documentation.
- Developing performance information to assess compliance with Contract Procedure Rules.

Areas of risk in the current payroll system have been identified and enhanced controls have been built into the upgraded version due to be delivered in July 2015. This will be a priority and will therefore be a key action for 2015/16.

The Corporate Management Team has undertaken a review of the Council's corporate risk management arrangements, resulting in an updated policy and toolkit for use by council staff.

Regular reviews of the recommendations made are addressed by the Head of Service and Departmental Management Team and subsequently as part of the summary audit progress reports to Audit Committee on a quarterly basis.

Progress on actions to enhance governance arrangements arising from the 2013/14 Annual Governance Statement were reported to Audit Committee during the 2014/15 financial year, with relevant outcomes against the action.

The Council continued to explore new models of service delivery, for example, the future of care provision in relation to the Priory and Delaware care homes and the establishment of an energy trading company. The Council will continue to explore these and other similar opportunities further.

INTERNAL AUDIT

The annual risk based Audit Plan was prepared in consultation with Corporate Directors and the Audit Committee. The Audit Plan was substantially delivered with reports issued to senior managers at the conclusion of each audit highlighting 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. Periodically summary audit progress reports were taken to Corporate Management Team and the Audit Committee.

The Head of Internal Audit Annual Report and opinion for 2014/15 was considered by the Corporate Management Team and the Audit Committee in June 2015. This stated that:

'A key responsibility of managers at all levels is to satisfy themselves that significant risks are being mitigated to an acceptable level and service objectives are achieved.'

Where audits identified the need for improvement this year, the common theme was managers needing to ensure clear understanding of the:

- day-to-day actions taken by their staff; and or
- suite of 'management information' needed to inform them of key actions taken by staff and performance achieved;
- checks and balances needed in day-to-day activity to reduce the chance of error, omission or fraud.

In recent years, the Council has gone through restructures and changes in management responsibilities in dealing with the financial constraints experienced. It is opportune for the Council to confirm that risk and performance continues to be managed effectively, day-to-day, by operational managers, in support of the delivery of service objectives.

Otherwise the design and operation of the Council's risk management, control and governance framework is considered to be satisfactory.

The Internal Audit service has substantially conformed to the relevant professional standards throughout the year'.

Some audits received minimal assurance and these are identified in the action plan.

The only area where the Council has chosen not to implement the Public Sector Internal Audit Standards relates to the involvement of the Audit Committee in the appointment and removal of the Head of Internal Audit, as the Council's normal human resources practices would already mitigate this perceived potential risk.

External audit has confirmed it can rely on Internal Audit's financial systems work to support of the financial accounts audit where appropriate.

EXTERNAL AUDIT

External Audit is undertaken by BDO LLP, which annually concludes whether:

- the financial statements give a true and fair view of the Council's financial affairs
- the Council has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources
- the arrangements for preparing grant claims and other returns to Government departments are operating effectively, and
- Grant claims reviews are fairly stated and the return has been prepared in accordance with the relevant terms and conditions.

Where the auditor identifies weaknesses in the Council's arrangements, these are highlighted in the Final Report to Those Charged with Governance or the Grant Claim Certification Report. The external auditor attends meetings of the Audit Committee and provides a progress report on their recommendations at each meeting. The Progress Report to those Charged with Governance and the Annual Audit Letter 2013/14 were presented to the 14 January 2015 Audit Committee.

EXTERNAL INSPECTIONS

Assurance over the control environment is also obtained from external inspections and assessments of service areas. External assessments for 2014/15 included:

- Investors in People accreditation by UK Commission for Employment and Skills, awarded Gold Status.
- 9 Ofsted Inspections of Southend schools:
 - Primary/Infant & Junior: 4 Good, 2 Require Improvement
 - Secondary: 1 Outstanding, 1 Good
 - Special: 1 Good.
- Southend Adult Community College has also been rated as 'Good' by Ofsted.
- 2 Children Centre inspections: 1 Good, 1 Requires Improvement.

These along with other external assessments, provide further independent assurance of governance arrangements and the quality of service provision. The Council is also regularly recognised through industry awards such as:

- The borough has been awarded Purple Flag status for a further two years in recognition of its safe and well-managed night-time economy.
- The borough was awarded a four star rating at the Clean Britain Awards for its level of community involvement and team effort in keeping the town clean.
- Southend won the Love Essex anti-littering campaign 'Diamond Jubilee Partnership Award' at the 2015 Keep Britain Tidy Awards.

- The Council's planning management team won Development Management Team of the Year award in the Planning Resource magazine's planning awards.
- The Council was ranked 67th in the top 100 in Stonewall's workplace equality index and ranked 9th highest local authority and 16th out of 45 local authorities in the Stonewall Education Equality Index.;

CONCLUSION

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

Actions to be specifically addressed are outlined below (pages 21 – 22).

South Essex Homes Limited

Scope of responsibility

South Essex Homes (SEH), formed in October 2005, is the Arm's Length Management Organisation of Southend-on-Sea Borough Council, responsible for the management and maintenance of the Council's homes. It is financed by a Management Fee in 2014/15, from the Council, of £9,217k together with income from external organisations of £896k.

There is a formally binding Management Agreement between the Council and SEH and this clearly sets out the governance arrangements that should apply between the two parties. This complies with national best practice.

SEH is managed by a Board comprising four Council nominees, three tenants and three independent members. The Board is ultimately responsible for ensuring that SEH establishes and maintains a sound system of internal control appropriate to the various business environments in which it operates. Committees reporting to the Board include Audit Committee and Personnel and Remuneration Committee In addition, the commercial subsidiary – Atilius Ltd reports directly to its parent company.

SEH exercises control through:

- Corporate governance arrangements outlined in Memorandum and Articles of Association, Code of Governance and Financial Regulations.
- The employment of suitably qualified and experienced staff to take responsibility for key areas of the business. This is supported by a formal appraisal system.
- The preparation of forecasts and budgets that allow the Committees and the executive officers to monitor the key business risks and financial objectives and

identify variances arising during the monthly reporting cycle.

- Business planning that cascades through the organisation, supporting Service Plans and key actions to enable SEH to achieve its ambitions and aspirations as set out in the Vision 2020 Business Plan.
- The regular reporting and review by Executive Management and the Board of performance against objectives and targets detailed in service plans.

The Purpose of the Governance Framework

Good governance leads to good management, good performance, good stewardship, good public engagement, ultimately good outcomes for citizens and service users. Good governance enables the Company to pursue its vision effectively, as well as underpinning that vision with mechanisms for control and management of risk.

The governance framework comprises the systems, processes, culture and values, by which the Company is directed and controlled and the activities through which it accounts to, engages with and serves the community. It enables the Company 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 system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Company's policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively and economically.

Review of Effectiveness

South Essex Homes is responsible 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 Executive Director the Director of Finance and Group Managers within the Company 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 external auditors and other review agencies and inspectorates.

The Council's processes to review on-going effectiveness of SEH include Council officers meeting with SEH officers on a monthly basis to review performance against a suite of performance indicators and its strategic aims as follows;

- Deliver Value to the Council
- Empower Residents and Staff
- Manage High Quality Homes
- Provide Excellent Services
- Engage with Communities

SEH's internal arrangements for ensuring the effectiveness of its governance arrangements consist of;

- The SEH Board receiving monthly performance reports across operational, human resources and value for money indicators;
- The Audit Committee considering Internal Audit reports throughout the year, as well as reviewing how well strategic risks are being identified and managed;
- The Audit Committee undertaking a review of both its effectiveness as well as the operational arrangements for the first time.
- The production and approval of annual Manager Assurance Statements by service managers and group managers to assess compliance with key governance processes throughout the year;
- The Corporate Services Manager then independently checks that the evidence supports the service manager's assessment of how well each of the business management processes have operated in their area;
- Internal Audit auditing these arrangements to evaluate whether the company operates a robust process for assessing how well services have applied the critical business management systems throughout the year.

Internal Audit

Internal Audit is delivered through a Service Level Agreement with the Council's Internal Audit Services. The Charter, Strategy and risk based Audit Plan is prepared in consultation with The Executive Management Team and approved by the Audit Committee.

The Audit Plan was delivered with reports issued to senior managers at the conclusion of each audit highlighting 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 quarterly performance summary audit report was taken to the Audit Committee.

The Head of Internal Audit prepares an annual report that included an overall opinion on SEH's risk management control and governance framework based on the results of the audit work completed. This was considered by the Audit Committee.

In 2014/15, the Head of Internal Audit's opinion was that the governance, risk management and control framework designed by the company in order to deliver its objectives, was adequate.

The Head of Internal Audit's Annual Report also confirms that:

- an appropriate Quality and Improvement Programme has been maintained during the year
- there has been substantial conformance with the UK Public Sector Internal Audit Standards and the supporting CIPFA, Local Governance Application Note
- the Head of Internal Audit has continued to substantially comply with the requirements of the CIPFA Statement on The Role of the Head of Internal Audit in Public Service Organisations 2010 in discharging her role as the Head of Internal Audit.

The Council's external auditor continues to confirm that internal audit's financial systems work can be relied upon when undertaking the audit of the statement of accounts.

The Company provided the Council with the following assurance regarding the robustness of its governance arrangements during the year:

- Internal Audit reports;
- Summary results of Manager Assurance Statements;
- Head of Internal Audit annual report (including an opinion on the adequacy and effectiveness of the company's governance, risk management and control framework); and
- Audit Committee Annual Report.

External Audit

External Audit of the annual financial statements was undertaken by Scrutton Bland with the view to expressing an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland).

In carrying out the audit work Scrutton Bland considered whether the financial statements were free from 'material misstatement'. Materiality is an expression of the relative significance of a particular matter in the context of the financial statements as a whole. An item will normally be considered material if its omission would reasonably influence the decisions of those using the financial statements.

Scrutton Bland issued a report to management at the conclusion of the audit work. This included a management letter containing comments and recommendations for improvements in operations and internal control in respect of the Company. This was discussed with management prior to the issue of the final report. The report also includes details of significant adjusted and unadjusted items that arose as a result of the audit work.

The Audit Committee consider the external auditor's report and recommends adoption of the financial statements to the Board.

Key Governance Issues

The main areas for further work identified through the Governance Assurance Process in 2014/15, and which should be disclosed in the Governance Statement Action Plan are;

- Risk Management Framework – A review of the Company's Risk Management Framework has been carried out incorporating risk appetite and a focus on the key strategic risks. The company will now be arranging a programme of training needs for the Board and Staff to be undertaken in workshops with updates at Staff Briefing sessions.

- Value for Money – To review and update the Value for Money Strategy in accordance with the HCA regulations on value for money & governance financial viability standards
- Business Continuity & Disaster Recovery – To complete a review of the business continuity processes for South Essex Homes in partnership with Southend Borough Council and to further test the Disaster Recovery Plan for South Essex Homes following our relocation.
- Atilius Limited - To review the governance assurance arrangements and internal controls mechanisms of Atilius Limited (the company's trading subsidiary).

Further Actions to strengthen the Council's Governance Arrangements for 2015/16

No.	Governance Issues	Action	Date of Implementation	Responsible Officer
1.	Contracts Management Framework	<p>That the Council continues to update the contract management framework, including:</p> <ul style="list-style-type: none"> • Updating the Council's Financial Regulations. • Updating the Council's Contract Procedure Rules • Updating the Council's Procurement Strategy and Toolkit. • Implementing a new e-procurement system • Collating and recording Council contracts and related documentation. • Developing performance information to assess compliance with Contract Procedure Rules. 	March 2016	Simon Leftley (Corporate Director for People) Sally Holland (Corporate Director for Corporate Services)
2.	Staff Code of Conduct	To introduce and embed a new staff code of conduct that reflects the current needs of the council and encompassing standards required of staff in relation to personal conduct, declarations of interest, political neutrality, gifts and hospitality, use of social media and procuring/managing contracts, among others.	March 2016	Sally Holland (Corporate Director for Corporate Services) Joanna Ruffle (Head of People and Policy)
3.	Payroll Assurance	To complete the upgrade of the payroll system and to implement all outstanding audit recommendations in full.	March 2016	Joanna Ruffle (Head of People and Policy)

No.	Governance Issues	Action	Date of Implementation	Responsible Officer
4.	Direct Payments	To implement all outstanding audit recommendations in full.	March 2016	Simon Leftley (Corporate Director for People)

Further Actions to strengthen South Essex Homes' Governance Arrangements for 2015/16

1	Risk Management Framework	A review of the Company's Risk Management Framework has been carried out incorporating risk appetite and a focus on the key strategic risks. The company will now be arranging a programme of training needs for the Board and Staff to be undertaken in workshops with updates at Staff Briefing sessions.	October 2015	David Lincoln Beverley Gallacher
2.	Value for Money	To review and update the Value for Money Register & Value for Money Strategy in accordance with the HCA regulations on value for money & governance financial viability standards	March 2016	David Lincoln
3.	Business Continuity and Disaster Recovery	To complete a review of the business continuity processes for South Essex Homes in partnership with Southend Borough Council and to further test the Disaster Recovery Plan for South Essex Homes following our relocation.	October 2015	Mario Ambrose
4.	Atilius Limited	To review the governance assurance arrangements and internal controls mechanisms of Atilius Limited (the company's trading subsidiary)	July 2015	Mike Gatrell

Council's Corporate Governance Action Plan 2014/15

No	Governance Issue	Action	Responsible Officer	Comment on Progress
1	Business Continuity Planning	Undertake testing of the Council's revised business continuity processes to ensure arrangements are sufficiently resilient	Sally Holland	A Business Continuity Planning exercise was held on 1 October 2014 to test the Council's crises management arrangements. Using a scenario requiring the Command/Gold Team to respond to a business continuity incident, the outcome report found that:

No	Governance Issue	Action	Responsible Officer	Comment on Progress
				<p>'the response to the scenario was managed professionally, with strong leadership, focusing on protection of people, property and maintenance of critical business activities'. A number of follow up actions were identified which are being taken forward.</p> <p>In addition, Business Impact Assessments were completed for all service groups. Service level and departmental plans produced and the Corporate Business Continuity Plan updated.</p>

South Essex Home's Corporate Governance Action Plan 2014/15

No	Governance Issue	Action	Responsible Officer	Comment on Progress
1	Data Protection	<p>Identify staff members who handle sensitive information and complete a training programme for these staff members</p> <p>Further the balance of staff to complete an on line training programme to ensure that compliance with Data Protection is adhered to throughout the organisation</p> <p>To attend the South Essex Homes staff briefings to present information regarding Data Protection at South Essex Homes.</p>	Beverley Gallacher	<p>100% of staff undertook data protection training during 2014/15. 80% of staff members were identified as requiring the on line training which was undertaken in line with SBC policy and with the assistance of the Data Protection Officer. The remaining 20% undertook bespoke classroom style training.</p> <p>All new members of staff receive an induction programme including data protection on line training.</p> <p>The training programme for South Essex Homes includes a refresher programme every two years.</p>
2	Service Planning	<p>To develop a new Mission Statement with the Board, Residents, EMT and Staff consultation</p> <p>Consistent approach to service planning for all Managers to be introduced to compliment the new Mission Statement and Aims and Objectives of the Organisation</p>	Mario Ambrose Corporate Management Group	<p>A new mission statement and business plan – Vision 2020 was approved by the Board of South Essex Homes following consultation with SBC, residents and staff.</p> <p>Workshops identified core aims and objectives that linked directly with the Mission Statement enabling the company to develop related action plans to achieve the identified aims over the next 5</p>

No	Governance Issue	Action	Responsible Officer	Comment on Progress
				years.
3	Enhancing the Appraisal Process	To develop the Appraisal Process with HR and the Communications Management Group for recommendation to the EMT.	David Lincoln	In conjunction with Group Manager the Director of Finance and HR Business Partner completed a thorough review of the current appraisal process including core competencies. The reviewed appraisal process is now in place for staff appraisals fore 2015/16 which directly links to Vision 2020.
4.	Commercial Subsidiary Governance Arrangements	To develop a detailed framework within the Articles and Code of Governance to ensure that South Essex Homes maintains its controlling interest in the Commercial Subsidiary	Mike Gatrell	The Atilius Board recommended its Articles of Association, Code of Governance and Code of Conduct for approval to the main Board, which has been subsequently agreed and has been filed with Companies House. An Inter-Company Agreement has been produced and agreed by Atilius and South Essex Homes on the framework of assurance required between the two companies, which is being adhered to.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed on Behalf of the Council




Rob Tinlin

Chief Executive & Town Clerk

30 September 2015

Councillor Ron Woodley

Leader of the Council

30 September 2015

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SOUTHEND-
ON-SEA BOROUGH COUNCIL**

OPINION ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Southend-on-Sea Borough Council for the year ended 31 March 2015 under the Audit Commission Act 1998. The financial statements comprise the Authority and Group Movement in Reserves Statements, the Authority and Group Comprehensive Income and Expenditure Statements, the Authority and Group Balance Sheets, the Authority and Group Cash Flow Statements, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Collection Fund Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

This report is made solely to the members of Southend-on-Sea Borough Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE HEAD OF FINANCE AND RESOURCES AND AUDITOR

As explained more fully in the Statement of Responsibilities, the Head of Finance and Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Head of Finance and Resources; and the overall presentation of the financial statements. In addition, we read the financial and non-financial information in the Statement of Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is

apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the financial position of Southend-on-Sea Borough Council as at 31 March 2015 and of its expenditure and income for the year then ended; and
- give a true and fair view of the financial position of the Group as at 31 March 2015 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

OPINION ON OTHER MATTERS

In our opinion, the information given in the Explanatory Foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE REPORT BY EXCEPTION

We have nothing to report in respect of the following other matters which the Code of Audit Practice for Local Government Bodies (March 2010) requires us to report to you if:

- we have been unable to satisfy ourselves that the Annual Governance Statement meets the disclosure requirements set out in the guidance 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 or is misleading or inconsistent with other information that is forthcoming from the audit;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

CONCLUSION ON AUTHORITY'S ARRANGEMENTS FOR SECURING ECONOMY, EFFICIENCY AND EFFECTIVENESS IN THE USE OF RESOURCES

RESPECTIVE RESPONSIBILITIES OF THE COUNCIL AND THE AUDITOR

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

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

SCOPE OF THE REVIEW OF ARRANGEMENTS FOR SECURING ECONOMY, EFFICIENCY AND EFFECTIVENESS IN THE USE OF RESOURCES

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2014, as to whether the Council has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

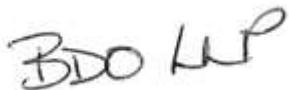
We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

CONCLUSION

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2014, we are satisfied that, in all significant respects, Southend-on-Sea Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

DELAY IN CERTIFICATION OF COMPLETION OF THE AUDIT

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Council's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or our conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.



Lisa Clampin
for and on behalf of BDO LLP, Appointed Auditor
Ipswich, UK
30 September 2015

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

MAIN FINANCIAL STATEMENTS

MOVEMENT IN RESERVES STATEMENT

	Note	General Fund Balance £'000	Housing Revenue Account £'000	Earmarked Reserves £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000
Balance at 31 March 2013		11,845	3,502	41,244	4,824	7,928	9,047	78,390
Movement in Reserves during 2013/14 Restated								
Surplus (Deficit) on the Provision of Services		(1,517)	2,752	0	0	0	0	1,235
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	0
Total Comprehensive Income and Expenditure		(1,517)	2,752	0	0	0	0	1,235
Adjustments between accounting basis and funding basis under regulations								
Net Increase / Decrease before Transfers to earmarked reserves	7	20,015	(99)	0	2,894	(616)	(297)	21,897
Transfers to / from Earmarked Reserves		18,498	2,653	0	2,894	(616)	(297)	23,132
Increase / Decrease in 2013/14	8	(19,343)	(2,653)	21,996	0	0	0	0
Balance at 31 March 2014		11,000	3,502	63,240	7,718	7,312	8,750	101,522
Movement in Reserves during 2014/15								
Surplus (Deficit) on the Provision of Services		5,379	3,090	0	0	0	0	8,469
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	0
Total Comprehensive Income and Expenditure		5,379	3,090	0	0	0	0	8,469
Adjustments between accounting basis and funding basis under regulations								
Net Increase / Decrease before Transfers to earmarked reserves	7	(4,145)	1,341	0	1,534	(438)	4,911	3,203
Transfers to / from Earmarked Reserves		1,234	4,431	0	1,534	(438)	4,911	11,672
Increase / Decrease in 2014/15	8	(1,234)	(4,431)	5,665	0	0	0	0
Balance at 31 March 2015		11,000	3,502	68,905	9,252	6,874	13,661	113,194

	Revaluation Reserve £'000	Available for Sale Financial Instruments £'000	Pensions Reserve £'000	Capital Adjustment Account £'000	Deferred Capital Receipts £'000	Collection Fund Adjustment Account £'000	Accumulated Absences Account £'000	Unusable Reserves £'000	Total Authority Reserves £'000
Balance at 31 March 2013	76,442	2	(189,785)	331,691	23	2,602	(2,155)	218,820	297,210
Movement in Reserves during 2013/14 Restated									
Surplus (Deficit) on the Provision of Services	0	0	0	0	0	0	0	0	1,235
Other Comprehensive Income and Expenditure	35,357	0	35,758	0	0	0	0	71,115	71,115
Total Comprehensive Income and Expenditure	35,357	0	35,758	0	0	0	0	71,115	72,350
Adjustments between accounting basis and funding basis under regulations	(2,127)	0	(4,896)	(16,505)	(16)	1,339	301	(21,904)	(7)
Net Increase / Decrease before Transfers to earmarked reserves	33,230	0	30,862	(16,505)	(16)	1,339	301	49,211	72,343
Transfers to / from Earmarked Reserves	0	0	0	0	0	0	0	0	0
Increase / Decrease in 2013/14	33,230	0	30,862	(16,505)	(16)	1,339	301	49,211	72,343
Balance at 31 March 2014	109,672	2	(158,923)	315,186	7	3,941	(1,854)	268,031	369,553
Movement in Reserves during 2014/15									
Surplus (Deficit) on the Provision of Services	0	0	0	0	0	0	0	0	8,469
Other Comprehensive Income and Expenditure	31,253	1	(21,743)	0	0	0	0	9,511	9,511
Total Comprehensive Income and Expenditure	31,253	1	(21,743)	0	0	0	0	9,511	17,980
Adjustments between accounting basis and funding basis under regulations	(1,829)	0	4,380	(5,404)	(7)	(619)	274	(3,205)	(2)
Net Increase / Decrease before Transfers to earmarked reserves	29,424	1	(17,363)	(5,404)	(7)	(619)	274	6,306	17,978
Transfers to / from Earmarked Reserves	0	0	0	0	0	0	0	0	0
Increase / Decrease in 2014/15	29,424	1	(17,363)	(5,404)	(7)	(619)	274	6,306	17,978
Balance at 31 March 2015	139,096	3	(176,286)	309,782	0	3,322	(1,580)	274,337	387,531

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2013/14 Restated			2014/15			
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Notes	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
3,927	(1,851)	2,076	Central Services to the Public	4,311	(2,029)	2,282
23,778	(3,095)	20,683	Cultural Services	20,367	(3,058)	17,309
			Environmental and Regulatory			
19,909	(3,740)	16,169	Services	18,237	(3,292)	14,945
2,123	(674)	1,449	Planning Services	3,131	(1,917)	1,214
140,526	(110,426)	30,100	Education and Children's Services	137,803	(109,129)	28,674
7,183	(8,081)	(898)	Public Health	7,625	(7,715)	(90)
22,910	(10,994)	11,916	Highways and Transport Services	23,884	(10,811)	13,073
23,308	(28,611)	(5,303)	Local Authority Housing (HRA)	24,858	(30,491)	(5,633)
109,413	(103,247)	6,166	Other Housing Services	106,663	(101,110)	5,553
59,781	(21,768)	38,013	Adult Social Care	60,538	(18,277)	42,261
6,080	(24)	6,056	Corporate and Democratic Core	6,577	(138)	6,439
(589)	0	(589)	Non Distributed Costs	287		287
418,349	(292,511)	125,838	Cost of Services	414,281	(287,967)	126,314
			5,481 Other Operating Expenditure	9		616
			Financing and Investment Income and			
			19,129 Expenditure	10		20,097
			Taxation and Non-Specific Grant			
			<u>(151,683)</u> Income	11		<u>(155,496)</u>
			(Surplus) or Deficit on Provision of			
			Services			(8,469)
			<i>Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services</i>			
			(Surplus) or Deficit on Revaluation of			
			(35,357) Property, Plant and Equipment Assets	5		(31,252)
			Re-measurement of Net Pension			
			<u>(35,758)</u> Liability	5		<u>21,743</u>
			(71,115)			(9,509)
			<i>Items that may be reclassified to the (Surplus) or Deficit on the Provision of Services</i>			
			(Surplus) or Deficit on Revaluation of			
			0 Available for Sale Financial Assets			(1)
			0			(1)
			Other Comprehensive Income and			
			(71,115) Expenditure			(9,510)
			Total Comprehensive Income and			
			(72,350) Expenditure			(17,979)

BALANCE SHEET

1 April 2013	31 March 2014		31 March 2015
£000	£000		£000
Restated	Restated		Notes
627,909	654,816	Property, Plant & Equipment	12 682,233
35,496	37,043	Heritage Assets	13 38,009
26,255	25,516	Investment Property	14 22,135
3,514	3,507	Intangible Assets	15 3,873
271	0	Assets Held for Sale	21 0
61	56	Long Term Investments	16 42
81	135	Long Term Debtors	16 131
693,587	721,073	Long Term Assets	746,423
34,546	34,747	Short term Investments	16 34,871
1,518	0	Assets Held for Sale	21 0
212	228	Inventories	17 186
39,999	26,619	Short Term Debtors	19 31,866
33,950	53,998	Cash and Cash Equivalents	16, 20 52,222
110,225	115,592	Current Assets	119,145
(21,484)	(14,499)	Short Term Borrowings	16 (15,968)
(37,903)	(34,776)	Short Term Creditors	22 (35,623)
(4,813)	(6,249)	Provisions	23 (8,322)
(64,200)	(55,524)	Current Liabilities	(59,913)
(723)	(393)	Long Term Creditors	(92)
(236,816)	(237,816)	Long Term Borrowing	16 (227,939)
(189,785)	(158,923)	Other Long Term Liabilities - Pensions	50 (176,286)
(15,078)	(14,456)	Other Long Term Liabilities - Other	16 (13,807)
(442,402)	(411,588)	Long Term Liabilities	(418,124)
297,210	369,553	Net Assets	387,531
78,390	101,522	Usable Reserves	24 113,194
218,820	268,031	Unusable Reserves	25 274,337
297,210	369,553	Total Reserves	387,531

CASH FLOW STATEMENT

2013/14 £000	Notes	2014/15 £000
Restated		
(1,235) Net (Surplus) or Deficit on the Provision of Services		(8,469)
Adjustments to Net Surplus or Deficit on the Provision of Services for (60,260) non-cash Movements	27	(29,446)
Adjustments for items included in the Net Surplus or Deficit on the 9,227 Provision of Services that are Investing and Financing Activities	28	17,977
(52,268) Net cash flows from Operating Activities		(19,938)
20,685 Investing Activities	29	13,266
11,535 Financing Activities	30	8,448
(20,048) Net (Increase) or Decrease in Cash and Cash Equivalents		1,776
(33,950) Cash and Cash Equivalents at the beginning of the Reporting Period		(53,998)
(53,998) Cash and Cash Equivalents at the end of the Reporting Period	20	(52,222)

NOTES TO THE MAIN FINANCIAL STATEMENTS

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Note 1. Accounting Policies

General Principles

The Statement of Accounts summarises the Council's transactions for the 2014/15 financial year and its position at the year-end of 31 March 2015. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011, which requires the Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the Service Reporting Code of Practice 2014/15, supported by International Financial Reporting Standards (IFRS), and statutory guidance issued under section 12 of the 2003 Act.

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

Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts

may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

- Where it does not materially affect the accounts, and a full year's income and expenditure is recorded, an accrual need not be raised.

Accruals are not made for items under £5,000, except where in the opinion of the Head of Finance and Resources the absence of an accrual for a lesser amount would lead to a misrepresentation of the cost of a service.

Cash and Cash Equivalents

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

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

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

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

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

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

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

The change to accounting policies relating to the recognition of School Assets based on the indicators of control within IFRS 10 requires restatement of prior periods.

Charges to Revenue for Non-Current Assets

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

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

The Council is not required to raise Council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but

then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the council can no longer withdraw the offer of those benefits or when the council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

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

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

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

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

The Local Government Pension Scheme

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

- The liabilities of the Essex Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 3.3%. The discount rate is the annualised yield at the 18 year point on the Merill Lynch AA rated corporate bond curve which has been chosen to meet the requirements of IAS19 and with consideration of the duration of the Employer's liabilities. This is consistent with the approach used at the last accounting date.
- The assets of Essex Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property – market value.

The change in the net pensions liability is analysed into the following components:

- Service cost comprising
 - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
 - past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
 - net interest on the net defined benefit liability (asset), ie net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit

obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

- Remeasurement comprises:
 - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- contributions paid to the Essex Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary Benefits

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

Events after the Balance Sheet Date

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

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

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

Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

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

Available-for-Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/ loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve. Where fair value cannot be measured

reliably, the instrument is carried at cost (less any impairment losses).

Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

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

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

Business Improvement District

A Business Improvement District (BID) scheme applies across part of the Council. The scheme is funded by a BID levy paid by non-domestic ratepayers. The Council acts as agent under the scheme, and, other than contributions to and from the BID project, does not account for income received and expenditure incurred within the Comprehensive Income and Expenditure Statement.

Heritage Assets

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

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

Historic Seaside Assets

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

Heritage Land and Buildings

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

Antiques / Collectables

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

Museum Collections

- The Council considers that obtaining valuations for the items that are exhibited within the borough's museums would involve a disproportionate cost in comparison to the benefits to the users of the Council's financial

statements. This is because of the diverse nature of the assets held and the lack of comparable values. The Council does not recognise these exhibits on the Balance Sheet.

- The Saxon King artefacts now form part of the Council's heritage assets and have been valued by a specialist in archaeology. These items are reported in the Balance Sheet at this valuation which is based on sale prices of comparable material and museum valuations for loan purposes, where relevant. These assets are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

Memorials and Statues

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

Heritage Assets – General

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

Intangible Assets

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

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver

service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

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

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

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

Interests in Companies and Other Entities

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

Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Investment properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

Leases

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

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

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

The Council as Lessee

Finance Leases

Property, Plant and Equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are

applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

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

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset

at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2014/15 (SeRCOP). The total absorption costing

principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multifunctional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- infrastructure, community assets, vehicles, plant, furniture and equipment, and assets under construction – depreciated historical cost
- dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH)
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

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

Assets included in the Balance Sheet at fair value are revalued or have indexation adjustments applied sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value are identified, they are accounted for by:

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

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

Impairment

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

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

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

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

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

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer
- infrastructure – straight-line allocation over 25 years.

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

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

Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-current Assets Held for Sale

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

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

Carbon Reduction Commitment Scheme

The authority is required to participate in the Carbon Reduction Commitment Energy Efficiency Scheme. This scheme is currently in the initial year of its second phase, which ends on 31 March 2019. The authority is required to purchase and surrender allowances, either prospectively or retrospectively, on the basis of emissions, ie carbon dioxide produced as energy is used. As carbon dioxide is emitted (ie as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of

the number of allowances required to meet the liability at the reporting date. The cost to the authority is recognised and reported in the costs of the authority's services and is apportioned to services on the basis of energy consumption.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

Reserves

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

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

Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the

General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council tax.

VAT

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

Note 2. Accounting Standards that have been Issued but have not yet been Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2015/16 Code:

- **IFRS 13 Fair Value Measurement**
- **Annual Improvements to IFRSs 2011 - 2013 Cycle**
- **IFRIC 21 Levies**

The Code requires implementation from 1 April 2015. It is not anticipated that these accounting changes will have a material impact on the Statement of Accounts. Therefore no impact on the 2014/15 Statement of Accounts.

Note 3. Critical Judgements in applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
- In line with accounting standards and the Code on group accounts and consolidation, all maintained schools in the Borough are now considered to be entities controlled by the Council. Rather than produce group accounts the Code allows the income, expenditure, assets, liabilities, reserves and cash flows of each school to be recognised in the Council's single entity accounts.
- All community schools are owned by the Council and the land and buildings used by the schools are included on the Council's Balance Sheet. For the foundation schools the control of the land and buildings is vested with the Governing Body and so they are included on the Council's Balance Sheet. For the foundation trust schools the land and buildings are vested with the trust so they are not included on the Council's Balance Sheet. For the Voluntary Aided schools the two Dioceses own the title to the assets, the schools use the assets under "mere" licences which pass no interest to the school and the Dioceses have not ceded control of the assets to the school, so the land and buildings used by the schools are not included on the Council's Balance Sheet. Academies are not considered to be maintained schools in the Council's control so the land and building assets are not owned by the Council and not included on the Council's Balance Sheet.

Note 4. Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2015 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pensions liability are fully disclosed in note 50 to the Accounts.
Property, Plant and Equipment Revaluations	The uncertainties arise as a result of the estimations used by the valuer. The basis of these estimations is set out in note 12 but different valuers could arrive at different results whilst still using the same basis for those estimations.	The actual value of the asset only becomes apparent when it is sold. The accounting treatment is set out in the disposals paragraph of the Property, Plant and Equipment section of Note 1.

Note 5. Material Items of Income and Expense

In relation to 2014/15:

- The Surplus on Revaluation of non-current assets of £31.252m consists of £33.117m of revaluation gains from the increase in the value of Property Plant and Equipment, £1.591m of revaluation gains from the increase in the value of Heritage Assets, and £3.456m of accumulated revaluation gains lost as a result of downwards revaluation and impairment losses.
- The performance of the Essex Pension Fund during 2014/15 was worse than anticipated by the actuarial assumptions underpinning the scheme. This has led to an actuarial loss passing through the Comprehensive Income and Expenditure Account of £21.743m.

In relation to 2013/14:

- The Surplus on Revaluation of non-current assets of £35.357m consists of £38.902m of revaluation gains from the increase in the value of Property Plant and Equipment, £1.501m of revaluation gains from the increase in the value of Heritage Assets, and £5.046m of accumulated revaluation gains lost as a result of downwards revaluation and impairment losses.
- The performance of the Essex Pension Fund during 2013/14 was better than anticipated by the actuarial assumptions underpinning the scheme. This has led to an actuarial gain passing through the Comprehensive Income and Expenditure Account of £35.758m

Note 6. Events after the Balance Sheet date

The Statement of Accounts was authorised for issue by the Head of Finance and Resources on 30 June 2015. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2015, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

On 8 July 2015 the UK chancellor announced a number of proposals that will impact on housing authorities including a change to the convergent rents formula that will be replaced with a formula that requires a 1% decrease in rents each year, for four years, commencing from 1 April 2016.

As per the accounting policy for Property, Plant and Equipment, the Council carries its social housing properties at valuation. This valuation is determined as the Existing Use Value – Social Housing (EUV-SH). EUV-SH takes into account that the Council has committed to use the housing assets for social housing purposes and so represents a lower value than would be applied to comparable housing in the private

sector. Overall it is expected that Government's intentions will lead to a revaluation loss to be recognised in the 2015/16 financial statements, however, until further details of the intentions are made available the Council has been unable to determine the specific details of the financial impact.

At its meeting of 23 July 2015 the Council approved the acceleration of the capital project to replace the street lighting lanterns within Southend with LED units and as a result address issues relating to maintenance and compliance, and to replace a third of the street lighting columns and bring all the illuminated street furniture in line with the proposed new traffic sign regulations. A £13.5m project was approved to replace the existing street lighting project, to be funded by 25 year reducing balance 'invest to save' finance from the Green Investment Bank (GIB) of £8.4m and a £5.09m grant from the Department for Transport. The grant award letter was received on 16 July 2015 and the GIB finance commenced on 5 August 2015.

Note 7. Adjustments between Accounting Basis and Funding Basis under Regulations

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

General Fund Balance

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

Housing Revenue Account Balance

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

Major Repairs Reserve

The Authority is required to maintain the Major Repairs Reserve, which controls an element of the capital resources limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the year-end.

Capital Receipts Reserve

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

Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

2014/15	Usable Reserves				
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000
Adjustments primarily involving the Capital Adjustment Account					
Reversal of items debited or credited to the comprehensive income and expenditure statement:					
Charges for depreciation of non-current assets	12,184	8,626			(20,810)
Revaluation and impairment losses on property, plant and equipment and intangible assets	10,862	179			(11,041)
Movements in the market value of investment properties	3,129				(3,129)
Amortisation of intangible assets	550				(550)
Capital grants and contributions applied	(9,112)	1,218		2,648	5,246
Revenue expenditure funded from capital under statute	5,485	340			(5,825)
Amounts of non-current assets written off on disposal or sale as part of the gain / loss on disposal to the comprehensive income and expenditure statement	279	1,151			(1,430)
Insertion of items not debited or credited to the comprehensive income and expenditure statement:					
Statutory provision for the financing of capital investment	(7,738)				7,738
Capital expenditure charged against the General Fund and HRA Balances	(3,682)	0			3,682
Adjustments primarily involving the Capital Grants Unapplied Account					
Capital grants and contributions unapplied credited to the comprehensive income and expenditure statement	(12,030)	(1,631)		13,661	0
Application of grants to capital financing transferred to the capital adjustment account				(11,398)	11,398
Adjustments primarily involving the Major Repairs Reserve					
Reverse MRA credited to HRA		(8,626)			8,626
Reversal of HRA Depreciation credited to the Major Repairs Reserve		1,678	6,948		(8,626)
Use of the major repairs reserve to finance new capital expenditure			(7,386)		7,386
Adjustments primarily involving the Deferred Capital Receipts Account					
Transfer of deferred capital receipt recognised as income in the Comprehensive Income and Expenditure Account		7			(7)
Movement in Unusable Reserves £000					

2014/15	Usable Reserves				
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000
Adjustments primarily involving the Capital Receipts Reserve					
Transfer of cash sale proceeds credited as part of the gain / loss on disposal to the comprehensive income and expenditure statement	(550)	(1,594)	2,144		0
Use of the capital receipts reserve towards administrative costs of non-current asset disposals					0
Use of the capital receipts reserve to finance new capital expenditure			(104)		104
Contribution from the capital receipts reserve to finance the payments to the government capital receipts pool	513		(513)		0
Adjustments primarily involving the Available for Sale Financial Instruments Adjustment Reserve					
Amount by which finance costs charged to the comprehensive income and expenditure statement are different from the finance costs chargeable in the year in accordance with statutory requirements					0
Adjustments primarily involving the Pensions Reserve					
Reversal of items relating to retirement benefits debited or credited to the comprehensive income and expenditure statement (see note 48)	18,677				(18,677)
Employer's pensions contributions and direct payments to pensioners payable in the year		(23,057)			23,057
Adjustments primarily involving the Collection Fund Adjustment Account					
Amount by which council tax and business rate income credited to the comprehensive income and expenditure statement is different from council tax and business rate income calculated for the year in accordance with statutory requirements	619				(619)
Adjustments primarily involving the Accumulated Absences Account					
Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(274)				274
Total Adjustments	(4,145)	1,341	1,534	(438)	4,911
					(3,203)

2013/14 Comparative Figures Restated	Usable Reserves				
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000
Adjustments primarily involving the Capital Adjustment Account					
Reversal of items debited or credited to the comprehensive income and expenditure statement:					
Charges for depreciation of non-current assets	11,225	6,923			(18,148)
Revaluation and impairment losses on property, plant and equipment and intangible assets	13,986	64			(14,050)
Movements in the market value of investment properties	74				(74)
Amortisation of intangible assets	915				(915)
Capital grants and contributions applied	(5,102)	1,251		6,158	(2,307)
Revenue expenditure funded from capital under statute	6,382	373			(6,755)
Amounts of non-current assets written off on disposal or sale as part of the gain / loss on disposal to the comprehensive income and expenditure statement	6,041	1,585			(7,626)
Insertion of items not debited or credited to the comprehensive income and expenditure statement:					
Statutory provision for the financing of capital investment	(6,882)				6,882
Capital expenditure charged against the General Fund and HRA Balances	(1,708)	(33)			1,741
Adjustments primarily involving the Capital Grants Unapplied Account					
Capital grants and contributions unapplied credited to the comprehensive income and expenditure statement	(6,988)	(1,762)		8,750	0
Application of grants to capital financing transferred to the capital adjustment account				(15,205)	15,205
Adjustments primarily involving the Major Repairs Reserve					
Reverse MRA credited to HRA	(6,923)				6,923
Reversal of HRA Depreciation credited to the Major Repairs Reserve	195		6,728		(6,923)
Use of the major repairs reserve to finance new capital expenditure			(7,344)		7,344
Adjustments primarily involving the Deferred Capital Receipts Account					
Transfer of deferred capital receipt recognised as income in the Comprehensive Income and Expenditure Account	(9)	25			(16)
Movement in Unusable Reserves					

2013/14 Comparative Figures Restated	Usable Reserves				
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000
Adjustments primarily involving the Capital Receipts Reserve					
Transfer of cash sale proceeds credited as part of the gain / loss on disposal to the comprehensive income and expenditure statement	(1,600)	(1,772)	3,368		4
Use of the capital receipts reserve towards administrative costs of non-current asset disposals					0
Use of the capital receipts reserve to finance new capital expenditure			(74)		74
Contribution from the capital receipts reserve to finance the payments to the government capital receipts pool	425		(425)		0
Adjustments primarily involving the Available for Sale Financial Instruments Adjustment Reserve					
Amount by which finance costs charged to the comprehensive income and expenditure statement are different from the finance costs chargeable in the year in accordance with statutory requirements					0
Adjustments primarily involving the Pensions Reserve					
Reversal of items relating to retirement benefits debited or credited to the comprehensive income and expenditure statement (see note 48)	17,510				(17,510)
Employer's pensions contributions and direct payments to pensioners payable in the year		(12,614)			12,614
Adjustments primarily involving the Collection Fund Adjustment Account					
Amount by which council tax income credited to the comprehensive income and expenditure statement is different from council tax income calculated for the year in accordance with statutory requirements		(1,339)			1,339
Adjustments primarily involving the Accumulated Absences Account					
Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(301)				301
Total Adjustments	20,015	(99)	2,894	(616)	(297) (21,897)

Note 8. Transfers to / from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2014/15.

Earmarked Reserves	Balance at 31 March 2013 £000		Transfers		Balance at 31 March 2014 £000		Transfers		Balance at 31 March 2015 £000	
	To £000	From £000	To £000	From £000	To £000	From £000	To £000	From £000	To £000	From £000
Schools Balances	9,276	0	(437)		8,839		2,313		0	11,152
General Fund Reserves										
Capital Investment Reserves	4,300	2,485	(657)		6,128		2,000	(830)		7,298
Insurance Reserves	3,185	700	(351)		3,534		886	(386)		4,034
Corporate Reserves	12,884	9,920	(4,339)		18,465		5,941	(10,922)		13,484
Service Reserves	8,741	4,518	(1,229)		12,030		6,838	(1,612)		17,256
Grants Reserves	159	8,733	0		8,892		4,939	(7,933)		5,898
Monies held in Trust	53	0	0		53		0	0		53
Total GF Reserves	29,322	26,356	(6,576)		49,102		20,604	(21,683)		48,023
HRA Service Reserves	2,646	2,653	0		5,299		4,934	(503)		9,730
Total Earmarked Reserves	41,244	29,009	(7,013)		63,240		27,851	(22,186)		68,905

Schools Balances

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

Capital Investment Reserves

Amounts set aside to fund future capital projects.

Insurance Reserve

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

Corporate Reserves

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

Service Reserves

Amounts set aside to fund the costs of service specific activities, such as waste management and benefits subsidy. Separate service reserves are held for General Fund and Housing Revenue Account services.

Grants Reserves

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

Monies held in Trust

The Council holds monies in respect of two trust funds (see note 57) and on behalf of a number of children pending them reaching the age of 18.

Note 9. Other Operating Expenditure

	2014/15 £000	2013/14 £000
Leigh Town Council Precept and Grant	330	358
Levies	488	443
Payments to the Government Housing Capital Receipts Pool	513	425
(Gains) / Losses on the Disposal of Non-current Assets	(715)	4,255
Total	616	5,481

Note 10. Financing and Investment Income and Expenditure

	2014/15 £000	2013/14 £000	Restated
Interest Payable and Similar Charges	11,641	11,305	
Interest on net pension liability	6,484	8,080	
Interest Receivable and Similar Income	(617)	(472)	
Income and Expenditure in relation to Investment Properties and changes in their Fair Value	2,027	(358)	
Deficit on Traded Services	562	574	
Total	20,097	19,129	

See also note 14 for more information on Investment Properties.

Note 11. Taxation and Non Specific Grant Incomes

	2014/15 £000	2013/14 £000
Council Tax Income	63,237	62,528
Retained Business Rates	32,735	31,484
Non-Ringfenced Government Grants	43,521	50,882
Capital Grants and Contributions	16,003	6,789
Total	155,496	151,683

Note 12. Property, Plant and Equipment

Movements in 2014/15	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets under Construction £'000	Total Property, Plant & Equipment £'000
Cost or Valuation as at 1 April 2014	301,371	301,296	12,556	107,407	2,491	437	1,608	727,166
Additions	7,378	12,609	1,892	7,469			399	29,747
Revaluations via Revaluation Reserve	23,558	5,295			(32)	1		28,822
Revaluations recognised in the CIES	(179)	(10,000)	(840)	(779)	(919)	(12)		(12,729)
Disposals	(1,278)	(300)	(31)		(18)			(1,627)
Transfers	219	246					(219)	246
Gross Book Value as at 31 March 2015	331,069	309,146	13,577	114,097	1,522	426	1,788	771,625
Accumulated Depreciation as at 1 April 2014	(22,817)	(13,276)	(6,170)	(30,056)	(14)	(17)	0	(72,350)
Depreciation	(8,531)	(5,871)	(906)	(4,863)	(4)	(5)		(20,180)
Written out to Revaluation Reserve		839						839
Written out to the CIES		1,473	288	270		3		2,034
On Impaired Assets								0
On Disposals	127	104	31					262
On Transfers		3						3
Accumulated Depreciation as at 31 March 2015	(31,221)	(16,728)	(6,757)	(34,649)	(18)	(19)	0	(89,392)
Net Book Value as at 31 March 2014	278,554	288,020	6,386	77,351	2,477	420	1,608	654,816
Net Book Value as at 31 March 2015	299,848	292,418	6,820	79,448	1,504	407	1,788	682,233

Movements in 2013/14	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets under Construction £'000	Total Property, Plant & Equipment £'000
Cost or Valuation as at 1 April 2013- restated	282,547	275,683	15,588	101,031	2,622	776	9,669	687,916
Additions	7,544	14,819	541	6,586			799	30,289
Revaluations via Revaluation Reserve	13,048	19,094			22			32,164
Revaluations recognised in the CIES	(388)	(13,154)	(3,552)	(210)	(153)	(304)		(17,761)
Disposals	(1,380)	(5,013)	(21)					(6,414)
Transfers		9,867				(35)	(8,860)	972
Gross Book Value as at 31 March 2014 - restated	301,371	301,296	12,556	107,407	2,491	437	1,608	727,166
Accumulated Depreciation as at 1 April 2013	(16,436)	(11,051)	(7,043)	(25,419)	(20)	(38)	0	(60,007)
Depreciation	(6,826)	(5,730)	(708)	(4,702)	(5)	(7)		(17,978)
Written out to Revaluation Reserve	14	1,678						1,692
Written out to the CIES	324	1,693	1,564	65	11	17		3,674
On Impaired Assets								0
On Disposals	107	183	17					307
On Transfers		(49)				11		(38)
Accumulated Depreciation as at 31 March 2014 - restated	(22,817)	(13,276)	(6,170)	(30,056)	(14)	(17)	0	(72,350)
Net Book Value as at 31 March 2013	266,111	264,632	8,545	75,612	2,602	738	9,669	627,909
Net Book Value as at 31 March 2014 - restated	278,554	288,020	6,386	77,351	2,477	420	1,608	654,816

Depreciation

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

2013/14 Useful Economic Life Years	Fixed Asset Category	2014/15 Useful Economic Life Years
Between 2 and 60	Council Dwellings	Between 2 and 60
Between 2 and 90	Other Land & Buildings	Between 1 and 90
Between 3 and 40	Vehicles, Plant, Furniture and Equipment	Between 2 and 40
Between 5 and 50	Infrastructure Assets	Between 5 and 50
Between 25 and 60	Community Assets	Between 25 and 60
Between 10 and 50	Surplus Assets	Between 10 and 50
Nil	Assets Under Construction	Nil

Revaluations

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

A variety of assets were revalued this year, some as part of the 5 year rolling programme. Some of the larger assets included investment properties, foundation schools, pier structure and the Forum . The significant assumptions applied in estimating their fair values were:

- The data provided by the Council was accurate at 1 April 2014;
- There are no planning proposals that are likely to have an effect on the value of the properties;
- All properties are at a suitable level of condition for service provision and that all internal and external repairs and maintenance have been carried out;
- No contaminative uses have ever been carried out on the property.

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

	Council Dwellings £'000	Other Land & Buildings £'000	Surplus Assets £'000	Total £'000
Valued at historical cost	55,529	21,557	0	77,086
Valued at fair value in:				
2010/2011				
Internal Valuer	-	-	-	-
External Valuer	275,169	7,509	-	282,678
2011/2012				
Internal Valuer	-	80,939	342	81,281
External Valuer	-	1,564	-	1,564
2012/2013				
Internal Valuer	-	-	-	0
External Valuer	-	79,309	-	79,309
2013/2014				
Internal Valuer	-	-	-	0
External Valuer	371	57,743	83	58,197
2014/15				
Internal Valuer	-	-	-	0
External Valuer	-	60,525	1	60,526
Total	331,069	309,146	426	640,641

Internal valuations were carried out by Alan Richards MRICS from 2010/11.

External valuations were carried out by King Sturge LLP, Lambert Smith Hampton Limited, Wheeldon and Deacon Chartered Surveyors, Wilks Head & Eve (RICS accredited) and the Valuation Office Agency.

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

The figures for all Council dwellings differ from the figures in the Property, Plant & Equipment HRA Note 6 as there are some Council dwellings in the General Fund (Gross Book Value at 31 March 2015 of £371,000).

Note 13. Heritage Assets

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

Movements in 2014/15	Historic Seaside Assets £'000	Heritage Land & Buildings £'000	Antiques and Collectables £'000	Museum Collections £'000	Total Heritage Assets £'000
Cost or Valuation as at 1 April 2014	34,166	843	665	1,501	37,175
Additions	201	76			277
Revaluations via Revaluation Reserve	1,591				1,591
Revaluations recognised in the CIES	(295)	(5)			(300)
Gross Book Value as at 31 March 2015	35,663	914	665	1,501	38,743
Accumulated Depreciation as at 1 April 2014	(88)	(44)	0	0	(132)
Depreciation	(610)	(20)			(630)
Written out to the CIES	28				28
Accumulated Depreciation as at 31 March 2015	(670)	(64)	0	0	(734)
Net Book Value as at 31 March 2014	34,078	799	665	1,501	37,043
Net Book Value as at 31 March 2015	34,993	850	665	1,501	38,009

	Historic Seaside Assets £'000	Heritage Land & Buildings £'000	Antiques and Collectables £'000	Museum Collections £'000	Total Heritage Assets £'000
Comparative Movements in 2013/14					
Cost or Valuation as at 1 April 2013 - restated	34,678	729	665	0	36,072
Additions	102	114			216
Revaluations via Revaluation Reserve	(614)			1,501	887
Transfers					0
Gross Book Value as at 31 March 2014 - restated	34,166	843	665	1,501	37,175
Accumulated Depreciation as at 1 April 2013	(550)	(26)	0	0	(576)
Depreciation	(152)	(18)			(170)
Written out to Revaluation Reserve	614				614
Accumulated Depreciation as at 31 March 2014 - restated	(88)	(44)	0	0	(132)
Net Book Value as at 31 March 2013	34,128	703	665	0	35,496
Net Book Value as at 31 March 2014 - restated	34,078	799	665	1,501	37,043

Basis of valuation

Asset	Date of last valuation	Valuer	Qualification	Method of valuation
Cliff Lift	01/04/2011	David Heales - Internal Valuer	MRICS	Existing use value
Porters	01/04/2011	John Murray - VOA (external)	MRICS	Depreciated replacement cost
Porters contents	01/03/2005	Webb Valuations Fine Art Ltd	FRICS	Current replacement cost
Southchurch Hall	01/04/2011	John Murray - VOA (external)	MRICS	Depreciated replacement cost
Pier	01/04/2014	Wilks Head and Eve (external)	MRICS	Depreciated replacement cost
Bandstand	01/04/2011	David Heales - Internal Valuer	MRICS	Existing use value
Saxon King artefacts	01/10/2009	Lesley Webster FSA - Society for Medieval Archaeology	FSA	Current replacement cost

Note 14. Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	2014/15 £000	2013/14 £000	Restated
Rental Income from Investment Property	(3,359)	(3,455)	
Direct operating expenses arising from Investment Property	5,386	3,097	
Net (Gain) / Loss	2,027	(358)	

The direct operating expenses in the table above include the downward revaluation and impairment losses shown in the table below.

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

	2014/15 £000	2013/14 £000	Restated
Balance at start of the year	25,516	26,255	
Additions:			
Purchases	0	0	
Construction	0	0	
Subsequent Expenditure	62	0	
Disposals	(65)	(2)	
Transfers:			
(to) / from Property, Plant and Equipment	(249)	(775)	
(to) / from Assets Under Construction	112		
Revaluations and impairments	(3,129)	(74)	
Balance at end of the year - restated	22,135	25,516	

Note 15. Intangible Assets

Note not required

Note 16. Financial Instruments

Categories of Financial Instruments

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

	Long-term		Current	
	31 March 2015 £000	31 March 2014 £000	31 March 2015 £000	31 March 2014 £000
Investments, Cash and Cash Equivalents				
Loans and Receivables	42	56	29,220	45,597
Available for sale Financial Assets	0	0	57,873	43,148
Total Investments	42	56	87,093	88,745
Debtors				
Loans and Receivables	131	135	25,403	16,443
Total Debtors	131	135	25,403	16,443
Borrowings				
Financial Liabilities at Amortised Cost	241,746	252,272	15,968	14,499
Total Borrowings	241,746	252,272	15,968	14,499
Creditors				
Financial Liabilities at Amortised Cost	43	271	21,836	18,935
Total Creditors	43	271	21,836	18,935

Reclassifications

There were no reclassifications of financial instruments in 2014/15.

Income, Expense, Gains and Losses

2014/15				
	Financial Liabilities measured at Amortised Cost £000	Financial Assets: Loans and Receivables £000	Financial Assets: Available for Sale £000	Total £000
Interest Expense	11,609	0	0	11,609
Fee Expense	0	45	32	77
Total Expense in Surplus or Deficit on the Provision of Services	11,609	45	32	11,686
Interest Income	0	(391)	(216)	(607)
Total Income in Surplus or Deficit on the Provision of Services	0	(391)	(216)	(607)
Gains on Revaluation	0	0	3	3
Amounts Recycled to the Surplus or Deficit on the Provision of Services after Impairment	0	0	(2)	(2)
Surplus / Deficit arising on Revaluation of Financial Assets in Other Comprehensive Income and Expenditure	0	0	1	1
Net Gain / (Loss) for the year	11,609	(346)	(183)	11,080

2013/14 Comparative Figures

	Financial Liabilities measured at Amortised Cost £000	Financial Assets: Loans and Receivables £000	Financial Assets: Available for Sale £000	Total £000
Interest Expense	11,265	0	0	11,265
Fee Expense	16	0	32	48
Total Expense in Surplus or Deficit on the Provision of Services	11,281	0	32	11,313
Interest Income	0	(266)	(202)	(468)
Total Expense in Surplus or Deficit on the Provision of Services	0	(266)	(202)	(468)
Gains on Revaluation	0	0	2	2
Amounts Recycled to the Surplus or Deficit on the Provision of Services after Impairment	0	0	(2)	(2)
Surplus / Deficit arising on Revaluation of Financial Assets in Other Comprehensive Income and Expenditure	0	0	0	0
Net Gain / (Loss) for the year	11,281	(266)	(170)	10,845

Fair Values of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- estimated ranges of interest rates at 31 March 2015 of 1.31% to 3.33% for loans from the PWLB based on new lending rates for equivalent loans at that date
- no early repayment or impairment is recognised
- where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

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

	31 March 2015		31 March 2014	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Financial Liabilities	279,550	370,981	285,706	328,761
Long Term Creditors	43	43	271	271

The fair value of the liabilities is higher than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2015) arising from a commitment to pay interest to lenders above current market rates.

	31 March 2015	31 March 2014
	Carrying Amount £000	Carrying Amount £000
Loans and Receivables	112,538	105,244
Long Term Debtors	131	135

Available for sale assets are carried in the Balance Sheet at their fair value. These fair values are based on public price quotations where there is an active market for the instrument. There are no exceptions to this treatment.

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

Note 17. Inventories

Note not required

Note 18. Construction Contracts

Note not required.

Note 19. Debtors

	31 March 2015 £000	31 March 2014 £000
Central government bodies	6,785	3,158
Local authorities	1,365	1,825
NHS bodies	313	2,644
Other entities and individuals	23,403	18,992
Total Debtors	31,866	26,619
Value of impairment included above	(11,092)	(9,737)

Note 20. Cash and Cash Equivalents

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

	31 March 2015 £000	31 March 2014 £000
Cash and cash equivalents held by the Council	36,106	39,772
Bank Current Accounts	16,116	14,226
Total Cash and Cash Equivalents	52,222	53,998

Note 21. Assets Held for Sale

Note not required.

Note 22. Creditors

	31 March 2015 £000	31 March 2014 £000
Central government bodies	8,408	8,949
Other local authorities	3,298	3,221
NHS bodies	248	1,051
Other entities and individuals	23,669	21,555
Total Creditors	35,623	34,776

Note 23. Provisions

	Insurance £000	Redundancy £000	Business Rate Appeals £000	Other Provisions £000	Total £000
Balance at 1 April 2013	2,922	1,456	0	435	4,813
Additional provisions made in year	1,101	500	727	341	2,669
Amounts used in year	(103)	(854)	0	(276)	(1,233)
Balance at 1 April 2014	3,920	1,102	727	500	6,249
Additional provisions made in year	1,924	500	1,377	1,387	5,188
Amounts used in year	(1,183)	(848)	(843)	(241)	(3,115)
Balance at 31 March 2015	4,661	754	1,261	1,646	8,322

Insurance Provision

This reflects the total value of claims outstanding at the year-end for which the Council has a future liability of uncertain timing. In addition the Council keeps an insurance reserve (shown in Note 8) to mitigate against the risk of potential claims arising in the future.

Redundancy

Payments to be made in 2015/16 as a result of organisational management decisions taken during 2014/15, relating to redundancy, and therefore properly chargeable to 2014/15.

Business Rates Appeals Provision

This reflects the Council's share of the potential for successful appeals by local businesses against the rateable value of the premises they use, and therefore the potential need for the Council to refund rates paid in 2014/15 and prior years. The overall liability is shared with Central Government and the Essex Fire Service.

Note 24. Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and Notes 7 and 8.

Note 25. Unusable Reserves

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

Revaluation Reserve

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

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

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

	2014/15 £000	2013/14 Restated £000
Balance at 1 April	109,672	76,442
Upward revaluation of assets	34,708	40,403
Downward revaluation of assets and impairment losses not charged to the Surplus / Deficit on the provision of services	(3,456)	(5,046)
Surplus or Deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the provision of services	31,252	35,357
Difference between fair value and historical cost depreciation	(1,734)	(1,246)
Balance attributable to disposal/write offs	(94)	(881)
Amount written off to the capital adjustment account	(1,828)	(2,127)
Balance at 31 March	139,096	109,672

Capital Adjustment Account

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

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

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

Note 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2014/15 £000	2013/14 Restated £000
Balance at 1 April	315,186	331,691
<i>Reversal of items relating to capital expenditure debited or credited to the comprehensive income and expenditure statement</i>		
Charges for depreciation and revaluation gains and losses and impairment losses on non-current assets	(31,851)	(32,199)
Amortisation of intangible assets	(550)	(915)
Revenue expenditure funded from capital under statute	(5,726)	(6,755)
Amounts of non-current assets written off on disposal or sale as part of the gain / loss on disposal to the comprehensive income and expenditure statement	(1,430)	(7,626)
	<hr/>	<hr/>
Adjusting amounts written out of the revaluation reserve	(39,557) 1,826	(47,495) 2,127
Net written out amount of the cost of non-current assets consumed in the year	<hr/> (37,731)	<hr/> (45,368)
<i>Capital financing applied in the year</i>		
Use of the capital receipts reserve to finance new capital expenditure	104	74
Use of the major repairs reserve to finance new capital expenditure	7,386	7,344
Capital grants and contributions credited to the comprehensive income and expenditure statement that have been applied to capital financing	16,645	12,896
Statutory provision for the financing of capital investment charged against the general fund and HRA balances	7,738	6,882
Capital expenditure charged against the general fund and HRA balances	3,583	1,741
	<hr/>	<hr/>
Movements in the market value of investment properties debited or credited to the comprehensive income and expenditure statement	35,456 (3,129)	28,937 (74)
Balance at 31 March	309,782	315,186

Pensions Reserve

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

	2014/15 £000	2013/14 £000
Balance at 1 April	(158,923)	(189,785)
Remeasurements of the net defined benefit liability/(asset)	(21,743)	35,758
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(18,677)	(17,510)
Employer's pensions contributions and direct payments to pensioners payable in the year	23,057	12,614
Balance at 31 March	(176,286)	(158,923)

Note 26. Cash Flow Statement - Interest Paid and Received

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

	2014/15 £000	2013/14 £000
Interest paid	11,759	11,256
Interest received	(335)	(262)
Net Cash Flows from Interest Paid and Received	11,424	10,994

These figures differ from the Interest Payable and Similar Charges and Interest Receivable and Similar Income figures in Note 10, as they do not include accruals and other non-cash items.

Note 27. Cash Flow Statement – Non-Cash Movements

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

	2014/15 £000	2013/14 Restated £000
Depreciation of Non Current Assets	(20,810)	(18,148)
Downward Revaluation and Impairment Losses of Non Current Assets	(11,041)	(14,050)
Amortisations	(550)	(915)
(Increase)/Decrease in impairment for provision for bad debts	(1,355)	(1,006)
(Increase)/Decrease in Creditors	(847)	3,127
Increase/(Decrease) in Debtors	6,602	(10,735)
Increase/(Decrease) in Inventories	(42)	16
Net retirement benefits per IAS19	4,380	(4,896)
Carrying amount of assets disposed/sold	(1,430)	(7,627)
Reverse out the movement on the provision debited or credited to the Comprehensive Income and Expenditure Statement and replace with the cash payments made in the year out of the provision	(2,072)	(1,436)
Movements in the value of investment properties	(3,129)	(74)
Removal of Council Tax and Business Rates Agency		
Adjustments from Comprehensive Income and Expenditure Statement	654	(4,722)
Other	194	206
Net Cash Flows from Operating Activities	(29,446)	(60,260)

Note 28. Cash Flow Statement - Adjustments for items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities

The Cash flows for adjustments for items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities include the following items:

	2014/15 £000	2013/14 Restated £000
Capital Grants credited to Surplus or deficit on the provision of services	21,555	12,601
REFCUS	(5,727)	(6,755)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,144	3,373
Proceeds from short-term and long-term investments	5	8
Net Cash Flow Adjustments	17,977	9,227

Note 29. Cash Flow Statement - Investing Activities

	2014/15 £000	2013/14 Restated £000
Purchase of property, plant and equipment, investment property and intangible assets	36,741	38,096
Purchase of short-term and long-term investments	229	210
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2,144)	(3,373)
Proceeds from short-term and long-term investments	(5)	(8)
Other receipts from investing activities	(21,555)	(14,240)
Net Cash Flow from Investing Activities	13,266	20,685

Note 30. Cash Flow Statement - Financing Activities

	2014/15 £000	2013/14 Restated £000
Cash receipts of short and long-term borrowing	(9,241)	(14,000)
Cash payments for the reduction of the outstanding liabilities relating to finance leases	194	190
Repayments of short and long-term borrowing	17,500	20,000
Other payments for financing activities	(5)	5,345
Net Cash Flow from Financing Activities	8,448	11,535

Note 31. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Accounting Code of Practice. However, decisions about resource allocation are taken by the Council's Cabinet on the basis of budget reports analysed across portfolios. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- The cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year
- The cost of employees is based on cash flows (payment of employee's salaries), taking no account of the value of any untaken leave or other compensated absences not yet taken.

In May 2014, the Council's Portfolio structure changed following the election of a new administration. It is not practical to restate the prior year for this change, and it would not be reflective of how that year was monitored through Cabinet. The income and expenditure of the Council's portfolios recorded in the budget monitoring reports for the year is as follows:

Portfolio Income and Expenditure 2014/15

	Adult, Health & Housing £'000	Children & Learning £'000	Community Development £'000	Enterprise, Tourism & Economic Development £'000	Leader £'000	Public Protection, Waste & Transport £'000	Regulatory Services £'000	Total £'000
Fees, Charges & Other Service Income	(10,303)	(1,037)	(8,529)	(3,758)	(5,828)	(8,122)	(1,658)	(39,235)
Grants	(9,479)	(115,737)	(101,783)	(945)	(651)	(3,290)	(63)	(231,948)
Total Income	(19,782)	(116,774)	(110,312)	(4,703)	(6,479)	(11,412)	(1,721)	(271,183)
Employee Expenses	16,163	13,836	6,237	6,375	13,300	4,497	2,101	62,509
Other Service Expense	46,575	120,808	105,598	7,935	8,296	22,738	392	312,342
Capital Financing	920	5,832	212	7,703	7,787	9,672	0	32,126
Net Support Recharges	2,776	4,946	842	1,849	(13,766)	697	1,399	(1,257)
Total Expenditure	66,434	145,422	112,889	23,862	15,617	37,604	3,892	405,720
Net Expenditure	46,652	28,648	2,577	19,159	9,138	26,192	2,171	134,537

Portfolio Income and Expenditure 2013/14 Comparative Figures Restated

	Adult, Health & Housing £'000	Children & Learning £'000	Corporate Support £'000	Culture £'000	Leader £'000	Deputy Leader £'000	Public Protection, Waste & Transport £'000	Planning £'000	Total £'000
Fees, Charges & Other Service Income	(10,877)	(1,658)	(12,011)	(2,805)	(138)	(129)	(8,194)	(945)	(36,757)
Grants	(16,136)	(109,704)	(96,859)	(635)	(4,982)	(124)	(2,808)	(1,221)	(232,469)
Total Income	(27,013)	(111,362)	(108,870)	(3,440)	(5,120)	(253)	(11,002)	(2,166)	(269,226)
Employee Expenses	15,692	15,084	15,229	5,929	2,944	451	4,764	1,667	61,760
Other Service Expense	49,818	116,645	105,396	6,633	5,578	1,357	21,887	1,014	308,328
Capital Financing	1,339	5,885	5,021	10,763	0	771	9,614	3	33,396
Net Support Recharges	2,603	3,848	(13,421)	1,353	468	292	1,900	867	(2,090)
Total Expenditure	69,452	141,462	112,225	24,678	8,990	2,871	38,165	3,551	401,394
Net Expenditure	42,439	30,100	3,355	21,238	3,870	2,618	27,163	1,385	132,168

Reconciliation of Portfolio Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of portfolio income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement

	Restated	
	2014/15	2013/14
	£000	£000
Net Expenditure in the Portfolio Analysis	134,537	132,168
Net Expenditure of Services not included in the Analysis	(5,633)	(5,303)
Net Expenditure of Services included in the Analysis, not included in the Comprehensive Income and Expenditure Statement	(2,589)	(216)
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	(1)	(811)
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	(8,223)	(6,330)
Cost of Services in the Comprehensive Income and Expenditure Statement	126,314	125,838

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of portfolio income and expenditure relate to a subjective analysis of the surplus or deficit on the provision of services included in the Comprehensive Income and Expenditure Statement

2014/15

	Portfolio Analysis £'000	Services not included in the Analysis £'000	Services in Analysis, not included in the I&E £'000	Amounts not reported to management £'000	Cost of Services in the Comprehensive I&E £'000	Corporate Amounts £'000	Total £'000
Fees, Charges & Other Service Income	(39,235)	(30,281)	4,866	(288)	(64,938)	(4,866)	(69,804)
Grants	(231,948)	(209)	0	0	(232,157)	(59,524)	(291,681)
Interest and Investment Income	0	0	0	0	0	(617)	(617)
Income from Council Tax	0	0	0	0	0	(63,237)	(63,237)
Income from Business Rates	0	0	0	0	0	(32,735)	(32,735)
Total Income	(271,183)	(30,490)	4,866	(288)	(297,095)	(160,979)	(458,074)
Employee Expenses	62,509	288	(1,931)	273	61,139	1,931	63,070
Other Service Expense	312,342	14,999	(1,251)		326,090	1,251	327,341
Capital Financing	32,126	8,805	(2,761)	14	38,184	2,761	40,945
Net Support Recharges	(1,257)	765	(1,512)		(2,004)	1,512	(492)
Interest Payments	0	0	0	0	0	11,641	11,641
Pensions Interest and Expected Return	0	0	0	0	0	6,484	6,484
Precepts and Levies	0	0	0	0	0	818	818
Payments to Housing Capital Receipts Pool	0	0	0	0	0	513	513
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	0	(715)	(715)
Total Expenditure	405,720	24,857	(7,455)	287	423,409	26,196	449,605
Surplus or Deficit on the provision of services	134,537	(5,633)	(2,589)	(1)	126,314	(134,783)	(8,469)

2013/14 comparative figures
Restated

	Portfolio Analysis £'000	Services not included in the Analysis £'000	Services in Analysis, not included in the I&E £'000	Amounts not reported to management £'000	Cost of Services in the Comprehensive I&E £'000	Corporate Amounts £'000	Total £'000
Fees, Charges & Other Service Income	(36,757)	(28,611)	5,890	(222)	(59,700)	(5,890)	(65,590)
Grants	(232,469)	0	0	0	(232,469)	(57,671)	(290,140)
Interest and Investment Income	0	0	265	0	265	(737)	(472)
Income from Council Tax	0	0	0	0	0	(62,528)	(62,528)
Income from Business Rates	0	0	0	0	0	(31,484)	(31,484)
Total Income	(269,226)	(28,611)	6,155	(222)	(291,904)	(158,310)	(450,214)
Employee Expenses	61,760	348	(1,928)	(686)	59,494	1,928	61,422
Other Service Expense	308,328	15,164	(1,295)	0	322,197	1,295	323,492
Capital Financing	33,396	7,050	(2,316)	97	38,227	2,316	40,543
Net Support Recharges	(2,090)	746	(832)	0	(2,176)	832	(1,344)
Interest Payments	0	0	0	0	0	11,305	11,305
Pensions Interest and Expected Return	0	0	0	0	0	8,080	8,080
Precepts and Levies	0	0	0	0	0	801	801
Payments to Housing Capital Receipts Pool	0	0	0	0	0	425	425
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	0	4,255	4,255
Total Expenditure	401,394	23,308	(6,371)	(589)	417,742	31,237	448,979
Surplus or Deficit on the provision of services	132,168	(5,303)	(216)	(811)	125,838	(127,073)	(1,235)

Note 32. Acquired and Discontinued Operations

Note not required

Note 33. Trading Operations

Note not required

Note 34. Agency Services

Note not required.

Note 35. Road Charging Schemes

Note not required.

Note 36. Pooled Budgets

Note not required

Note 37. Members' Allowances

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

	2014/15 £000	2013/14 £000
Basic Allowances	437	431
Special Allowances	187	202
Travel & Subsistence	1	1
Total Members Allowances	625	634

A full list of the Members' allowances, including their travel and subsistence, is published in the Additional Financial Information Section and on the Council's website (<http://www.southend.gov.uk>).

Note 38. Officers' Remuneration

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

Post holder information (Post title)	Salary (including fees & Allowances)	Benefits in Kind (e.g. Car Allowance)	Total Remuneration excluding pension contributions 2014/15	Pension contribution	Total Remuneration including pension contributions 2014/15
Chief Executive - Rob Tinlin annualised as reduced hours	120,832	4,023	124,855	0	124,855 156,068
Corporate Directors					
Corporate Services	118,182	0	118,182	17,018	135,200
People	125,867	0	125,867	18,125	143,992
Place	112,447	0	112,447	16,192	128,639
Public Health	121,939	0	121,939	10,688	132,627
Heads of Service					
Legal & Democratic Services	95,947	0	95,947	13,816	109,763
Finance & Resources	91,468	1,568	93,036	13,171	106,207
People & Policy	88,262	1,145	89,407	12,710	102,117
Customer Services	87,976	2,358	90,334	12,668	103,002
Procurement, Commissioning & Strategic Housing	83,276	0	83,276	11,992	95,268
Adult Services to 09/11/2014 annualised	52,925	0	52,925	7,621	60,546 99,100
Adult Services from 01/11/2014 annualised	55,800	0	55,800	0	55,800 134,881
Children's Services to 8th October 2014 annualised	45,371	0	45,371	6,533	51,904 99,189
Children's Services from 11th August 2014 annualised	47,751	0	47,751	6,876	54,627 85,575
Learning	88,262	1,248	89,510	12,710	102,220
Culture	88,262	0	88,262	12,710	100,972
Public Protection	86,550	2,882	89,432	12,463	101,895
Planning & Transport	73,419	1,916	75,335	10,533	85,868
Economy, Regeneration & Tourism	68,126	0	68,126	9,809	77,935
Public Health	83,250	0	83,250	7,297	90,547

2013/14

Post holder information (Post title)	Salary (including fees & Allowances)	Benefits in Kind (e.g. Car Allowance)	Total Remuneration excluding pension contributions 2013/14	Pension contribution	Total Remuneration including pension contributions 2013/14
Chief Executive - Rob Tinlin	150,290	3,703	153,993	18,786	172,779
Corporate Directors					
Corporate Services	117,658	452	118,110	14,707	132,817
People	125,343	0	125,343	15,668	141,011
Place	111,982	0	111,982	13,998	125,980
Public Health	114,950	0	114,950	8,046	122,996
Heads of Service					
Legal & Democratic Services	95,555	0	95,555	11,944	107,499
Finance & Resources	91,250	1,245	92,495	11,406	103,901
People & Policy	87,870	999	88,869	10,984	99,853
Customer Services	86,989	1,481	88,470	10,874	99,344
Procurement, Commissioning & Strategic Housing	82,820	0	82,820	10,353	93,173
Adult Services from 09/10/2013	41,629	0	41,629	5,184	46,813
<i>annualised</i>					98,200
Children's Services	87,870	0	87,870	10,984	98,854
Learning	87,435	1,047	88,482	10,875	99,357
Culture	87,870	0	87,870	10,984	98,854
Public Protection	86,034	5,509	91,543	10,754	102,297
Planning & Transport	69,757	1,257	71,014	8,720	79,734
Economy, Regeneration & Tourism to 30/11/2013	52,428	1,016	53,444	0	53,444
<i>annualised</i>					88,016
Interim Economy, Regeneration & Tourism from 01/04/2013 to 30/06/2013 and from 01/12/2013 to 31/03/2014	62,514	0	62,514	7,814	70,328
<i>annualised</i>					76,213
Public Health	82,471	0	82,471	5,773	88,244

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

	2014/15			2013/14		
	Number of Staff			Number of Staff		
	Council	Schools	Total	Council	Schools	Total
£50,000 to £54,999	34	26	60	30	31	61
£55,000 to £59,999	13	22	35	19	15	34
£60,000 to £64,999	4	13	17	3	10	13
£65,000 to £69,999	9	10	19	3	10	13
£70,000 to £74,999	1	3	4	2	6	8
£75,000 to £79,999	0	6	6	2	4	6
£80,000 to £84,999	0	2	2	0	2	2
£85,000 to £89,999	0	4	4	0	2	2
£90,000 to £94,999	0	0	0	0	0	0
£95,000 to £99,999	0	0	0	0	0	0
£100,000 to £104,999	0	0	0	0	0	0
£105,000 to £109,999	0	1	1	0	0	0
£110,000 to £114,999	0	0	0	0	1	1
Total	61	87	148	59	81	140

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

Exit package cost band including special payments

	Total number of exit packages by cost band						Total cost of exit packages	
	2014/15			2013/14			2014/15	2013/14
	Compulsory	Other	Total	Compulsory	Other	Total		
Council Staff								
£0 - £19,999	2	22	24	7	12	19	£243,580	£206,558
£20,000 - £39,999	1	13	14	2	8	10	£403,840	£281,355
£40,000 - £59,999	0	0	0	0	1	1	£0	£41,285
Total	3	35	38	9	21	30	£647,420	£529,198
School Staff								
£0 - £19,999	11	0	11	0	12	12	£75,856	£47,699
£20,000 - £39,999	2	0	2	0	5	5	£71,139	£143,173
£40,000 - £59,999	0	0	0	1	0	1	£0	£56,000
£60,000 - £79,999	0	0	0	0	1	1	£0	£69,310
Total	13	0	13	1	18	19	£146,995	£316,182
Total	16	35	51	10	39	49	£794,415	£845,380

Note 39. External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors:

	2014/15 £000	2013/14 £000
Fees payable with regard to external audit services	190	189
Fees payable for the certification of grant claims and returns	28	37
Fees payable in respect of other services provided	7	4
Total Audit Costs	225	230

Note 40. Dedicated Schools Grant

The council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). An element of DSG is recouped by the Department to fund academy schools in the council's area. DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2011. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2014/15 are as follows:

	2014/15 Central Expenditure £000	2014/15 Individual Schools Budget £000	2014/15 Total £000	2013/14 Total £000
Final DSG for 2014/15 before academy recoupment			136,234	133,123
Academy figure recouped for 2014/15			(46,941)	(42,833)
Total DSG after academy recoupment for 2014/15			89,293	90,290
Early Years Adjustment			0	85
Plus: Brought forward from 2013/14			739	1,075
Less: Carry-forward to 2015/16 agreed in advance			0	0
TOTAL DSG available			90,032	91,450
Agreed initial budgeted distribution in 2014/15	12,103	77,718	89,821	91,365
In year adjustments (early years, academy recoupment and NNDR adjustments)	0	211	211	85
Final budget distribution for 2014/15	12,103	77,929	90,032	91,450
Less: Actual central expenditure	(11,801)		(11,801)	(13,600)
Less: Actual ISB deployed to schools		(76,625)	(76,625)	(77,111)
Plus Local authority contribution for 2014/15	0	0	0	0
Carry-forward to 2015/16	302	1,304	1,606	739

Note 41. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2014/15.

	2014/15 £000	2013/14 £000
Credited to Taxation and Non Specific Grant Income		
Non-Ringfenced Government Grants		
Revenue Support Grant	38,981	46,852
Education Support Grant	2,423	2,434
New Homes Bonus	1,931	1,362
Other non-ringfenced government grants	186	234
	43,521	50,882
Capital Grants and Contributions		
Highways Infrastructure	7,403	1,702
Schools	4,971	3,892
Thorpe Greenways	1,174	0
Coastal Communities Fund	1,144	0
City Deal Incubation Centre	651	0
Housing	195	511
Chalkwell Park/Priory Park Tennis courts	234	0
Coastal Defence	192	0
Elmer Square Library	20	80
Belfairs Woodland Centre	0	434
Hinguar Primary School	3	56
Other	16	114
	16,003	6,789
Total	59,524	57,671

	2014/15 £000	2013/14 £000
Credited to Services		
Housing Benefits	91,643	94,146
Dedicated Schools Grant	89,292	90,375
Public Health Grant	8,060	7,327
Pupil Premium	6,734	5,323
REFCUS	5,535	6,194
Funding from NHS England and other NHS Bodies	4,898	2,949
Funding from Clinical Commissioning Groups	3,574	7,106
Other Service Grants and Contributions	3,386	4,063
Education Funding Agency	2,984	3,123
Skills Funding Agency	2,683	2,389
Children's Services Grants	1,979	1,737
Housing Benefit Administration	1,565	1,619
Local Sustainable Transport Function	735	841
Troubled Families	628	873
Social Fund	602	611
Weekly Waste Collection	500	500
Arts Council Grant	448	113
Youth Offending Grants	331	619
Supporting People	150	160
Funding from PCT	0	1,279
Total	225,727	231,347

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

Note 42. Related Parties

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central UK Government

Central UK government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council tax bills, housing benefits). Grants received from government departments, and other areas of the public sector, used in 2014/15 and those received but not yet applied as at 31 March 2015 are set out in Note 41.

In addition the Council works in partnership with Southend Clinical Commissioning Group through a pooled budget arrangement.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2014/15 is shown in Note 37.

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

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

Officers

3 officers act as Board members to two of the Council's wholly owned subsidiaries – Southend Trading Corporation Limited and Southend Independent Living Limited. Southend Trading Corporation Limited sells telephony to the Council's third wholly owned subsidiary South Essex Homes Limited and to a number of schools. The officers do not hold any pecuniary stake in the companies, nor take any director fee. The Council however is reimbursed for officer time spent on company business.

One of the Council's officers is related to the former Clinical Chief Officer of Southend Clinical Commissioning Group. Both officers have made formal declarations of their relationship to their respective organisations.

Entities Controlled or Significantly Influenced by the Council

Southend-on-Sea Borough Council has a dominant influence over South Essex Homes Limited, which manages the Council's housing stock. Four Members were on the board of South Essex Homes Limited. All material transactions with the company are recorded in the notes to the consolidated group accounts.

Under IAS19 South Essex Homes Limited must account for the net surplus or deficit arising from its share of the pension assets and liabilities in respect of its employees who are members of the Essex County Council Pension Fund. As at 31 March 2015 there was a net deficit of £7.741M in respect of South Essex Homes Limited's pension liabilities. As at 31 March 2015 South Essex Homes Limited also had a retained surplus of £1.548M in respect of its Profit and Loss reserve. Southend-on-Sea Borough Council undertakes to provide continuing financial support to enable the financial statements of South Essex Homes Limited to be prepared on a going concern basis.

Note 43. Capital Expenditure and Capital Financing

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

	31 March 2015 £000	31 March 2014 £000
Capital Investment		
Property, Plant and Equipment	29,747	30,289
Investment Assets	62	0
Intangible Assets	990	934
Heritage Assets	277	216
Revenue Expenditure Funded from Capital Under Statute	5,726	6,755
Total Capital Investment	36,802	38,194
 Sources of Finance		
Usable Capital Receipts	104	74
Government Grants and other Contributions	16,645	14,535
Sums set aside from Revenue:		
Direct Revenue Contributions	3,582	1,741
Major Repairs Reserve	7,386	7,344
Total Financing from Internal Resources	27,717	23,694
Credit arrangements	62	99
Un-supported Capital Borrowing	9,023	14,401
Total Financing from Borrowing / Credit Arrangements	9,085	14,500
Total Capital Financing	36,802	38,194

	31 March 2015 £000	31 March 2014 £000
Opening Capital Financing Requirement		
	281,648	273,407
 Explanation of Movements in Year		
Borrowing	9,023	14,401
Finance Leases	62	99
MRP	(7,087)	(6,259)
Closing Capital Financing Requirement	283,646	281,648

Note 44. Leases –

The Council as Lessee

Finance Leases

The Council has acquired IT equipment and a minibus for schools and grounds maintenance equipment under finance leases. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet.

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Council and finance costs that will be payable by the Council in future years while the liability remains outstanding.

With effect from 30 September 2013 the Council leased a proportion of the library and education centre at The Forum from the Forum Management Company Limited on a finance lease, based on the gross internal area used. There was no premium paid and the rent is a peppercorn so there are no minimum lease payments to disclose in the figures above.

On 1 January 2014 the Council leased the Darlinghurst Childrens Centre from the Darlinghurst School Academy Trust on a finance lease. There was no premium paid and the rent is a peppercorn so there are no minimum lease payments to disclose in the figures above.

Operating Leases

The Council has acquired vehicles for social care, vehicles for South Essex homes, our haulage pool and grounds maintenance equipment and photocopiers for schools under operating leases, which have typical lives of 5 to 7 years.

Council as Lessor

Operating Leases

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

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

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

	31 March 2015	31 March 2014
	£000	£000
Not later than one year	1,519	1,537
Later than one year and not later than five years	5,361	5,293
Later than five years	64,283	65,091
	71,163	71,921

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as rental payments that vary with turnover. In 2014/15 £136,000 contingent rents were estimated to be receivable by the Council (2013/14 £136,000 estimated).

Finance Leases

On 14th August 2013 the Council leased the Belfairs Woodland Centre to Essex Wildlife Trust Limited on a finance lease with a term of 25 years. There was no premium paid and the rent is a peppercorn so there

are no minimum lease payments to disclose at 31st March 2015. The Council has a gross investment in the lease of £318,000 at 31st March 2015, as there are no minimum lease payments and the residual value is anticipated to be half the net book value of the asset, as the lease term is half the estimated useful economic life. The gross investment is expected to be received at the end of the lease.

With effect from 30 September 2013 the Council leased the library and education centre at The Forum to the Forum Management Company Limited on a finance lease with a term of 98½ years. There was no premium paid and the rent is a peppercorn so there are no minimum lease payments to disclose. The Council does not have any gross investment in the lease, as there are no minimum lease payments and no residual value anticipated for the property.

On 1st January 2014 the Council leased Darlinghurst School to the Darlinghurst School Academy Trust under a finance lease with a term of 125 years. There was no premium paid and the rent is a peppercorn so there are no minimum lease payments to disclose. The Council does not have any gross investment in the lease, as there are no minimum lease payments and no residual value anticipated for the property.

Note 45. PFI and Similar Contracts

Note not required.

Note 46. Downward Revaluation and Impairment Losses

Various General fund assets were revalued at 1 April 2014 which led to a downward valuation or impairment loss, the most significant of which were Vanguard Way plots, East Beach Cafe and 12-14 Western Esplanade.

An impairment review of all material assets was carried out at the balance sheet date and this led to the downward revaluation or impairment of the carrying value of a number of assets, the most significant of which were Focus Youth House and the Rossi High Street Kiosk.

An impairment review was also undertaken of capital additions and a few were considered not to increase the asset value and therefore were impaired.

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

Note 47. Capitalisation of Borrowing Costs

The Council has not capitalised any of its borrowing costs.

Note 48. Termination Benefits

The Council is undergoing a significant programme of cost reduction, involving amongst other things a reduction in the number of employees. This has given rise to a number of redundancy payments that, although not actually paid in 2014/15, have been fully provided for. (See note 23).

Note 49. Pension Schemes Accounted for as Defined Contribution Schemes

Teachers' Pension Scheme

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

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

In 2014/15 the Council paid £4.5m to Teachers' Pensions in respect of teachers' retirement benefits, representing 14.1% of pensionable pay. The figures for 2013/14 were £4.6m and 14.1%. There were no contributions remaining payable at the year end.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis. Added years payments awarded in respect of the teachers' pension scheme were £6,588 (2013/14 £6,316).

It is estimated that the Council will pay £4.0m to the TPS in 2015/16.

NHS Staff Pension Scheme

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

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

In 2014/15, the Council paid £95,000 (2013/14 £92,000) in respect of retirement benefits to NHS Pensions in respect of staff who have transferred into the Council from the NHS, representing 14% of pensionable pay. It is estimated that the Council will similarly pay £95,000 to NHS Pensions in 2015/16.

Note 50. Defined Benefit Pension Schemes

Participation in Pensions Schemes

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

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

Transactions relating to post-employment benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against Council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	2014/15 £000	2013/14 £000
Comprehensive Income and Expenditure Statement		
Cost of Services		
Current Service Cost	11,920	10,116
(Gain) / Loss from Settlement	(295)	(1,206)
Cost of Curtailments	428	475
Administration Expense	140	45
Financing and Investment Income and Expenditure		
Net Interest Expense	6,484	8,080
Total post-employment benefit charged to the surplus or deficit on the provision of services	18,677	17,510
Other post-employment benefit charged to the comprehensive income and expenditure statement		
Return on plan assets in excess of interest	(29,762)	(12,211)
Other actuarial gains on assets	0	(4,077)
Change in financial assumptions	51,801	12,943
Change in demographic assumptions	0	(28,569)
Experience gain on defined benefit obligation	(296)	(3,844)
Remeasurements and Other Comprehensive Income	21,743	(35,758)
Total post-employment benefit (credited) / charged to the Comprehensive Income and Expenditure Statement	40,420	(18,248)
Movement in Reserves Statement		
Reversal of net charges made to the surplus or deficit for the provision of services for post-employment benefits in accordance with the code	(40,420)	18,248
Actual amount charged against the General Fund Balance for Pensions in the year		
Employer's contributions payable to scheme	23,057	12,614

In 2014/15 the Council pre-funded three years' worth of scheme deficit payments as part of the annual employer's contribution to the scheme, thereby obtaining a reduction in future payments it would otherwise have had to pay.

Pension Assets and Liabilities Recognised in the Balance Sheet

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

Actuarial Gains/(Losses)	2014/15 £000	2013/14 £000
Present Value of the defined benefit obligation	536,207	465,060
Fair Value of Plan Assets	(359,921)	(306,137)
Net Liability arising from defined benefit obligation	176,286	158,923

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

	2014/15 £000	2013/14 £000
Opening Balance at 1 April	465,060	465,900
Current Service Cost	11,920	10,116
Interest Cost	20,149	20,265
Contributions by Scheme Participants	3,438	3,157
Remeasurement Gains and Losses		
Actuarial gains / losses arising from changes in demographic assumptions	0	(28,569)
Actuarial gains / losses arising from changes in financial assumptions	51,801	12,943
Other	(296)	(3,844)
Losses on Curtailments	428	475
Benefits Paid	(15,171)	(14,080)
Liabilities extinguished on Settlements	(1,122)	(1,303)
Closing Balance at 31 March	536,207	465,060

Reconciliation of fair value of the scheme assets

	2014/15 £000	2013/14 £000
Opening Balance at 1 April	306,137	276,115
Interest Income	13,665	12,185
The return on plan assets, excluding the amount included in the net interest expense	29,762	12,211
Other Actuarial Gains	0	4,077
Employer Contributions	23,057	12,614
Contributions by Scheme Participants	3,438	3,157
Benefits Paid	(15,171)	(14,080)
Payment of Bulk Transfer Value	(827)	(97)
Administrative Expense	(140)	(45)
Closing Balance at 31 March	359,921	306,137

Local Government Pension Scheme assets

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

	2014/15		2013/14	
	£000	%	£000	%
Equity Investments	242,123	67	204,116	67
Government Bonds	15,813	4	24,372	8
Other Bonds	34,449	10	24,372	8
Property	39,093	11	34,998	11
Cash / Liquidity	7,891	2	6,093	2
Alternative Assets	20,552	6	12,186	4
	359,921	100	306,137	100

Of the equities allocation, 23% are UK investments and 77% are overseas investments. 93% of the equities are listed with 7% unlisted.

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

The Other Bonds allocation consists entirely of UK corporate bonds.

Of the property allocation, 41% is listed

The Alternative Assets allocation is made up of 53% in Infrastructure, 4% in a Financing Fund, 18% in Timber and 25% in Currency.

Basis for Estimating Assets and Liabilities

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

The Pension Fund liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, estimates being based on the last full revaluation of the scheme as at 31 March 2013.

The significant assumptions used by the actuary have been:

	2014/15	2013/14
Mortality assumptions:		
Longevity at 65 for Current Pensioners		
Men	22.8	22.7
Women	25.2	25.1
Longevity at 65 for Future Pensioners		
Men	25.1	24.9
Women	27.6	27.4
Rate of Inflation (RPI)	3.2%	3.6%
Rate of Inflation (CPI)	2.3%	2.8%
Rate of increases in salaries	4.1%	4.6%
Rate of increase in pensions	2.3%	2.8%
Rate for discounting scheme liabilities	3.3%	4.4%

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

Impact on the Defined Benefit Obligation in the Scheme	Increase in Assumption £000	Decrease in Assumption £000
Longevity (increase or decrease in 1 year)	(18.7)	18.9
Rate of inflation (increase or decrease by 0.1%)	8.5	(8.3)
Rate of increase in salaries (increase or decrease by 0.1%)	0.9	(0.9)
Rate of increase in pensions (increase or decrease by 0.1%)	8.5	(8.3)
Rate of discounting scheme liabilities (increase or decrease by 0.1%)	(9.1)	9.3

Impact on the Council's Cash Flows

One of the objectives of the scheme is to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 14 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed as at 31 March 2016.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Service Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales, and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The Council anticipates to pay £7.356M expected contribution to the scheme in 2015/16.

The weighted average duration of the defined benefit obligation for scheme members is 18 years (18 years 2013/14).

Note 51. Contingent Liabilities

Note not required

Note 52. Contingent Assets

Note not required

Note 53. Nature and Extent of Risks Arising from Financial Instruments

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

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

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

Credit Risk

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

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

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £29m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2015 that this was likely to crystallise.

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

Credit Risk	Amounts £000	31 March 2015			31 March 2014		
		Historical experience of default	%	Historical experience adjusted for market conditions	%	Estimated maximum exposure to default and uncollectability £000	Estimated maximum exposure to default and uncollectability £000
Deposits With Banks And Other Financial Institutions	29,262	0.00%		0.00%		0	0
Bonds And Other Securities	57,873	0.00%		0.00%		0	0
Customers	25,403	0.55%		0.92%		230	230

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

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

	31 March 2015 £000	31 March 2014 £000
Less Than Three Months	6,118	4,402
Three To Six Months	383	704
Six Months To One Year	402	605
More Than One Year	1,942	1,901
Total	8,845	7,612

Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from other Local Authorities and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The Council sets limits on the proportion of its fixed rate borrowing during specified periods. The strategy for long term borrowing is to ensure that not more than 40% of loans are due to mature between 2 and 5 years, through a combination of careful planning of new loans taken out and (where it is economic to do so) making early repayments. The maturity analysis of financial liabilities is as follows:

	31 March 2015	31 March 2014
	£000	£000
Less than 1 year	20,649	24,181
Between 1 and 2 years	10,525	20,648
Between 2 and 5 years	38,661	31,576
Between 5 and 10 years	58,950	59,101
Between 10 and 15 years	96,866	87,682
Between 15 and 20 years	90,462	103,956
More than 20 years	131,634	144,755
Total Cost of Loans Over Their Life	447,747	471,899
This total consists of:		
Principal Amount of Loans	237,816	250,816
Future Interest Element	209,931	221,083
Total Cost of Loans Over Their Life	447,747	471,899

These amounts are higher than those recognised in note 16 to the Balance Sheet as they include the interest for each year of the loans, included in the year it falls due.

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

Market Risk

Interest rate risk

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

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

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

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

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

According to this assessment strategy, at 31 March 2015, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£000
Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable rate investments	(947)
Increase in government grant receivable for financing costs	0
Impact on Surplus or Deficit on the Provision of Services	(947)
Share of overall impact debited to the HRA	(83)
Decrease in fair value of fixed rate investment assets	0
Impact on Other Comprehensive Income and Expenditure	0
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	0

Price Risk

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

Foreign Exchange Risk

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

Note 54. Heritage Assets: Five year summary of transactions

Note not required

Note 55. Heritage Assets: Further information

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

Historic Seaside Assets

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

Heritage Land and Buildings

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

Antiques / Collectables

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

Museum Collections

The Council considers that obtaining valuations for the items that are exhibited within the borough's museums would involve a disproportionate cost in comparison to the benefits to the users of the Council's financial statements. This is because of the diverse nature of the assets held and the lack of comparable values. The Council does not recognise these exhibits on the Balance Sheet.

The Saxon King artefacts now form part of the Council's heritage assets and have been valued by a specialist in archaeology. These items are reported in the Balance Sheet at this valuation which is based on sale prices of comparable material and museum valuations for loan purposes, where relevant. The valuations also take into account the condition of the objects, their rare or unique nature and their relationship to material from other high-status burial contexts such as Sutton Hoo and Taplow. These assets are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation. Of these items, £748,000 are currently in storage within the borough with the remainder on loan to a museum in London.

Memorials and Statues

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

Note 56. Heritage Assets: Change in Accounting Policy required by the Code of Practice

Note not required

Note 57. Trust Funds and Bequests

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

At the 31 March 2015, the Council was sole trustee of the twelve trust funds. Some (*) are consolidated into the Council's Group Accounts on the grounds of materiality.

2014/15	Income £000	Expenditure £000	Assets £000	Liabilities £000
Beecroft Art Trust *	123	248	2,086	9
Jones Memorial Recreation Ground Trust *	50	50	156	2
Palace Theatre Charity *	91	205	3,952	19
Prittlewell Priory Museum Trust *	113	200	1,738	3
Priory Park Trust *	347	361	397	9
The Shrubbery Trust *	30	4	606	0
Victory Sports Ground Trust	61	61	12	2
Youth Commemoration Ground Trust *	244	235	8,287	2
The E.D.F. Garvie Memorial Fund	0	0	2	0
The E. Cecil Jones Primary Schools Trust Fund	1	0	22	0
R. A. Jones in Memoriam Fund	0	0	17	0
Arthur Henry & Mary Thatcher Memorial Prize	0	0	9	0
Total Trusts	1,060	1,364	17,284	46

2013/14	Income £000	Expenditure £000	Assets £000	Liabilities £000
Beecroft Art Trust *	96	221	258	8
Jones Memorial Recreation Ground Trust *	49	49	155	0
Palace Theatre Charity *	197	311	4,047	0
Prittlewell Priory Museum Trust *	74	156	1,815	13
Priory Park Trust *	366	380	404	1
The Shrubbery Trust *	73	5	580	0
Victory Sports Ground Trust	64	64	11	0
Youth Commemoration Ground Trust *	284	277	8,277	1
The E.D.F. Garvie Memorial Fund	0	0	2	0
The E. Cecil Jones Primary Schools Trust Fund	1	0	22	0
R. A. Jones in Memoriam Fund	0	0	17	0
Arthur Henry & Mary Thatcher Memorial Prize	0	0	9	0
Total Trusts	1,204	1,463	15,597	23

The purpose of each trust fund is set out below:

Beecroft Art Trust

The promotion of the study of art, music and literature and in particular, but without prejudice to the generality of the foregoing, the provision and maintenance of the Beecroft Art Gallery at Southend-on-Sea in the County of Essex as a public art gallery and library.

Jones Memorial Recreation Ground Trust

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

The Palace Theatre Charity

The Palace Theatre was conveyed to the Council by Mrs GE Mouillot in a deed of gift as an expression of her interest and goodwill towards the then County Borough Council.

The Theatre is used for the general benefit of the inhabitants of Southend-on-Sea.

Prittlewell Priory Museum Trust

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

Priory Park Trust

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

The Shrubbery Trust

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

Victory Sports Ground Trust

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

Youth Commemoration Ground Trust

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

The E D F Garvie Memorial Fund

Promoting and encouraging education in the Borough of Southend-on-Sea.

The E Cecil Jones Primary Schools Trust Fund

Promotion and encouragement of education in the Borough of Southend-on-Sea.

R A Jones in Memoriam Fund

Promote the education of children attending primary schools in the Borough of Southend-on-Sea and providing facilities for recreation or other leisure time occupation in the interests of social welfare with the object of improving the conditions of life for children.

The Arthur Henry and Mary Thatcher Memorial Prize Trust

Providing an annual memorial scholarship or prize in the names of Arthur Henry Thatcher and Mary Elizabeth Thatcher for the advancement of education but in any form or manner in which the Corporation shall in their absolute discretion deem fit.

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

The Council is also responsible for two bequests both made for the acquisition of works of art. These balances are included in the specific reserves.

	2014/15 £000	2013/14 £000
S Thorpe Smith Bequest	33	33
Emily Briggs Bequest	17	17
Total Bequests	50	50

Note 58. Restatement of Prior Year Actuals

Prior period adjustments have been made to the Council's 2014/15 published financial statements in relation to the following:

Change to the Recognition of Schools Assets

Based on the indicators of control identified under the requirements of the Code's adoption of international financial reporting standard IFRS10 Consolidated Financial Statements, all maintained schools in the Borough are now considered to be entities controlled by the Council. In accordance with the Code, rather than produce group accounts the income, expenditure, assets, liabilities, reserves and cash flows of each school are recognised in the Council's single entity accounts.

Previously only the community school assets were included in the Council's Balance Sheet. Under the revised Code community and foundation school assets are included. This change has been applied retrospectively by adjusting comparative amounts for the prior period as if the valuation had been applied at 1 April 2013. The main changes are as follows:

- Property, Plant & Equipment - Other Land & Buildings

The value of foundation schools land and buildings were added to the balance sheet under the Other Land and Buildings category of Property, Plant and Equipment.

- Capital Adjustment Account

The Code allowed the value of these assets to be treated as a "deemed cost" with the credit entry recognised in the Capital Adjustment Account instead of the Revaluation Reserve.

The following table explains the material differences between the amounts presented in the 2013/14 financial statements and the equivalent amounts presented in the 2014/15 financial statements.

Movement in Reserves at 1 April 2013		2013/14 Statements £'000	Adjustments Made £'000
Capital Adjustment Account		321,091	17,665
Balance Sheet at 1 April 2013			
Property, Plant & Equipment		617,234	17,379
Unusable Reserves		179,197	17,379
31 March 2014 Balance Sheet			
Property Plant & Equipment		650,195	17,379
Unusable Reserves		235,836	17,379

The Forum

Before any lease agreements were signed the Council acted as an agent for the University of Essex and South Essex College of Education in the construction and financing of The Forum. This has been applied retrospectively.

On 15 October 2014 the Council signed an agreement to lease the library and education centre at The Forum to the Forum Management Company Limited on a finance lease. However once signed the lease

had an effective date of 30 September 2013. So this change has been applied retrospectively by adjusting comparative amounts for the prior period as if the lease had been signed on 30 September 2013.

On 15 October 2014 the Council signed the agreement to lease a proportion of the library and education centre at The Forum from the Forum Management Company Limited on a finance lease, based on the gross internal area used. However once signed the lease had an effective date of 30 September 2013. So this change has been applied retrospectively by adjusting comparative amounts for the prior period as if the lease had been signed on 30 September 2013.

The effect of the two leases is to revalue the Forum from the carrying value accounted for on an agency basis to the value based on the proportion of the library and education centre attributable to the Council.

On 15 October 2014 the Council signed the agreement to lease out the cafe at The Forum on an operating lease. However once signed the lease had an effective date of 30 September 2013. So this change has been applied retrospectively by adjusting comparative amounts for the prior period as if the lease had been signed on 30 September 2013. The effect of this lease is to reinstate the Forum cafe asset as an investment property on the Council's balance sheet.

The following table explains the material differences between the amounts presented in the 2013/14 financial statements and the equivalent amounts presented in the 2014/15 financial statements.

Movement in Reserves at 1 April 2013	2013/14 Statements £'000	Adjustments Made £'000
Capital Adjustment Account	321,091	(7,065)
2013/14 Movement in Reserves		
	2013/14 Statements £'000	Adjustments Made £'000
Surplus or (deficit) on provision of services - General Fund	7,784	(9,301)
Adjustments between accounting basis and funding basis under regulations - General Fund	10,714	9,301
Adjustments between accounting basis and funding basis under regulations - Capital Adjustment Account	(7,751)	(9,301)
Balance Sheet at 1 April 2013		
	2013/14 Statements £'000	Adjustments Made £'000
Property Plant & Equipment	617,234	(8,704)
Unusable Reserves	179,197	(7,065)
31 March 2014 Balance Sheet		
	2013/14 Statements £'000	Adjustments Made £'000
Property Plant & Equipment	650,195	(14,758)
Unusable Reserves	235,836	(14,493)
2013/14 Comprehensive Income and Expenditure Statement		
	2013/14 Statements £'000	Adjustments Made £'000
Taxation and Non-Specific Grant Income	(159,115)	7,432
2013/14 Cash Flow Statement		
	2013/14 Statements £'000	Adjustments Made £'000
Net Surplus on the Provision of Services	(10,536)	9,301
Adjustments for items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	361	(7,432)

The Pier

The main pier structure is a heritage asset and the code does not require it to be revalued as part of the rolling revaluation programme. However other pier assets such as the buildings on the pier are revalued as part of the rolling programme. It was felt that this produced an inconsistency in the treatment of the different assets that comprise the pier as an whole on the balance sheet.

A valuation was obtained and the increase in value of the main pier structure was significant and as this is more information than was available when the asset was required to be classed as a heritage asset, the valuation has been applied retrospectively by adjusting comparative amounts for the prior period as if it had taken place as at 1 April 2013.

The following table explains the material differences between the amounts presented in the 2013/14 financial statements and the equivalent amounts presented in the 2014/15 financial statements.

Movement in Reserves at 1 April 2013		
	2013/14 Statements £'000	Adjustments Made £'000
Revaluation Reserve	47,419	27,309
Balance Sheet at 1 April 2013		
	2013/14 Statements £'000	Adjustments Made £'000
Heritage Assets	8,187	27,309
Unusable Reserves	179,197	27,309
31 March 2014 Balance Sheet		
	2013/14 Statements £'000	Adjustments Made £'000
Heritage Assets	9,734	27,309
Unusable Reserves	235,836	27,309

Grant Recognition

The gross income and gross expenditure for Education and Children's Services has been updated for the full value of Pupil Premium Grant and an element of Dedicated Schools Grant, which previously had merely gone through a holding code.

Comprehensive Income and Expenditure Statement		
	2013/14 Statements £'000	Adjustments Made £'000
Education and Children's Services - Gross Expenditure	134,013	6,513
Education and Children's Services - Gross Income	(103,913)	(6,513)

HOUSING REVENUE ACCOUNT

HRA INCOME AND EXPENDITURE STATEMENT

2013/14 £000		2014/15 £000
Income		
(24,605) Dwelling Rents (Gross)		(25,904)
(341) Non Dwelling Rents (Gross)		(326)
(4,202) Charges for Services and Facilities		(4,583)
(29,148) Total Income		(30,813)
Expenditure		
5,449 Repairs and Maintenance		5,400
10,000 Supervision and Management		9,741
577 Rents, Rates, Taxes and other Charges		626
189 Provision for Bad and Doubtful Debts	(HRA Note 3)	232
6,884 Depreciation and impairment on Dwellings	(HRA Note 4)	8,704
166 Depreciation and impairment on Other Assets	(HRA Note 4)	101
42 Debt Management Expenses	(HRA Note 4)	54
23,307 Total Expenditure		24,858
(5,841) Net cost of HRA services as included in the whole authority Income and Expenditure Account		(5,955)
164 HRA services share of Corporate and Democratic Core		168
(5,677) Net Cost of HRA Services		(5,787)
(187) Loss/(Profit) on Sale of HRA Fixed Assets		(444)
3,705 Interest Payable and Similar Charges		3,663
(511) General Grants		(413)
(82) Interest Receivable		(109)
(2,752) (Surplus) / Deficit for the year on HRA services		(3,090)

MOVEMENT ON THE HRA BALANCE

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

	2013/14 £000	2014/15 £000
(2,752)	Surplus for the year on the Housing Revenue Account Income And Expenditure Account	(3,090)
99	Net additional amount required by statute to be credited to the HRA Balance for the year	(1,341)
2,653	Transfer to / (from) Earmarked Reserves	4,431
0	Decrease/(Increase) in the Housing Revenue Account Balance	0
(3,502)	Housing Revenue Account - Balance Brought Forward	(3,502)
(3,502)	Housing Revenue Account - Balance Carried Forward	(3,502)

CALCULATION OF MOVEMENT ON THE HRA BALANCE

	2013/14 £000	2014/15 £000
Amounts included in the HRA Income And Expenditure Account but required by statute to be excluded when determining the Movement on the HRA Balance for the year		
187	(Loss)/Profit on Sale of HRA Fixed Assets	444
511	General Grants	413
Amounts not included in the HRA Income And Expenditure Account but required to be included by statute when determining the Movement on the HRA Balance for the year		
(195)	Transfer to / (from) Major Repairs Reserve	(1,678)
(64)	Transfer to / (from) Capital Adjustment Account - Impairment	(179)
(373)	Transfer to / (from) Capital Adjustment Account - REFCUS	(341)
33	Revenue Contribution to Capital	0
2,653	Transfer to / (from) Earmarked Reserves	4,431
2,752	Net Additional Amount required to be credited to the Housing Revenue Account Balance for the year	3,090

NOTES TO THE HRA

HRA Note 1. Analysis of Housing Stock

	2014/15 Number of Properties	2013/14 Number of Properties
Houses And Bungalows	2,120	2,129
Flats	3,896	3,911
Stock at 31 March 2015	6,016	6,040

HRA Note 2. Rent Arrears

Cumulative rent arrears in respect of HRA properties at 31 March 2015 including service charges and water were £0.9m (At 31 March 2014 service charges and water were £0.9m).

HRA Note 3. Depreciation

Depreciation – a charge for depreciation has also been made covering dwellings. The useful economic life for Dwellings, other buildings and non-operational assets are in accordance with the componentisation policy and in line with those shown in note 12. The Major Repairs Allowance (MRA) is matched against the cost of depreciation. Land is not depreciated due to having an indefinite life.

	2014/15 £000	2013/14 £000
Item 8 Debit		
<u>Depreciation</u>		
Council Dwellings	8,525	6,820
Non-Council Dwellings	101	103
<u>Impairment</u>		
Council Dwellings	179	64
Non-Council Dwellings	0	63
Total Depreciation and Impairment	8,805	7,050
Debt Management Expenses		
Loan Interest Payable	54	42
	3,663	3,705
Item 8 Credit		
Interest Receivable	(109)	(82)
Appropriation From Major Repairs Reserve	(1,678)	(195)
Appropriation From Capital Adjustment Account - Impairment	(179)	(64)
Appropriation From Capital Adjustment Account - REFCUS	(341)	(373)
Net Effect On HRA	10,215	10,083

HRA Note 4.**Major Repairs Reserve**

The Reserve consists of depreciation charged to the HRA transferred to the account via the Capital Adjustment Account, against which is charged any allowable statutory mitigation. The balance on the reserve is available to fund future capital expenditure within the HRA.

	2014/15 £000	2013/14 £000
Balance at 1 April	7,312	7,928
Transfers In	8,626	6,923
Used To Fund Capital (Council Dwellings)	(7,386)	(7,344)
Statutory Mitigation	(1,678)	(195)
Balance at 31 March	6,874	7,312

HRA Note 5.

Property, Plant and Equipment

The Fixed Assets for the Housing Revenue Account are as follows:

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

The Open Market Value (OMV) of Council dwellings at 1 April 2014 amounted to £612.6m. It should be noted that the difference between the vacant possession value, or the OMV above, and the balance sheet value of dwellings within the HRA show the economic cost to Government of providing Council housing at less than market value.

	Council Dwellings £000	Other Land & Buildings £000	Assets Under Construction £000	Non- Operational Investment Properties £000	Total £000
Gross Book Value as at 31 March 2014	301,027	7,725	20	695	309,467
Accumulated Depreciation as at 31 March 2014	(22,809)	(407)	0	0	(23,216)
Net Book Value as at 31 March 2014	278,218	7,318	20	695	286,251
Additions	7,378	97	219		7,694
Disposals	(1,278)				(1,278)
Transfers	219		(219)		0
Revaluations	23,531				23,531
<u>Impairment I&E</u>	(179)				(179)
<u>Depreciation</u>					
For Current Year	(8,525)	(101)			(8,626)
On Disposals	127				127
Transfers					0
Revaluations					0
Impairments					0
Gross Book Value as at 31 March 2015	330,698	7,822	20	695	339,235
Accumulated Depreciation as at 31 March 2015	(31,207)	(508)	0	0	(31,715)
Net Book Value as at 31 March 2015	299,491	7,314	20	695	307,520

HRA Note 6. Capital Expenditure

	31 March 2015 £000	31 March 2014 £000
Purchase or enhancement of Council Dwellings	7,621	7,717
Expenditure on maintaining the value of Council Dwellings	72	64
REFCUS	341	373
Total HRA Capital Expenditure	8,034	8,154
<u>Financed by:-</u>		
Usable Capital Receipts	103	51
Total Financed By Capital Receipts	103	51
<u>Revenue contributions:-</u>		
General Reserves	0	33
Major Repairs Reserve	7,386	7,344
Third Party	495	391
Capital Grant	50	335
Total Revenue Contributions	7,931	8,103
<u>Funded by Borrowing</u>	0	0
Total Capital Expenditure	8,034	8,154

THE COLLECTION FUND

THE COLLECTION FUND

2013/14 £000	2014/15 £000	2014/15 £000	2014/15 £000	Collection Fund Note
	Council Tax	NNDR	Total	
INCOME				
74,043 Income from Council Tax	75,520		75,520	1
46,297 Income Collectable from Business Ratepayers		45,620	45,620	2
120,340 Total Income	75,520	45,620	121,140	
EXPENDITURE				
Precepts and Demands				
7,549 Essex Police Authority	7,755		7,755	
3,544 Essex Fire Authority	3,570		3,570	
61,016 Southend-on-Sea Borough Council	61,446		61,446	
Business Rates				
21,170 Payments to Government		23,519	23,519	
423 Payments to Fire Authority		470	470	
20,746 Payments to Southend-on-Sea Borough Council		23,049	23,049	
239 Costs of Collection		240	240	
Bad and Doubtful Debts				
416 Provisions	770	5	775	
882 Write-offs	(137)	101	(36)	
1,484 NNDR Provision for Appeals	0	2,811	2,811	
0 NNDR Settlement of Appeals	0	(1,721)	(1,721)	
117,469 Total Expenditure	73,404	48,474	121,878	
Use of Council Tax Balance				
700 Council Tax - Southend-on-Sea Borough Council	1,000	0	1,000	
85 Council Tax - Essex Police Authority	124	0	124	
41 Council Tax - Essex Fire Authority	58	0	58	
2,045 (Deficit)/Surplus for the year	934	(2,854)	(1,920)	
COLLECTION FUND BALANCE				
3,074 Balance brought forward at 1 April	4,039	1,080	5,119	
2,045 (Deficit)/Surplus for the year (as above)	934	(2,854)	(1,920)	
5,119 Balance Carried Forward at 31 March	4,973	(1,774)	3,199	
Allocated to:				
540 Government	0	(887)	(887)	
428 Police Authority	241	0	241	
209 Fire Authority	530	(18)	512	
3,942 Southend-on-Sea Borough Council	4,202	(869)	3,333	
5,119 Balance Carried Forward at 31 March	4,973	(1,774)	3,199	

NOTES TO THE COLLECTION FUND

Collection Fund Note 1. Income from Council Tax

Council Tax derives from charges raised according to the value of residential properties, which have been classified into 8 valuation bands using estimated 1 April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Essex Police Authority, Essex Fire Authority and Southend-on-Sea Borough Council for the forthcoming year and dividing this by the Council Tax Base. The basic amount for a Band D property (£1,384.45 for the Leigh-on-Sea Town Council area and £1,348.11 for all other parts of the Borough) is multiplied by the proportion specified for the particular band to give an individual amount due.

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

	Number of Dwellings	Ratio	Equivalent Number of Dwellings
Valuation Band - A*	14.21	5/9	7.89
Valuation Band - A	8,888.13	6/9	5,925.42
Valuation Band - B	10,443.34	7/9	8,122.60
Valuation Band - C	18,299.99	8/9	16,266.66
Valuation Band - D	10,618.67	9/9	10,618.67
Valuation Band - E	5,902.13	11/9	7,213.71
Valuation Band - F	3,274.00	13/9	4,729.11
Valuation Band - G	1,413.54	15/9	2,355.90
Valuation Band - H	89.23	18/9	178.46
	58,943.24		55,418.42
Less:			
Adjustment for Collection of Rates and anticipated changes during the year for successful Appeals against Valuation Banding, New Properties, Demolitions, Disabled Persons Relief and Exempt Properties.			1,662.55
* Reductions For Band A Disabled.			
		Council Tax Base	53,755.87

Collection Fund Note 2. Non-Domestic Rates

Non Domestic Rates are organised on a national basis. The Government specified an amount of 48.2p in 2014/15 (47.1p in 2013/14) with a small business rate of 47.1p in 2014/15 (46.2p in 2013/14) and, subject to the effects of transitional arrangements, local businesses pay rates that are calculated by multiplying their rateable value by that amount. The Council is responsible for collecting rates due from the ratepayers in its area but pays 50% of the proceeds over to the Government for onward redistribution in line

with need. The Council retains 49% of the proceeds, with the final 1% being passed over to Essex Fire Authority.

After relief and provisions, the Non Domestic Rates income collectable was £44,212,891 for 2014/15 (*£43,608,315 for 2013/14*). The year-end rateable value for the Council's area was £121,586,352 at 31 March 2015 (*£120,890,740 at 31 March 2014*). The Valuation Office undertook a national revaluation of properties at 1 April 2010.

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

Within the Collection Fund there are the following provisions;

- A provision of £2,065,000 as at 31 March 2015 for bad and doubtful debts for Council Tax (*£1,295,000 as at 31 March 2014*)
- A provision of £572,000 as at 31 March 2015 for bad and doubtful debts for NNDR (*£853,000 as at 31 March 2014*)
- A provision of £2,573,000 as at 31 March 2015 for the potential impact of successful appeals by businesses against their rateable values (*£1,484,000 as at 31 March 2014*).

Collection Fund Note 4. Collection Fund Balance

The Community Charge Collection Fund was closed at 31 March 2007 and any income received after this date has been included in the Council Tax Collection Fund. The balance of £4,973,000 on the Council Tax Collection Fund is split between Essex Police Authority, Essex Fire Authority and this Council, in proportion to the value of the respective precept demands made by the three authorities on the Collection Fund and will be reflected in future year's Council Tax.

Under business rates retention, the deficit balance of £1,774,000 on the NNDR Collection Fund is split between Central Government, Essex Fire Authority and this Council, in the statutory proportions 50%, 1% and 49% respectively.

	31 March 2015 £000	31 March 2014 £000
Council Tax - Southend-on-Sea Borough Council	4,202	3,413
Council Tax - Essex Police Authority	241	428
Council Tax - Essex Fire Authority	530	198
NNDR - Southend-on-Sea Borough Council	(869)	529
NNDR - Government	(887)	540
NNDR - Essex Fire Authority	(18)	11
Total	3,199	5,119

Shown on Balance Sheet as:	31 March 2015 £000	31 March 2014 £000
		Restated
Collection Fund Adjustment Account	3,333	3,941
Creditors Falling Due Within One Year	771	1,178
Debtors	(905)	0
Total	3,199	5,119

Collection Fund Note 5. Council Tax Levels

Each domestic dwelling has been allocated to one of eight bands according to the open market value at 1 April 1991. The amount per band is as follows:

Valuation Band	Range of Values	Council Tax 2014/15		Ratio to Band D
		Leigh-on-Sea Town Council	All other parts of the Borough Area	
A	Up to and including 40,000	922.97	898.74	6/9
B	40,001 - 52,000	1,076.79	1,048.53	7/9
C	52,001 - 68,000	1,230.62	1,198.32	8/9
D	68,001 - 88,000	1,384.45	1,348.11	1
E	88,001 - 120,000	1,692.11	1,647.69	11/9
F	120,001 - 160,000	1,999.76	1,947.27	13/9
G	160,001 - 320,000	2,307.42	2,246.85	15/9
H	More than 320,000	2,768.90	2,696.22	18/9
Band D		2013/14	2014/15	% increase
		£	£	
Southend-on-Sea Borough Council		1,137.42	1,137.42	-
Essex Fire Authority		66.42	66.42	-
Essex Police Authority		141.48	144.27	1.97
Other than Leigh-on-Sea Town Council Area		1,345.32	1,348.11	0.21
Leigh-on-Sea Town Council		38.97	36.34	-6.75
Leigh-on-Sea Town Council Area		1,384.29	1,384.45	0.01

THE GROUP ACCOUNTS

INTRODUCTION

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

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

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

WHOLLY OWNED COMPANIES

As at 31 March 2015, the Council had four wholly owned companies that it considers to fall within the legal definitions of group accounts. These are:

- South Essex Homes Limited
- Southend Trading Corporation Limited
- Southend Independent Living Limited, and
- Southend Business Services Limited

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

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

Southend Independent Living is primarily an internet trading company providing innovative and useful items that can assist in everyday life.

Southend Business Services Limited has yet to trade.

Of the other three companies, only South Essex Homes Limited traded at a material level during the year, and therefore is the only company subject to consolidation.

JOINT VENTURES

The Council participates in two joint ventures, where it has a significant level of control. These are:

- PSP Asset LLP
- Southend-on-Sea Forum Management Limited

PSP Asset LLP is a vehicle through which the Council is able to redevelop surplus assets. It is jointly controlled with a partner company BVSF on a 50:50 basis. To date no assets have been formally transferred to the LLP, although it does hold one option. As such there are no transactions to consolidate into the group accounts.

Southend-on-Sea Forum Management Limited has been established as a vehicle through which The Forum Southend-on-Sea is managed. The Forum Southend-on-Sea is a partnership between Southend-on-Sea Borough Council, the University of Essex and South Essex College. The Forum Southend-on-Sea is also the new home of the Focal Point Gallery. The Council has equal voting rights as the other two partners. The Council's proportion of net assets is immaterial to the accounts and had not been consolidated.

TRUST FUNDS AND BEQUESTS

(See also Note 57 to the main accounts). The Council is responsible for administering a number of trust funds. These funds are not Council assets, so they are not included in the Council's own balance sheet. The Council prepares the accounts for these trusts which are subject to audit or examination in accordance with the requirements of the Charity Commission.

At the 31 March 2015, the Council was sole trustee of twelve trust funds. Although the Council would require the agreement of the Charity Commission to alter the aims and objectives of the Charities, or indeed to dispose of any charity assets, the Council does have significant control over the day to day operations. Of these seven are considered material to the Council's operations and therefore been subject to consolidation.

GROUP ACCOUNTING POLICIES

South Essex Homes Limited and the Trust Fund accounting policies have been realigned in order to ensure they are consistent with the Group Accounting policies.

GROUP MOVEMENT IN RESERVES

	Usable Reserves £'000	Unusable Reserves £'000	Total Group Reserves £'000
Balance at 31 March 2013	83,007	223,769	306,776
Movement in Reserves during 2013/14 Restated			
Surplus (Deficit) on the Provision of Services	652		652
Other Comprehensive Income and Expenditure		73,064	73,064
Total Comprehensive Income and Expenditure	652	73,064	73,716
Adjustments between accounting basis and funding basis under regulations	22,866	(22,873)	(7)
Net Increase / Decrease before Transfers to reserves	23,518	50,191	73,709
Transfers to / from Earmarked Reserves			0
Increase / Decrease in 2013/14	23,518	50,191	73,709
Balance at 31 March 2014	106,525	273,960	380,485
Movement in Reserves during 2014/15			
Surplus (Deficit) on the Provision of Services	7,581		7,581
Other Comprehensive Income and Expenditure		10,470	10,470
Total Comprehensive Income and Expenditure	7,581	10,470	18,051
Adjustments between accounting basis and funding basis under regulations	3,815	(3,817)	(2)
Net Increase / Decrease before Transfers to reserves	11,396	6,653	18,049
Transfers to / from Earmarked Reserves			0
Increase / Decrease in 2014/15	11,396	6,653	18,049
Balance at 31 March 2015	117,921	280,613	398,534

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2013/14			2014/15		
Gross Expenditure £000 Restated	Gross Income £000 Restated	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
3,927	(1,851)	2,076	Central Services to the Public	4,311	(2,029)
23,733	(3,123)	20,610	Cultural Services	20,737	(3,100)
			Environmental and Regulatory Services		17,637
19,909	(3,740)	16,169	Planning Services	18,237	(3,292)
2,123	(674)	1,449	Education and Children's Services	3,131	(1,917)
140,526	(110,426)	30,100	Public Health	137,803	(109,129)
7,183	(8,081)	(898)	Highways and Transport Services	7,625	(7,715)
22,910	(10,994)	11,916	Local Authority Housing (HRA)	23,884	(10,811)
23,104	(28,389)	(5,285)	Other Housing Services	24,741	(29,990)
109,413	(103,247)	6,166	Adult Social Care	106,663	(101,110)
59,781	(21,768)	38,013	Corporate and Democratic Core	60,538	(18,277)
6,080	(24)	6,056	Non Distributed Costs	6,577	(138)
(589)	0	(589)		287	0
418,100	(292,317)	125,783	Cost of Services	414,534	(287,508)
			Other Operating Expenditure		616
			Financing and Investment Income and Expenditure		20,271
			Taxation and Non-Specific Grant		
		(151,683)	Income		(155,496)
			(Surplus) or Deficit on Provision of Services		(7,583)
			0 Tax Expenses of Subsidiary		2
			(652) Group (Surplus)/Deficit		(7,581)
			Surplus or Deficit on Revaluation of Property, Plant and Equipment		
			(35,357) Assets		(33,221)
			Surplus or Deficit on Revaluation of Available for Sale Financial Assets		
			0 Actuarial gains / losses on Pension		(1)
			(37,707) Assets / Liabilities		22,753
			Other Comprehensive Income and Expenditure		(10,469)
			Total Comprehensive Income and Expenditure		(18,050)

GROUP BALANCE SHEET

1 April 2013	31 March 2014		31 March 2015
£000	£000		£000
Restated	Restated		
638,649	665,188	Property, Plant & Equipment	692,236
37,379	38,845	Heritage Assets	41,698
26,580	25,841	Investment Property	22,460
3,514	3,507	Intangible Assets	3,873
271	0	Assets Held for Sale	0
61	56	Long Term Investments	42
81	135	Long Term Debtors	131
706,535	733,572	Long Term Assets	760,440
38,170	39,876	Short term Investments	40,508
1,518	0	Assets Held for Sale	0
212	228	Inventories	186
37,943	22,738	Short Term Debtors	29,026
34,869	55,316	Cash and Cash Equivalents	53,517
112,712	118,158	Current Assets	123,237
(79)	(667)	Cash and Cash Equivalents	(1,259)
(21,484)	(14,499)	Short Term Borrowings	(15,968)
(35,621)	(31,674)	Short Term Creditors	(33,729)
(4,813)	(6,249)	Provisions	(8,322)
(61,997)	(53,089)	Current Liabilities	(59,278)
(723)	(393)	Long Term Creditors	(92)
(77)	0	Provisions	0
(236,816)	(237,816)	Long Term Borrowing	(227,939)
(197,780)	(165,491)	Other Long Term Liabilities - Pensions	(184,027)
(15,078)	(14,456)	Other Long Term Liabilities - Other	(13,807)
(450,474)	(418,156)	Long Term Liabilities	(425,865)
306,776	380,485	Net Assets	398,534
83,007	106,525	Usable Reserves	117,921
223,769	273,960	Unusable Reserves	280,613
306,776	380,485	Total Reserves	398,534

GROUP CASH FLOW STATEMENT

2013/14 £000 Restated	2014/15 £000
(652) Net (Surplus) or Deficit on the Provision of Services	(7,581)
Adjustments to Net Surplus or Deficit on the Provision of Services for (62,126) non-cash Movements	(30,179)
Adjustments for items included in the Net Surplus or Deficit on the 10,699 Provision of Services that are Investing and Financing Activities	18,437
<hr style="border-top: 1px solid black;"/>	
(52,079) Net cash flows from Operating Activities	(19,323)
20,685 Investing Activities	13,266
11,535 Financing Activities	8,448
<hr style="border-top: 1px solid black;"/>	
(19,859) Net Increase or Decrease in Cash and Cash Equivalents	2,391
(34,790) Cash and Cash Equivalents at the beginning of the Reporting Period	(54,649)
<hr style="border-top: 1px solid black;"/>	
(54,649) Cash and Cash Equivalents at the end of the Reporting Period	(52,258)

NOTES TO THE GROUP ACCOUNTS

The notes have only been produced where they are materially different to the notes supplied with the Council's primary statements.

Group Note 1 Details of Subsidiary Company

South Essex Homes Limited – Company registration number 05453601

Group Note 2 Financial Performance

2014/15	Youth Commemoration Ground Trust £000	Palace Theatre Charity £000	Prittlewell Priory Museum Trust £000	The Shrubbery Trust £000	Beecroft Art Gallery £000	Jones Memorial Trust £000	Priory Park Trust £000	Total Trusts £000	South Essex Homes £000	Total £000
Income Expenditure	(244) 235	(91) 205	(133) 200	(30) 4	(123) 248	(50) 50	(346) 361	(1,017) 1,303	(10,221) 10,823	(11,238) 12,126
Property, Plant & Equipment	5,614	3,933			125	29	302	10,003 3,689		10,003 3,689
Heritage Assets			1,720		1,969					325
Investment Property				239			86	325		
Other Current Assets	2,673	19	18	367	9	126	9	3,221	7,168	10,389
Other Liabilities	(2)	(19)	(3)	0	(9)	0	(9)	(42)	(5,620)	(5,662)
Pension Liability								0	(7,741)	(7,741)
Net Assets	8,285	3,933	1,735	606	2,094	155	388	17,196	(6,193)	11,003
Usable Reserves	2,671		15	367		126		3,179	1,548	4,727
Unusable Reserves	5,614	3,933	1,720	239	2,094	29	388	14,017	(7,741)	6,276

2013/14	Youth Commemoration Ground Trust £000	Palace Theatre Charity £000	Prittlewell Priory Museum Trust £000	The Shrubbery Trust £000	Beecroft Art Gallery £000	Jones Memorial Trust £000	Priory Park Trust £000	Total Trusts £000	South Essex Homes £000	Total £000
Income Expenditure	(284) 277	(197) 311	(74) 156	(73) 5	(96) 221	(49) 49	(366) 380	(1,139) 1,399	(10,339) 10,662	(11,261)
Property, Plant & Equipment	5,725	4,048			250	30	317	10,370 1,802	2	10,372 1,802
Heritage Assets			1,802							325
Investment Property				239			86	325		
Other Current Assets	2,552	0	13	342	8	125	1	3,041	6,540	9,581
Other Liabilities	(1)	(1)	(13)	(1)	(8)	(1)	(1)	(25)	(4,555)	(4,580)
Pension Liability								0	(6,568)	(6,568)
Net Assets	8,276	4,047	1,802	580	250	155	403	15,513	(4,581)	10,932
Usable Reserves	2,551		341			124		3,016	1,987	5,003
Unusable Reserves	5,725	4,047	1,802	239	250	31	403	12,497	(6,568)	5,929

On 31 March 2015 South Essex Homes had net liabilities valued at £6.193m. This comprises retained profits of £1.548m, set against a pension reserve of £7.741m. The Council provides a guarantee for the pension reserve, so that South Essex Homes can continue to be regarded as a going concern.

Group Note 3 Intercompany transactions

South Essex Homes

The Council paid fees of £9.2m to South Essex Homes Limited for the management of its housing stock, together with £0.5m in respect of other services.

The Council provides several services for its subsidiary for which South Essex Homes Limited paid £1.0m. These transactions have been removed from the Group Comprehensive Income and Expenditure Statement.

Trust Accounts

The Trusts generate little or no income in their own right. As such the Council provides either free services or a direct operating subsidy, by way of a grant. In total the Council supported the operation of the consolidated Trusts by £0.914M. In addition the Council paid interest on cash balances held. These transactions have been removed from the Group Comprehensive Income and Expenditure Statement

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

Group Note 4 Property, Plant and Equipment

The Property, Plant and Equipment line of the Group Balance Sheet is materially different from the single entity's Balance Sheet on page 30. The categories of asset affected are as follows:

Movements in 2014/15	Other Land & Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000
Cost or Valuation as at 1 April 2014	315,731	12,742
Additions	12,609	1,892
Revaluations via Revaluation Reserve	5,295	
Revaluations recognised in the CIES	(10,000)	(840)
Disposals	(300)	(31)
Transfers	246	
Gross Book Value as at 31 March 2015	323,581	13,763
Accumulated Depreciation as at 1 April 2014	(17,341)	(6,354)
Depreciation	(6,238)	(908)
Written out to Revaluation Reserve	839	
Written out to the CIES	1,473	288
On Impaired Assets		
On Disposals	104	31
On Transfers	3	
Accumulated Depreciation as at 31 March 2015	(21,160)	(6,943)
Net Book Value as at 31 March 2014	298,390	6,388
Net Book Value as at 31 March 2015	302,421	6,820

	Other Land & Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000
Movements in 2013/14		
Cost or Valuation as at 1 April 2013	290,118	15,774
Additions	14,819	541
Revaluations via Revaluation Reserve	19,094	
Revaluations recognised in the CIES	(13,154)	(3,552)
Disposals	(5,013)	(21)
Transfers	9,867	
Gross Book Value as at 31 March 2014	315,731	12,742
Accumulated Depreciation as at 1 April 2013	(14,749)	(7,225)
Depreciation	(6,097)	(710)
Written out to Revaluation Reserve	1,678	
Written out to the CIES	1,693	1,564
On Disposals	183	17
On Transfers	(49)	
Accumulated Depreciation as at 31 March 2014	(17,341)	(6,354)
Net Book Value as at 31 March 2013	275,369	8,549
Net Book Value as at 31 March 2014	298,390	6,388

Group Note 5 Heritage Assets

The Heritage Assets line of the Group Balance Sheet is significantly different from the single entity's Balance Sheet on page 30. The categories of asset affected are as follows:

Movements in 2014/15	Historic Seaside Assets £'000	Heritage Land & Buildings £'000	Antiques and Collectables £'000	Museum Collections £'000	Total Heritage Assets £'000
Cost or Valuation as at 1 April 2014	34,166	3,298	665	1,501	39,630
Additions	201	76			277
Revaluations via Revaluation Reserve	1,591		1,969		3,560
Revaluations recognised in the CIES	(295)	(5)			(300)
Gross Book Value as at 31 March 2015	35,663	3,369	2,634	1,501	43,167
Accumulated Depreciation as at 1 April 2014	(88)	(697)	0	0	(785)
Depreciation	(610)	(102)			(712)
Written out to the CIES	28				28
Accumulated Depreciation as at 31 March 2015	(670)	(799)	0	0	(1,469)
Net Book Value as at 31 March 2014	34,078	2,601	665	1,501	38,845
Net Book Value as at 31 March 2015	34,993	2,570	2,634	1,501	41,698

Movements in 2013/14	Historic Seaside Assets £'000	Heritage Land & Buildings £'000	Antiques and Collectables £'000	Museum Collections £'000	Total Heritage Assets £'000
Cost or Valuation as at 1 April 2013	34,678	3,184	665	0	38,527
Additions	102	114			216
Revaluations via Revaluation Reserve	(614)			1,501	887
Gross Book Value as at 31 March 2014	34,166	3,298	665	1,501	39,630
Accumulated Depreciation as at 1 April 2013	(550)	(597)	0	0	(1,147)
Depreciation	(152)	(100)			(252)
Written out to Revaluation Reserve	614				614
Accumulated Depreciation as at 31 March 2014	(88)	(697)	0	0	(785)
Net Book Value as at 31 March 2013	34,128	2,587	665	0	37,380
Net Book Value as at 31 March 2014	34,078	2,601	665	1,501	38,845

Group Note 6 Defined Benefit Pension Schemes

Alongside the Council, South Essex Homes participates in the Local Government Pension Scheme (LGPS) administered by Essex County Council. The nature of the scheme is set out in full in note 50 to the single entity accounts, and this note should be read in conjunction with that. The tables below set out where the Group Accounts are materially different from the single entity balance sheet.

Pension Assets and Liabilities recognised in the Balance Sheet

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

Actuarial Gains/(Losses)	2014/15 £000	2013/14 £000
Present Value of the defined benefit obligation	568,843	493,306
Fair Value of Plan Assets	(384,816)	(327,815)
Net Liability arising from defined benefit obligation	184,027	165,491

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

	2014/15 £000	2013/14 £000
Opening Balance at 1 April	493,306	487,566
Current Service Cost	12,826	10,906
Interest Cost	21,362	21,231
Contributions by Scheme Participants	3,695	3,375
Remeasurement Gains and Losses		
Actuarial gains / losses arising from changes in demographic assumptions	0	(30,511)
Actuarial gains / losses arising from changes in financial assumptions	54,943	14,141
Other	(296)	2,153
Losses on Curtailments	530	520
Benefits Paid	(15,850)	(14,772)
Liabilities extinguished on Settlements	(1,673)	(1,303)
Closing Balance at 31 March	568,843	493,306

Reconciliation of fair value of the scheme assets

Local Government Pension Scheme assets

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

	2014/15 £000	2013/14 £000
Opening Balance at 1 April	327,815	289,786
Interest Income	14,613	12,804
The return on plan assets, excluding the amount included in the net interest expense	31,791	12,732
Other Actuarial Gains	103	10,758
Employer Contributions	24,040	13,276
Contributions by Scheme Participants	3,695	3,375
Benefits Paid	(15,850)	(14,772)
Payment of Bulk Transfer Value	(1,241)	(97)
Administrative Expense	(150)	(47)
Closing Balance at 31 March	384,816	327,815

Impact on the Council's Cash Flows

The Group anticipates to pay £7.936M expected contribution to the scheme in 2015/16.

Group Note 6 Accounts

The financial accounts of South Essex Homes Limited can be obtained from the Chair of the Board, South Essex Homes Limited, Floor 3, Civic Centre, Victoria Avenue, Southend-on-Sea, Essex, SS2 6ER.

The Financial accounts of the Trusts can be obtained from the Head of Finance and Resources, Southend-on-Sea Borough Council, PO Box 6, Civic Centre, Victoria Avenue, Southend-on-Sea, Essex, SS2 6ER.

ADDITIONAL FINANCIAL INFORMATION

MEMBERS' ALLOWANCES (UNAUDITED)

Members' Allowances		Basic Allowances £	Special Allowances £	Travel & Subsistence £	Total £
Elected Councillors					
Assenheim	M	8532.72	8980.46		17,513.18
Aylen	S	8532.72			8,532.72
Ayling	B	8532.72	4508.56	10.10	13,051.38
Betson	M	8532.72	1750.11		10,282.83
Brown	R	1209.03			1,209.03
Borton	M	8532.72	875.08		9,407.80
Burdett	L	1209.03	181.36		1,390.39
Burling	L	7323.69			7,323.69
Butler	M	7323.69			7,323.69
Byford	T	8532.72			8,532.72
Callaghan	T	7323.69			7,323.69
Carr	S	1414.34			1,414.34
Caunce	M	1209.03			1,209.03
Chalk	A	8532.72	1750.11		10,282.83
Collins	P	1414.34	353.58		1,767.92
Courtenay	J	8532.72	1915.25	301.25	10,749.22
Cox	T	1414.34	1767.92		3,182.26
Crystall	A	8532.72	7029.99	56.10	15,618.81
Davies	L	7323.69	1050.11		8,373.80
Day	E	8206.33			8,206.33
Endersby	C	7323.69			7,323.69
Evans	M	8532.72	1969.43		10,502.15
Flewitt	M	8532.72	5480.25		14,012.97
Folkard	N	7323.59		18.00	7,341.59
Garston	D	8532.72	1241.64		9,774.36
Garston	J	8532.72	1915.25		10,447.97
Gilbert	I	8532.72	11595.07		20,127.79
Godwin	B	1414.34			1,414.34
Grimwade	M	1414.34			1,414.34
Habermel	S	8532.72	6016.52		14,549.24
Hadley	R	1414.34	777.88		2,192.22
Holdcroft	T	1209.03	4231.60		5,440.63
Holland	A	8532.72	2899.27		11,431.99
Jarvis	D	8532.72	1915.25	42.55	10,490.52
Jones	Adam	8532.72			8,532.72
Jones	Anne	8532.72	8750.62		17,283.34
Kaye	A	1414.34	1060.76	43.20	2,518.30
Kelly	B	1209.03	1368.71		2,577.74
Kenyon	D	7323.69			7,323.69
Lamb	J	8532.72	9758.47	465.16	18,756.35
Lewin	G	1414.34			1,414.34
Longley	G	8532.72	12207.95		20,740.67
Morgan	R	8532.72			8,532.72
Moring	A	8532.72	3815.68		12,348.40
Moyies	J	7323.59	5250.41		12,574.00
Mulroney	C	7323.69	3850.26		11,173.95
Mc Mahon	J	8532.72	4200.30		12,733.02
Nevin	C	7323.69			7,323.69
Norman	D	8532.72	10306.39		18,839.11
Phillips	G	8532.72			8,532.72
Robertson	I	8532.72			8,532.72
Robinson	K	7323.69			7,323.69
Royston	M	7323.69	1750.11		9,073.80
Russell	D	1414.34			1,414.34
Salter	L	8532.72	1915.25		10,447.97
Stafford	M	8532.72	3691.83		12,224.55
Terry	M	8532.72	9033.49		17,566.21
Walker	C	8532.72	11783.93		20,316.65
Ward	N	7323.69			7,323.69
Ware-Lane	J	8532.72			8,532.72
Waterworth	F	7323.69			7,323.69
Wexham	P	8532.72		154.40	8,687.12
Woodley	R	8532.72	25487.54		34,020.26
Van Looy	P	8532.72			8,532.72
Velmurugan	M	8532.72			8,532.72
Co-opted Members					
Barnard	L		127.32		127.32
Clarke	A		256.02		256.02
Copeland	V		256.02		256.02
Evenitt	R		1066.53		1,066.53
Keay	J		256.02		256.02
Morgan	J		1066.56		1,066.56
Neil	F		57.73	2.50	60.23
Rickett	M		256.02		256.02
Tetley	J		1066.56		1,066.56
Total		436,689.92	186,845.17	1,093.26	624,628.35

ABBREVIATIONS and GLOSSARY

ABBREVIATIONS

ALMO	Arm's-Length Management Organisation
CIPFA	Chartered Institute of Public Finance and Accountancy
CIES	Comprehensive Income and Expenditure Statement
DCLG	Department for Communities and Local Government
DEFRA	Department for Environment, Food and Rural Affairs
DfE	Department for Education
DSG	Dedicated Schools Grant
EIR	Effective Interest Rate
FRS	Financial Reporting Standard
HRA	Housing Revenue Account
LAA	Local Area Agreement
LATS	Landfill Allowance Trading Scheme
LEA	Local Education Authority
LGPS	Local Government Pension Scheme
LSP	Local Strategic Partnership
MRA	Major Repairs Allowance
MRICS	Member of the Royal Institute of Chartered Surveyors
MRP	Minimum Revenue Provision
MRR	Major Repairs Reserve
NNDR	National Non-Domestic Rates (Business Rates)
NPV	Net Present Value
OMV	Open Market Value
PWLB	Public Works Loan Board
SEH	South Essex Homes Limited
SeRCOP	Service Reporting Code of Practice
SOLACE	Society of Local Authority Chief Executives
TPA	Teachers' Pension Agency
UEL	Useful Economic Life
VAT	Value Added Tax

GLOSSARY

Accounting Period	The period of time covered by the accounts, normally a period of twelve months, commencing on 1 April for local Council accounts. The end of the accounting period is the balance sheet date.
Accounting Statements	The Council's Core Financial Statements, Notes and Supplementary Financial Statements.
Accrual	A sum included in the final accounts attributable to the accounting period but for which payment has yet to be made or income received.
Accumulating Absences Account	Accumulating absences are those that are carried forward and can be used in future periods if the current period entitlement is not used in full. In local authorities, annual leave, flexitime and time in lieu would usually be accumulating. Accumulating absences are typically earned by employees as they provide services. The Government has issued regulations which mean that the Council is only required to fund holiday pay and similar benefits when they are used, rather than when employees earn the benefits. Amounts are transferred to the Accumulated Absences Account until the benefits are used.
Actuary	A suitably qualified independent consultant employed to advise the Council upon the financial position of the Pension Fund
Amortisation	Amortisation is the writing down of costs to the Comprehensive Income and Expenditure Statement over a number of years.
Appropriations	Appropriations are the transfer of resources between, to and from the various reserves.
Area Based Grant	A general government grant that can be used for any purpose.
Asset	An item having value measurable in monetary terms. Assets can either be defined as non-current or current. A non-current asset has use and value for more than one year whereas a current asset (e.g. inventory or short-term debtors) can readily be converted into cash.
Audit of Accounts	An independent examination of the Council's accounts to ensure that the relevant legal obligations, accounting standards and codes of practice have been followed.
Audit Commission	An independent body, established under the Local Government Finance Act 1982. The Audit Commission is responsible for appointing external auditors to local authorities and setting standards for those auditors, carrying out national studies to promote economy, efficiency and effectiveness in the provision of Council services and defining comparative indicators of Council performance that are published annually.
Balance Sheet	A financial statement that summarises the Council's assets, liabilities and other balances at the end of the accounting period.
Billing Authority	A local authority such as Southend-on-Sea Borough Council charged by statute with responsibility for the collection of and accounting for Council Tax and non-domestic rates (NNDR; business rates).
Budget	A budget is a financial statement that expresses a Council's service delivery plans and capital programmes in monetary terms, covering the financial year.

Budget Requirement	The estimated revenue expenditure on general fund services that needs to be financed from the Council tax after deducting income from fees and charges, certain specific grants and any funding from reserves. It is referred to by the Minister for Local Government when deciding the criteria for capping Council revenue expenditure.
Capital Charges	A charge to service revenue accounts to reflect the cost of non-current assets used in the provision of services. Before 2006-07 this was made up of depreciation and a "Capital Financing Charge" – a notional amount of interest. From 2006-07 onwards the Capital Financing Charge has been removed.
Capital Expenditure	(or capital spending) – Section 40 of the Local Government and Housing Act 1989 defines 'expenditure for capital purposes'. This includes spending on the acquisition of assets either directly by the Council or indirectly in the form of grants to other persons or bodies. Expenditure that does not fall within this definition must be charged to a revenue account.
Capital Financing	The raising of money to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, direct revenue financing, usable capital receipts, capital grants, capital contributions and revenue reserves.
Capital Programme	The capital schemes the Council intends to carry out over a specified time period.
Capital Receipt	The proceeds from the disposal of land and other assets, so long as the amount is £10,000 or more. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government, but they cannot be used for revenue purposes.
CIPFA	Chartered Institute of Public Finance and Accountancy. The principal accountancy body dealing with local government finance.
Collection Fund	A separate fund maintained by a billing authority that records the expenditure and income relating to Council Tax and non-domestic rates, along with payments to precepting authorities, the national pool of non-domestic rates and its own general fund.
Community Assets	Assets that the Council intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions in their disposal. Examples of community assets are parks and historical buildings.
Comprehensive Income and Expenditure Statement	An account which summarises resources generated and consumed in the provision of services.
Consistency	The concept that the accounting treatment of like items within an accounting period and from one period to the next is the same.
Contingent Liability	A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control. Alternatively, a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of that obligation cannot be measured with sufficient reliability.
Council Tax	The main source of local taxation to local authorities. Council Tax is levied on households within its area by the billing Council and the proceeds are paid into its Collection Fund for distribution to precepting authorities and for use by its own General Fund.
Council Tax Benefit	Assistance provided by billing authorities to adults on low incomes to help them pay their Council Tax bill. The cost to authorities of Council Tax benefit is largely met by government grant.

Creditor	Amounts owed by the Council for works done, goods received or services rendered before the end of the accounting period but for which payments have not been made by the end of that accounting period.
Debtor	Amounts due to the Council for works done, goods received or services rendered before the end of the accounting period but for which payments have not been received by the end of that accounting period.
Depreciation	The measure of the cost of the benefits of a non-current asset which have been consumed during the period. Consumption includes the wearing out, using up or other reduction in the useful life of the asset whether arising from use, passage of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.
Dedicated Schools Grant (DSG)	Grant funding system for schools through specific grant.
Events after the Balance Sheet Date	Events after the balance sheet date are those events, favourable and unfavourable, that occur between the balance sheet date and the date when the Statement of Accounts is authorised for issue. Also referred to as Post Balance Sheet Events.
Exceptional Items	Material items which derive from events or transactions that fall within the ordinary activities of the Council and which need to be disclosed separately by virtue of their size or incidence so that the financial statements give a true and fair view.
External Audit	The independent examination of the activities and accounts of local authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
Finance Lease	A lease which transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee, which is treated in the Government's capital control system as a credit arrangement as if it were similar to borrowing. The value of the asset is held on the Council's Balance Sheet
Financial Instruments	A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.
Financial Regulations	A written code of procedures approved by the Council, intended to provide a framework for proper financial management. Financial regulations usually set out rules on accounting, audit, administrative procedures and budgeting systems.
General Fund	The main revenue fund of a billing Council. Day-to-day spending on services is met from the fund. Spending on the provision of Council Dwellings, however, must be charged to a separate Housing Revenue Account.
Gross Expenditure	The total cost of providing the Council's services before taking into account income from government grants and fees and charges for services.
Housing Benefits	A system of financial assistance to individuals towards certain housing costs administered by local authorities and subsidised by central Government.
Housing Revenue Account (HRA)	A separate, statutory account inside the General Fund which includes the expenditure and income arising from the provision of housing accommodation by the Council acting as landlord.

HRA Subsidy	HRA subsidy is paid to meet any shortfall between expenditure and income, based on a model of each Council's HRA. Where, according to this model, a Council's HRA income is greater than its HRA expenditure then the government collects the resulting 'negative subsidy' from the Council. The calculation makes assumptions about an Council's need to spend and about the income it can reasonably be expected to receive. The figures used are therefore mainly notional. They will differ from the actual income and expenditure that is included in the Council's actual HRA.
Infrastructure Assets	Non-current assets belonging to the Council which do not necessarily have a resale value (e.g. highways).
Internal Audit	An independent appraisal function established by the management of an organisation for the review of the internal control system as a service to the organisation. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.
International Financial Reporting Standard (IFRS)	International Financial Reporting Standards cover particular aspects of accounting practice, and set out the correct accounting treatment, for example, of depreciation. Compliance with these standards is mandatory and any departure from them must be disclosed and explained. The standards originated in the commercial sector and some are not directly relevant to local authority accounts.
Inventory	These comprise one or more of the following categories: goods or other assets purchased for resale; consumable stores; raw materials and components purchased for incorporation into products for sale; products and services in intermediate stages of completion; long term contract balances and finished goods.
Minimum Revenue Provision (MRP)	This is the amount to be set aside for the repayment of debt. Each local Council has a general duty to make an MRP charge to its revenue account each year, which it considers to be prudent.
National Non-Domestic Rate (NNDR)	A standard rate in the pound set by the Government payable on the assessed rateable value of properties used for business purposes. Also known as Non-Domestic or Business rates.
Net Expenditure	Gross expenditure less specific service income.
Non-Operational Assets	Fixed assets held by the Council but not directly occupied, used or consumed in the delivery of services. Examples are investment properties or assets surplus to requirements, pending sale or redevelopment.
Operating Lease	A type of lease, usually of computer equipment, office equipment, furniture, etc which is similar to renting and therefore represents a revenue cost. Ownership of the asset remains with the lessor.
Operational Assets	Non-current assets held and occupied, used or consumed by the Council in the direct delivery of those services for which it has a statutory or discretionary responsibility.
Outturn	Actual income and expenditure in a financial year.
Pension Fund	An employees' pension fund maintained by a Council, or group of authorities, in order to make pension payments on retirement of participants. It is financed from contributions from the employing Council, the employee and investment income.
Precept	The levy made by Precepting authorities on billing authorities, e.g. Southend-on-Sea Borough Council. The major precepting authorities are Essex Police Authority and Essex Fire Authority. The Leigh-on-Sea Town Council also raise money by means of a precept on the billing authority.

Public Works Loan Board (PWLB)	A central government agency which provides long- and medium-term loans to local authorities at interest rates only slightly higher than those at which the Government itself can borrow. Local authorities are able to borrow a proportion of their requirements to finance capital spending from this source, subject to them being able to afford the interest and principle repayments.
Provision	An amount set aside for liabilities or losses that are certain to arise but owing to their inherent nature cannot be quantified with absolute certainty.
Prudential Code	The Prudential Code, introduced in April 2004, sets out the arrangements for capital finance in local authorities. It constitutes 'proper accounting practice' and is recognised as such by statute.
Rateable Value	The annual assumed rental value of a property that is used for business purposes.
Revenue Expenditure Financed from Capital under Statute (REFCUS)	Capital expenditure which may be properly treated as such, but which does not result in, or remain matched with, tangible fixed assets. An example of REFCUS would be capital expenditure on improvement grants.
Reserves	The accumulation of surpluses and deficits over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council.
Revenue Support Grant	A grant paid by the Government to Councils, contributing towards the costs of their services, as opposed to specific grants, which may only be used for a specific purpose.
Specific Grants	The term used to describe all government grants – including supplementary and special grants – to local authorities that are to be used for a particular purpose, as opposed to non service specific grants such as revenue support grant and area based grant.
SeRCOP	Service Reporting Code of Practice. The system of local authority accounting and reporting the provision of services. SeRCOP lays down the required content and presentation of costs of service activities.
Subjective Analysis	This is an analysis of income or expenditure according to type. Such expenditure headings are wages and salaries, capital charges, building maintenance, consumable materials. On the income side, the examples are government grant, fees and charges.
Supplementary Financial Statements	Additional financial statements comprising the Housing Revenue Account and Collection Fund. Together with the Core Financial Statements comprise the Council's Accounting Statements.
Temporary Investment	Money invested for a period of less than one year.
Trust Funds	Funds administered by the Council for such purposes as prizes charities and specific projects usually as a result of individual legacies and donations.
Value for Money (VFM)	A term that describes a service or product that demonstrates a good balance between its cost, quality and usefulness to the customer. A VFM audit takes into account the economy, efficiency and effectiveness (known as the 'three Es') of a Council service, function or activity.

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