

Draft Statement of Accounts 2023/24



SOUTHEND-ON-SEA CITY COUNCIL STATEMENT OF ACCOUNTS 2023/24

MAYOR

Councillor Ron Woodley

LEADER OF THE COUNCIL

Councillor Daniel Cowan

CHIEF EXECUTIVE AND TOWN CLERK

Colin Ansell

EXECUTIVE DIRECTOR – FINANCE AND RESOURCES (\$151 OFFICER)

Joe Chesterton

Southend-on-Sea City Council
Finance and Resources
PO Box 2
Civic Centre
Victoria Avenue
Southend-on-Sea
Essex
SS2 6ER



Contents

INTRODUCTION TO THE 2023/24 ACCOUNTS.....	1
<i>Narrative Statement</i>	2
<i>The Financial Statements</i>	37
STATEMENT OF RESPONSIBILITY FOR THE STATEMENT OF ACCOUNTS	39
<i>Statement of Responsibility for the Statement of Accounts</i>	40
<i>Approval of the Statement of Accounts</i>	40
<i>Executive Director (Finance & Resources) Certificate</i>	40
INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF SOUTHEND-ON-SEA CITY COUNCIL	41
<i>Opinion on the Financial Statements</i>	42
MAIN FINANCIAL STATEMENTS	46
<i>Comprehensive Income and Expenditure Statement</i>	47
<i>Movement in Reserves Statement</i>	48
<i>Balance Sheet</i>	52
<i>Cash Flow Statement</i>	53
NOTES TO THE ACCOUNTS	54
<i>Notes Contents List</i>	55
<i>Notes Supporting the Comprehensive Income and Expenditure Statement</i>	79
<i>Notes Supporting the Movements in Reserves Statement</i>	95
<i>Notes Supporting the Balance Sheet</i>	102
<i>Notes Supporting the Cash Flow Statement</i>	134
<i>Other Notes</i>	136
HOUSING REVENUE ACCOUNT	139
<i>HRA Income and Expenditure Statement</i>	140
<i>Movement on the HRA Balance</i>	141
<i>Calculation of Movement on the HRA Balance</i>	141
<i>Notes to the HRA</i>	142
THE COLLECTION FUND	146
<i>The Collection Fund</i>	147
<i>Notes to the Collection Fund</i>	149
THE GROUP ACCOUNTS	153
<i>Introduction</i>	154
<i>Group Comprehensive Income and Expenditure Statement</i>	157
<i>Group Movement in Reserves</i>	158
<i>Group Balance Sheet</i>	159
<i>Group Cash Flow Statement</i>	160
<i>Notes to the Group Accounts</i>	161
ADDITIONAL FINANCIAL INFORMATION	172
<i>Members’ Allowances (unaudited)</i>	173

ABBREVIATIONS and GLOSSARY..... 175
 Abbreviations 176
 Glossary 177

ANNUAL GOVERNANCE STATEMENT 183
 Annual Governance Statement for the Year Ended 31 March 2024 184

INTRODUCTION TO THE 2023/24 ACCOUNTS

Narrative Statement

Welcome to the Narrative Statement for the Statement of Accounts for Southend-on-Sea City Council for the financial year 2023/24.

The accounts provide a true and fair view of the financial performance of the Council in the delivery of services to the residents of Southend-on-Sea. They also summarise the overall financial position of the Council for the year ended 31 March 2024. The accounts and accompanying documents are subject to an external independent audit by KPMG LLP and their opinion forms part of this document.

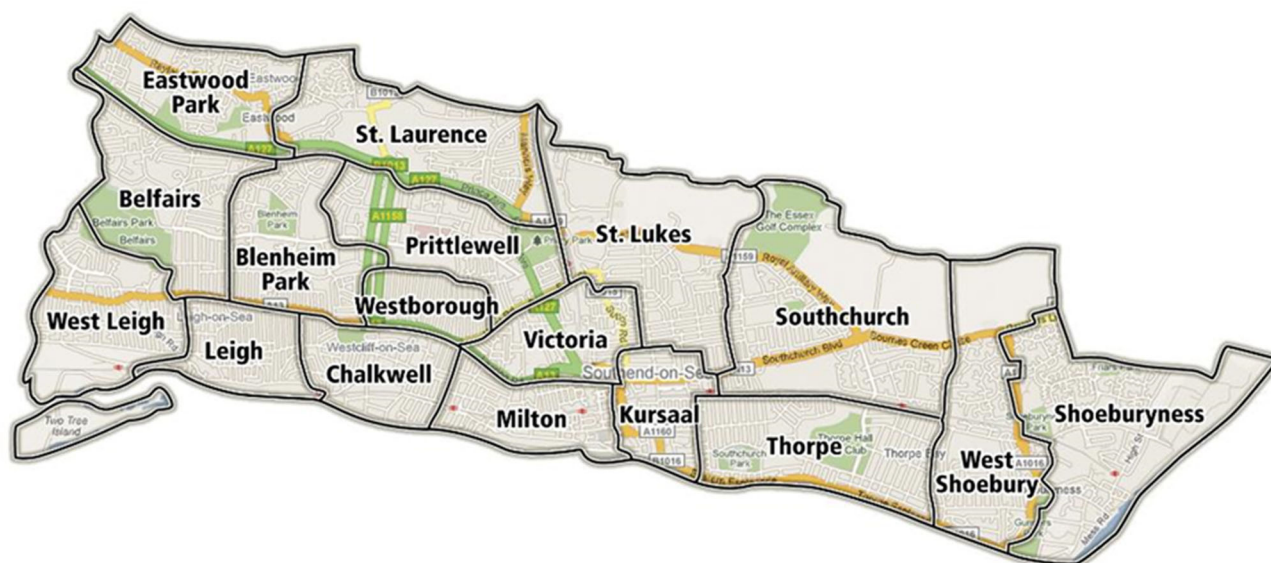
Background

Southend-on-Sea gained full City status on 1 March 2022, a key landmark event for the local area and the Council's history. In accordance with best practice, the Council's 2023/24 budget was formally approved in February 2023. The financial year has been dominated by national economic challenges and international concerns. Locally we have experienced rising demand for social care services for adults, children and our most vulnerable families. This has been compounded by increased cost pressures due to the impact of high UK inflation across all areas of Council service provision.

Southend-on-Sea City Council, one of six unitary authorities in the East of England, delivers public services to a current population of around 181,000 residents living in around 80,000 households and covering a geographic area of 16 square miles. On Census Day, 21 March 2021, Southend-on-Sea was the third most densely populated of East of England's 45 local authority areas, with 4,336 people per square kilometre.

The Council's financial turnover for 2023/24 was circa **£469M** (£436M in 2022/23) and our resources are well-managed through our budgetary and financial monitoring framework. The graphic below shows the geographical area that Southend-on-Sea City Council serves and how it comprises of 17 wards. These are grouped together into four localities: West, West Central, East Central and East. The place is made up of mainly residential areas but also comprises industrial, commercial, retail land and property, with 529.9 hectares of protected greenspace and seven miles of coastline.

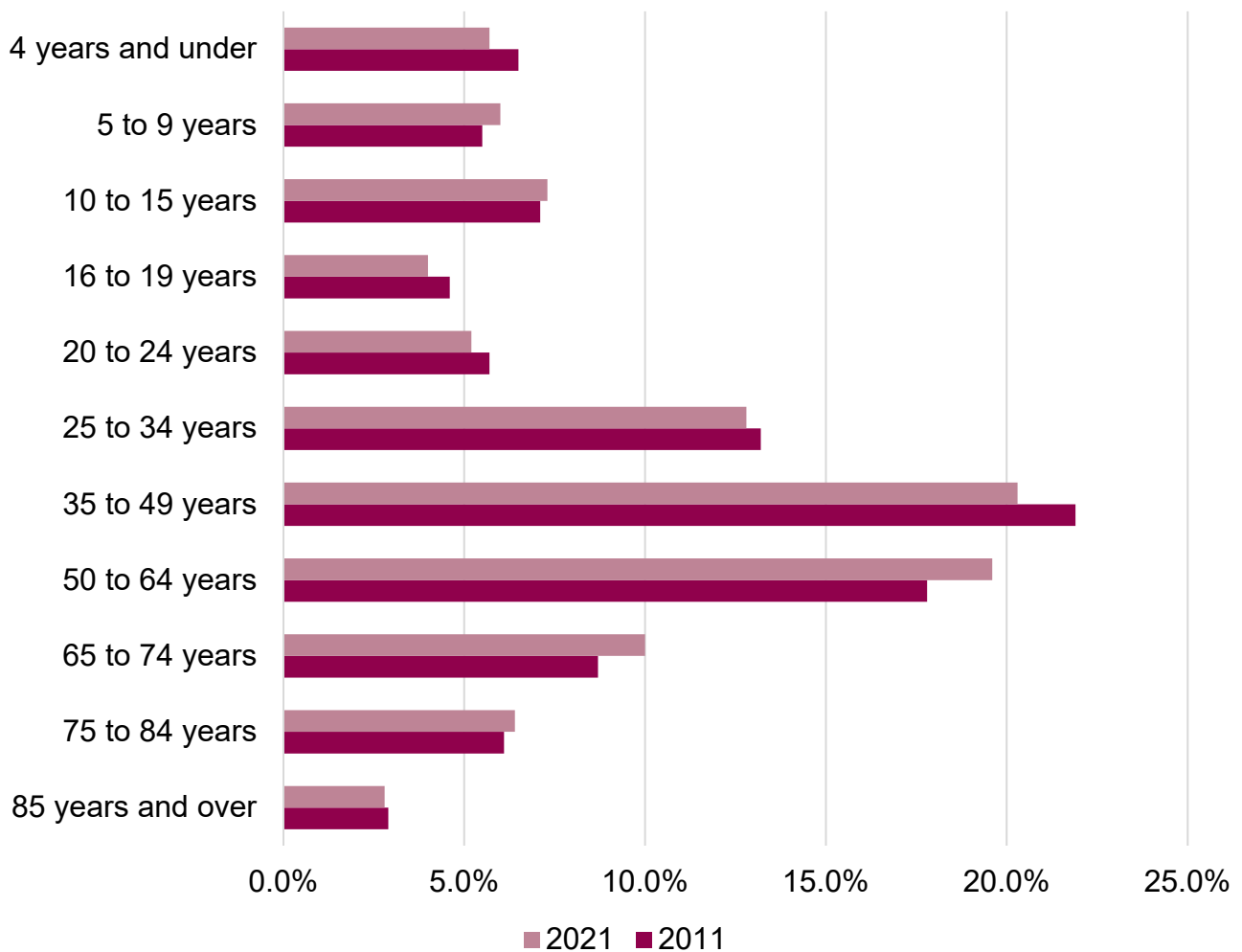
Figure 1 Map of Southend-on-Sea



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

The Southend-on-Sea population chart (Figure 2) shows the population range in different age groups. On Census Day, the age structure of Southend-on-Sea's population was as follows: 19.2% aged 65 years and over; 61.9% aged 16 to 64 years; and 18.9% aged 15 years and under.

Figure 2 Percentage of usual residents by age group, Southend-on-Sea



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

There is a significant health inequality between our wards, with a life expectancy gap of 9 years for males and 10 years for females between the most deprived and least deprived wards across our City. A large proportion of children and working aged residents live in these most deprived areas, particularly compared to our residents who are aged 65 and over. In 2023, 21.0% of Southend-on-Sea's residents were economically inactive (20.5% in 2022/23).

Southend-on-Sea is located on the Thames Estuary, within close proximity to Central London. It is bordered by Rochford (to the North) and Castle Point (to the West). We are known as a resort destination, and are home to the world's longest leisure pier, built in 1830 that stretches for 1.34 miles into the Thames Estuary. This attraction alone regularly receives over 350,000 visitors a year, with the overall area usually welcoming around 7.5 million visitors every year, making Southend-on-Sea a popular seaside destination of choice.

The Council is a multifunctional and complex organisation. Its policies are directed by the democratically elected Political Leadership and implemented by officers of the Council.

Political Structure

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

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

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

The political make-up of Southend-on-Sea City Council as at 31 March 2024 is summarised in Table 1.

Table 1 Southend-on-Sea City Council's political make-up on 31 March 2024

Political Party	Number of Councillors
Conservative	22
Labour	16
Liberal Democrat	4
Independent	3
Residents First	3
Non-Aligned	2
Green Party	1
Total	51

The Council has been led by a minority Conservative political administration since May 2023.

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

The Cabinet is the part of the Council which is responsible for the decisions made within the constitution approved by Full Council. The Cabinet was made up of the Leader, Deputy Leader and eight other councillors as at 31 March 2024.

As a result of the local elections held on 2 May 2024, the composition of local councillors has changed and at an Extraordinary Council meeting on 20 May 2024 control of the Council transitioned to a joint administration of 28 Councillors led by the Labour Group (20) and includes the Liberal Democrats (4) and Independent Group (4). On the 28 May 2024, Cllr Gabriel Leroy (Labour – Kursaal Ward) resigned with immediate effect. The current political

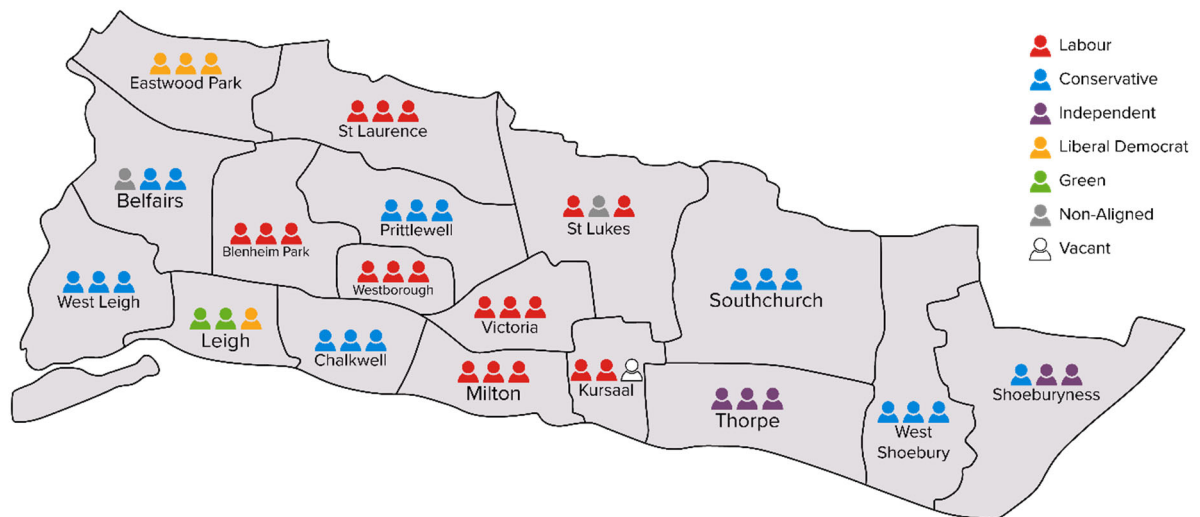
representation status of the Council as at the end of May 2024 is shown in **Error! Not a valid bookmark self-reference.**

Table 2 Southend-on-Sea City Council's political make-up (May 2024)

Political Party	Number of Councillors
Labour	19
Conservative	18
Liberal Democrat	4
Independent	5
Non-aligned	2
Green Party	2
Vacancy *	1*
Total	51

*By-Election planned for 4 July 2024.

Figure 3 Political ward representation across Southend-on-Sea (May 2024)



Date Issued: 30 May 2024

Management Structure

Supporting the work of all elected Members are the Council's most senior level officers and as at 31 March 2024, this team comprised of the following officers shown in Table 3. The Council has now got a full permanent senior leadership team in place.

Table 3 Southend-on-Sea City Council's Senior Officers on 31 March 2024

Position	Name	Notes
Chief Executive and Town Clerk	Colin Ansell	1
Executive Director (Finance and Resources) (s151 Officer)	Joe Chesterton	
Executive Director (Environment and Place)	Alan Richards	2
Executive Director (Adults and Communities)	Mark Harvey	
Executive Director (Children and Public Health)	Michael Marks	
Executive Director (Strategy and Change)	Claire Shuter	3

Note 1 – Following a change of the political leadership of the Council, Rob Polkinghorne agreed to step down and Rob Tinlin was appointed as interim Chief Executive from 25 July 2023 to 4 February 2024. Colin Ansell was appointed as our new Chief Executive from 5 February 2024.

Note 2 – Alan Richards was the Interim Executive Director (Growth and Housing) from 26 July 2021. Following the departure of John Burr as Interim Executive Director (Neighbourhoods and Environment) on 22 June 2023, Alan Richards also took on responsibility for those areas from that date. Alan Richards became the permanent Executive Director (Environment and Place) on 4 September 2023

Note 3 – Stephen Meah-Sims had been the Interim Executive Director since 6 September 2021 and left the Authority on 7 July 2023. Clare Shuter joined the Authority on 18 September 2023 as the new Executive Director (Strategy and Change).

Unprecedented Financial Challenges Continue

Demand for social care services for adults, children and the most vulnerable, continued to rise and cost pressures increased almost weekly, as UK inflation remained at high levels throughout most of the year. These factors have contributed to eroding the financial resilience and sustainability of some public services.

Many local authorities expressed major concerns and gave several financial warnings during 2023/24. The sector continued to have to make tough choices and implement significant further changes to their local service offer. Looked at collectively, there remains a huge amount of pressure to deliver comprehensive service change and redesign whilst also managing serious affordability and financial sustainability concerns. The sector has never witnessed so many s114 notices (effectively a declaration that a local authority is no longer a going concern) being issued or being considered during 2023/24.

The Council, along with most local authorities across the country, continues to face these challenges of providing essential services to meet the needs of residents within the level of resources it has at its disposal. This has been exacerbated by the continuing challenging operating environment and increasing and more complex local service demand. We also have entrenched inequalities and disparities that exist across the city's neighbourhoods.

As reported throughout 2022/23 and 2023/24 the Council faced the perfect storm of huge increases in service demand post the COVID pandemic combined with unavoidable and rapid increases in operating costs across almost every aspect of its organisation. This had a major impact on the Council's approved financial plans for 2022/23 and 2023/24. The general economic climate also created serious cost of living challenges for some of our residents.

The Council's most challenging area of concern and level of overspending in 2023/24 continues to be the cost of externally purchased Children in Care placements, an issue that worsened significantly in 2022/23 and has continued into 2023/24. The national shortage of Residential Care placements continues to significantly increase prices for all local authorities. This is of most concern where a child has complex needs and or very challenging behaviour.

Over the past five years, the Council has also experienced an increasing trend of more externally purchased foster care placements and less in-house foster care arrangements. The Council continues to try to respond positively to these challenges, which are not only financial but also more importantly in trying to deliver better outcomes and life chances for every child. This ambition seeks to provide care, safety and support for them within a local family environment including providing additional advice and access to local networks.

The Council has successfully developed and fully implemented a revised remuneration offer for in-house foster carers based on a framework of a child's needs. This new offer has attracted more in-house foster carers in 2023/24, which has helped to place less reliance on external foster care placements. Additional marketing and further work are continuing to try to attract more in-house foster carers. We are also striving to provide better appropriate support to build our local capacity and local foster care networks. This is a critical part of our local strategy and it is hoped that where appropriate and safe to do so this could also begin to reduce the requirements for expensive external Residential Care. The primary focus though is to deliver better outcomes and life chances for our local children.

The Council faced significant challenges which were very similar to those experienced across the local government sector and our Cabinet received comprehensive reporting of these issues throughout the year. The Council did respond quickly and positively to the series of financial challenges it faced in 2023/24. This decisive action helped to reduce the final level of forecasted overspending reported for 2023/24 **from £14.0M** (July 2023) **to £1.9M** by the end of the financial year. A robust budget has been set for 2024/25 and we remain in a relatively financially resilient position, compared to many other local authorities across the country.

Throughout the financial year the Council has also proactively supported local communities and our most vulnerable residents, minimising the impact of the cost-of-living crisis wherever possible. The amount of information on available support is sometimes overwhelming and to make life easier for residents and to help accessing trusted and safe information, the Council collated key information and guidance at www.southend.gov.uk/costofliving and onesouthend.com/cost-of-living/

These websites included videos, articles, links to local and national schemes to help people deal with rising costs, an interactive map displaying locations where local residents could find support with food, clothes, toiletries, health items, and spaces where they could retreat to or work from to keep warm. For anyone who couldn't get online, the Council also produced a booklet – 14,000 were printed with 4,000 copies going out directly to vulnerable residents. Copies were available from the Civic Centre, public libraries and local charities. In addition to the cost-of-living resources, the Council also took advantage of the various government funding and grant schemes available to ensure as many eligible Southend residents as possible received support throughout 2023/24.

The Council will still face significant challenges in 2024/25 due to increased core service demand and inflationary cost pressures right across the Council.

Local Government Association Corporate Peer Challenge Update

Local Government Association (LGA) peers returned to Southend-on-Sea in December 2023, when they reviewed progress and provided ongoing support for improvement following the [October 2022 Corporate Peer Challenge](#).

The resulting 2023 [Corporate Peer Challenge Review report](#), published on the Council's website, acknowledged good progress across all the recommendations with particular emphasis on building a more engaging leadership style through strengthened communications and engagement alongside greater cross-party working; and outlined the financial environment and

the work undertaken to address budget gaps. A strong and consistent message arising from the progress review was the need to maintain focus on the delivery of the required savings and medium-term financial resilience. The LGA peers further highlighted the importance of transformation in achieving this.

Developing and tracking activity to progress the opportunities identified by the LGA's recommendations during 2023/24 involved regular monitoring by the Corporate Leadership Team with reporting to a cross-party political Working Group. Following the LGA's findings and endorsement of the activity as well as its progression, it is recommended that in 2024/25 ongoing work is reported through the normal performance reporting mechanisms to maintain momentum and provide further insight of outcomes.

City Vision

We are working with partners to refresh the city's vision, which will provide the opportunity to strengthen partnership working across the city and wider region. Previously we have had our Southend 2050 Ambition, developed in 2018 following extensive conversations with people who live, work, visit, do business and study in Southend. However, it is six years since the original Southend 2050 vision was agreed and the city has experienced rapid changes since then, including the pandemic, low economic growth and a cost-of-living crisis. The Council is working as part of the Southend City Partnership to create a new shared vision for the city to inspire and motivate the city's residents, communities, businesses and organisations. The Council aims to be an equal partner in the development and delivery of this vision, ensuring all stakeholders contribute to its development and implementation.

Southend-on-Sea City Council's Corporate Plan

Our priorities and outcomes are clearly set out in our Corporate Plan 2023 to 2027, which details how and what the Council will deliver in the medium-term. The strategic framework illustrated below (see Figure 4), is our golden thread, and includes the corporate plan; service plans, setting out the activity of each service area within the Council; and individual performance goals and objectives, supporting employee performance.

We reintroduced service plans in 2023 as part of the Council's strategic framework. The plans set out the activities of all Council service areas, their contribution to the delivery of the corporate plan and how success will be measured. These annual plans were updated at the end of 2023/24 ready for 2024/25.

Figure 4 Southend-on-Sea City Council's Strategic Framework



** Currently under development*

In our corporate plan we have identified three overarching city-focused priorities, with a fourth priority focused on our organisation (see bullets below). These seek to address the needs and the challenges of our city and the Council.

- A growing city with a strong and prosperous community
- A safe city with a good quality of life for all
- A clean city with a resilient environment
- A transforming Council delivering efficient, cost-effective services

To reflect these aspirations and support delivery of early phases of activities to achieve better outcomes for residents, the Council for 2024/25 is continuing to develop a longer-term view of the use of its resources and financial planning arrangements. This approach enhances the profiling of investment, supports effective prioritisation of activities and will enable improved consideration of major regeneration plans spanning more than one financial year from both a revenue and capital perspective.

Our intention is to target scarce resources to the agreed priorities within the Council's corporate plan, support our most vulnerable residents, respond positively to the cost-of-living crisis and address the inequalities that exist across the city, while coping with inflationary impacts and rising local demand pressures in social care. Navigating and responding to these challenges while maintaining financial sustainability remains a challenging task for the Council, as it will do for most local authorities across the country.

Financial and Performance Overview 2023/24

The General Fund Revenue Account for 2023/24 had a net expenditure budget of **£152.5M**. 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 **£97.8M** for 2023/24 (*£91.9M for 2022/23*).

Despite the huge challenges in 2023/24, it was still a year of successes and creativity across our 400+ services with a variety and complexity unlike any other organisation locally. Not every resident will use every service, but the work of the Council is vital to the wellbeing and way of life of residents across the city. Some of our key achievements against our four overarching priorities in 2023/24 are summarised below.

A growing city with a strong and prosperous community

We have:

- enabled local economic growth by developing an economic growth strategy underpinned by the guiding principles of people, place and infrastructure; being an active member of South Essex Councils, a partnership of seven neighbouring councils; launching networking events for young local entrepreneurs; and using funds from the UK Shared Prosperity Fund to support projects that increase volunteering, training and skills opportunities.
- continued to implement our The Tackling Poverty Strategy and Action Plan, with Council officers piloting providing financial advice at One Love Soup Kitchen Southend and providing vulnerable residents with a mobile dentist unit hosting cost-of-living and energy usage drop-in sessions.
- received £1 million in government funding to reopen the Southend-on-Sea City Council-led No Use Empty South Essex scheme for new applicants. The scheme, which is a joint initiative between Southend-on-Sea, Basildon, Thurrock, Castle Point, Rochford and

Brentwood Councils, provides zero interest loans to south Essex business owners to turn empty buildings back into occupation.

- incorporated social value asks into relevant procurements, delivering added benefits for residents and visitors. For example, waste disposal contractor Suez produced electricity to power 3,000 homes within the first 10 months of the waste disposal contract. While the leisure contract increased employee hours for school and college visits and the number of site visits for school children and residents, as well as 45 more people in local employment.
- reviewed all Council joint ventures with service providers during 2023/24 to make sure they are operating effectively and offer value for money.
- invested in upgrading our world-famous pier and installed a new boardwalk at Chalkwell beach in March 2024. The installation has improved accessibility for residents and visitors to access the water's edge, particularly those who use a wheelchair or other walking aids.
- organised and delivered events with partners to promote Southend-on-Sea as a welcoming destination for visitors and tourists:
 - in May 2023, over 60 street party permits were received for residents to celebrate His Majesty King Charles III's coronation.
 - the Feel Good Festival, a free festival to help everyone in the city boost their mood and feel good, returned in July 2023.
 - Southend City Jam 2023 showcased urban artistry, attracting thousands of attendees with stunning street art creations.
 - in September, Southend-on-Sea welcomed elite cyclists as they cycled through the city as part of stage six of the Tour of Britain 2023.
 - the Southend Halloween Parade returned in October 2023, organised by the Council and Southend Tourism Partnership.
 - Southend-on-Sea's inaugural Window Wanderland festival in March 2024 was a success, with over 100 households and businesses decorating windows with art, colours and lights.
- helped increase digital literacy, with Southend Libraries participating in the National Digital Inclusion Network and providing free sim cards to those experiencing digital exclusion.

A safe city with a good quality of life for all

We have:

- trained all Council officers providing frontline services to residents to be trauma informed and help prevent onward negative experiences of our residents who have been subject to vulnerability.
- launched our new CCTV van in April 2023, funded by a government grant secured by Essex Police on behalf of the Council. The Council-owned and operated van, which is part of the Townlink radio network, has been used for targeted patrols at the nighttime economy, car cruises and major events, reducing anti-social behaviour and crime. The mobile unit has also been used to target specific areas in the city, resulting in a reduction in crime-related issues.
- moved the Livewell Southend website, which has local health and wellbeing information, to a new platform in June 2023, to meet digital accessibility requirements and offer improved search functionality and a user friendly interface.
- continued to invest in a community builder's scheme to improve partnerships, community engagement and empowerment. Their funding has been extended by using the government's Better Care Fund and their remit widened to support with the reduction of health inequalities. Community builders are embedded in neighbourhoods across the city, engaging in conversations with people about what

matters to them. They aim to support the development of neighbourhood plans and early, preventative action by residents.

- invited older and frail residents in November 2023 and February 2024 to exchange their worn-out slippers for a brand-new free pair, complete with secure fastenings and robust soles to help prevent falls, resulting in 290 pairs of slippers being exchanged.
- signed the Armed Forces Covenant in March 2024.
- enabled over 7,200 residents to benefit from Active Southend funded community projects, including exercise classes for more than 700 residents, empowering women in sports, supporting residents with neurodiversity and helping families connect.
- seen the Council's Global Majority Working Group Practice Unit, funded by external grants, make significant progress in 2023/24. Achievements include: creating a guide for foster carers looking after children from different ethnic backgrounds on caring for different hair and skin types; providing training on using inclusive, non-judgmental language in children's social care and the impacts of intersectionality; creating blogs promoting inclusivity and anti-racist practice and celebrating diversity; and delivering workshops on supporting and caring for children from ethnic minority backgrounds.
- had a report into the findings of a recent Ofsted inspection of the Council's children's services highlight significant improvements in all areas. The visit in May 2023 focused on the arrangements for children in need and those subject to a protection plan. It found leaders have spent time creating a working environment where social workers can build strong and trusting relationships with children, and partner agencies' views are regularly included in assessments.
- opened a pioneering sustainable home in Leigh-on-Sea for residents to view in January 2024. The three-bedroom semi-detached eco home features a range of energy and water-saving features and in March 2024 it was shortlisted for two prestigious regional awards by the Royal Institute of Chartered Surveyors for refurbishment revitalisation and public sector categories and by the MJ Awards for the Innovation in Delivering Sustainability and Social Value category.
- accepted 695 households as owed a homelessness prevention duty in 2023/24, due to their risk of becoming homeless within 56 days and accepted 854 households as owed a homeless relief duty, because we had either been unsuccessful in preventing their homelessness or they were already homeless.

A clean city with a resilient environment

We have:

- maintained our parks and open spaces, planted trees, maintained our grass verges, cleared weeds from street pavements, kept public land clear of litter, maintained street furniture and cleaned and maintained gullies.
- installed solar-powered lamp posts along the Prittlebrook Greenway, funded through the Department for Transport's Active Travel Fund 2.
- continued to be highly responsive to potholes, investigating 100 per cent of reports to MySouthend within 24 hours (working days). In 2023/24, we received 5,201 reports, with 20 inspections on average per day.
- launched a One Black Bag a Week challenge in January 2024 in partnership with Veolia, the Council's environmental partner, encouraging residents to sign up to the pledge.
- successfully demonstrated a proof-of-concept to increase plastic recycling rates among businesses and organisations across the city as part of PlastiCity, with over 1,000kg of plastic waste diverted from landfill in 2023/24. The initiative was funded by the EU's European Regional Development Fund. The Council was supported by MYgroup, a Yorkshire-based waste management and recycling company who delivered 500 recycling boxes for the Council to distribute to businesses and organisations across the city, including schools, charities and libraries.

A transforming Council delivering efficient, cost-effective services

We have:

- taken steps to make sure all projects we undertake are financially viable and do not put the Council and the city's taxpayers at financial risk.
- engaged residents and stakeholders between October and December 2023 to ask them how often they would like to vote in local elections. A social media campaign and local press coverage was run over a nine-week period and nearly 2,000 people participated in online and paper surveys, focus groups and webinars on the election cycle. The results will be reported to the Council in June 2024, allowing councillors to make an informed decision on whether to change to elections every four years or continue with the current system of voting for a third of councillors every year.
- got work underway to improve governance and how we offer Council services following the appointment of a Director for Transformation. improved the online portal MySouthend to enable easier access and navigation for residents, businesses and visitors, including for reporting missed bin collections, council tax information and reporting potholes.
- modernised our information and communications technology (ICT) landscape, including migrating data to a secure cloud location, improving ICT systems and contracts and considering closing one of our data centres housing ICT equipment.

Corporate Plan Performance

Set out below are the Council's corporate plan performance indicators, grouped by the four priorities.

A growing city with a strong and prosperous community

In 2023/24:

- £76,571,896 of the Council's spend was with local businesses, above the annual target of £63 million.
- 375,340 people visited Southend Pier, below the annual target of 400,000 people.

A safe city with a good quality of life for all

In 2023/24:

- 3,442 people took up the NHS Health Check Programme, below the annual target of 4,355 people.
- 425 physically inactive adults completed a physical activity course, higher than the annual target of 400 inactive adults.
- 88.5% of children received MMR vaccinations at second birthday, below the 95% annual target.
- 84.1% of children received MMR vaccinations at fifth birthday, below the 95% annual target.
- 117 people completed the Falls Prevention Programme, just below the annual target of 160 people.
- 88.5% of adults with learning difficulties live in their own home or with their family, above the annual target of 85.5%.
- there were 6 permanent admissions into residential and nursing care (18-64), within the annual target of 9.
- 36.5% of adults in contact with secondary mental health services live independently with or without support, below the annual target of 39%.
- 86.5% of people aged 65 and over were still at home 91 days after discharge from hospital into reablement/rehabilitation services, above the annual target of 80%.

- 11 strategies and policies were co-produced, exceeding the annual target of 6.
- the rate of children on a child protection plan was 23.94 per 10,000, below the annual target rate of 34 to 44.
- 54.98% of placements in residential and Independent Fostering Agency settings, above the annual target of 45%.
- 54.13% of Children Looked After long-term stability, below the annual target of 70%.
- 0.10% of children experiencing permanent exclusions in any academic year, above the annual target of 0.08%.
- 99.8% of council homes meeting the Decent Home Standards, just below the annual target of 100%.
- 23% of properties brought into compliance (Selective Licensing Scheme), below the annual target of 25%.
- 107 houses supplied by Council, Registered Providers and empty properties brought back into use, just below the annual target of 110 houses.
- 319 households in temporary accommodation, exceeding the desired annual target of 219.

A clean city with a resilient environment

In 2023/24:

- 70.7% of council homes were Energy Performance Certificate rated 'C' or above, below the annual target of 84%.
- the concentration of nitrogen dioxide in air quality management areas was 34.1 µg/m³, not exceeding 40 µg/m³.
- tree net gain in the city was 644, exceeding the annual target of 100 trees.
- 100% of carriageway potholes repairs that were inspected and met required investigatory levels were repaired within 28 days, meeting the target of 100%.
- 99.95% of waste collections were carried out on schedule, exceeding the annual target of 99.9%.
- as of December 2023, 43.9% of waste was recycled, below the annual target of 50%.

A transforming Council delivering efficient, cost-effective services

In 2023/24 the Council:

- did not manage to achieve a balanced budget for 2023/24, overspending by £1.9M but it did take decisive in-year action to improve this position by £12.1M from the original level of forecast overspending reported to Cabinet in July 2023.
- continued to enhance its understanding of the individual cost of service provision by using benchmarking analysis and comparator information.
- Introduced service plans and a specific financial management objective for leaders and budget holders to improve ownership and accountability.
- strengthened the leadership and governance of its transformation agenda, appointed a new Director of Transformation, and scoped a new themed programme for service change and redesign.

Revenue Outturn 2023/24

The final revenue outturn position for 2023/24 on a net expenditure basis is set out in Table 4. The analysis of the actual costs reflects the way the Council's finances are managed, as opposed to the statutory required analysis used in the Statement of Accounts.

The analysis in Table 4 does not include any of the following income and expenditure items: pension adjustments, MRP adjustments, recharges, capital charges, Revenue Expenditure

Funded from Capital under Statute (REFCUS) and revaluation gains. These numbers can be identified in the Statement of Accounts.

Table 4 summarises the financial performance against the revised budget for 2023/24 for the General Fund and highlights the scale of spending variations. A comprehensive analysis of the factors that have contributed to this outcome will be presented to the Cabinet meeting in June 2024. The key adverse variances for children's and adult social care services have been reported regularly throughout 2023/24 and have been caused by a combination of increases in service demand and inflationary pressures.

The positive variance shown against the financing costs line has also been reported to Cabinet in 2023/24 and is made up of a combination of increased levels of investment income generated and the outcome from the comprehensive review of the Council's Minimum Revenue Provision policy which resulted in a significant re-profiling of the provision for repayments of debt through the General Fund.

Careful consideration has also been given to ensure that the Council prepares appropriately for the ongoing impact of global events, local economic recovery aspirations and managing service demand pressures in 2024/25 and the future.

Table 4 Revenue Outturn 2023/24

	2023/24 Revised Budget £000s	2023/24 Actual £000s	2023/24 Variance £000s
Portfolios			
<i>Leader: Special Educational Needs & Disability and Constitutional Affairs</i>	30,406	31,022	616
<i>Deputy Leader: Environment</i>	20,631	20,760	129
<i>Arts, Culture, Heritage and Leisure</i>	5,689	5,820	131
<i>Children's Services, Education and Learning</i>	34,328	39,046	4,718
<i>Community Safety and Public Protection</i>	2,109	2,199	90
<i>Economic Growth and Investment</i>	1,375	1,278	(97)
<i>Highways, Transport and Parking</i>	(94)	1,010	1,104
<i>Housing and Planning</i>	3,597	2,546	(1,051)
<i>Public Health and Adult Social Care</i>	55,433	57,182	1,749
<i>Regulatory Services</i>	3,614	4,285	671
<i>Housing Revenue Account</i>	4,645	5,614	969
<i>Corporate Budgets</i>	(1,505)	(2,940)	(1,435)
Net Controllable Cost of Portfolios	160,228	167,822	7,594
<i>Levies</i>	715	863	148
<i>Leigh Town Council Precept</i>	462	462	0
<i>Financing Costs, Interest, etc.</i>	15,700	10,104	(5,596)
Net Operating Expenditure	177,105	179,251	2,146
<i>Revenue Contribution to Capital</i>	(4,174)	(4,989)	(815)
<i>Non-Service Specific Grants</i>	(17,525)	(17,683)	(158)
<i>Contribution to / (from) Earmarked Reserves</i>	(2,941)	(3,095)	(154)
Total to be Funded from Council Tax and Formula Grant	152,465	153,484	1,019
<i>Funded from</i>			
<i>Revenue Support Grant</i>	(7,118)	(7,118)	0
<i>Retained Business Rates</i>	(44,386)	(45,287)	(901)
<i>Collection Fund Surplus and Reserves</i>	(2,000)	(2,000)	0
<i>Planned Contributions from Reserves</i>	(1,000)	(1,000)	0
<i>Council Tax (Southend-on-Sea City Council and Leigh Town Council)</i>	(97,961)	(98,079)	(118)
Total Funding	(152,465)	(153,484)	(1,019)
Contribution (to) / from General Reserve	0	0	0

Table 5 reconciles the analysis of the Comprehensive Income and Expenditure Statement in the Statement of Accounts 2023/24 to the outturn summary in Table 4.

Table 5 Reconciliation of Gross Expenditure to Transfer to General Fund

	2023/24 £000s
Gross Expenditure on Services	494,768
Gross Income on Services	(468,594)
Net Cost of Services	26,174
Adjustments between accounting basis and funding basis under regulation	(21,377)
Transfers from Earmarked Reserves and HRA	(3,797)
Contribution to / (from) General Reserve	(1,000)

The Council has spent **£494.768M** to deliver services funded by £494.768M of income in 2023/24. The following charts show how the expenditure was funded in 2023/24 and how it was spent.

Figure 5 Revenue Income (Funding Sources) 2023/24

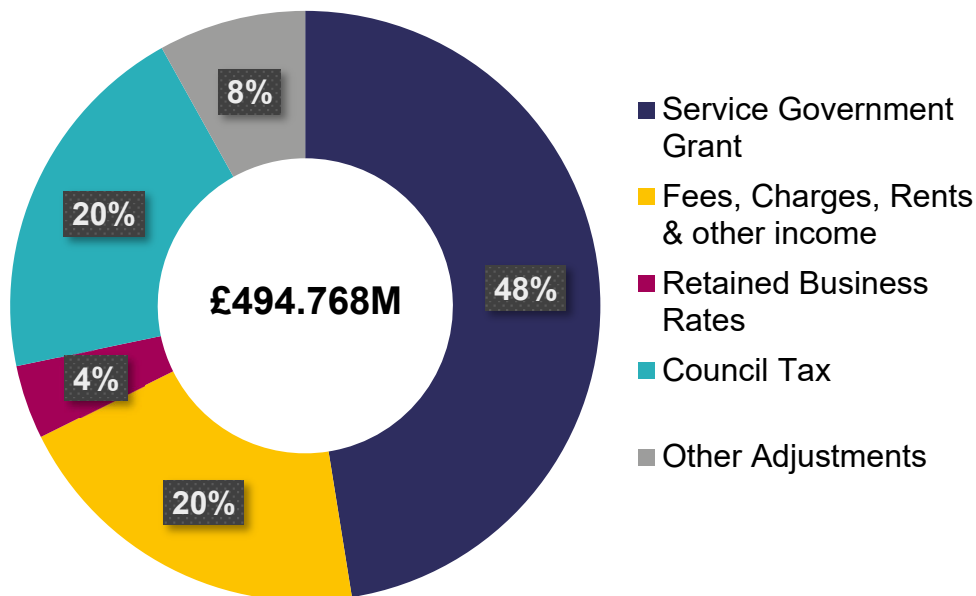


Figure 5 sets out how gross expenditure is funded. The largest source of income is government grants (see Note 18 in the Statement of Accounts 2023/24 for a full analysis). It remains the largest element due to the continuation of the national subsidy arrangements for local eligible benefit claimants, increased Government grants issued in 2023/24 to provide compensation for the continued under-indexing of the small business rates multiplier cap and funding for local schools from the Dedicated Schools Grant. For the majority of Council services direct support from Government Grant continues to reduce in real terms each year and represents a smaller proportion of the total cost of provision. Whilst not direct income received in year, other adjustments include the appropriate application of earmarked reserves and reversal under statutory regulations for accounting charges that are put through the income and expenditure statement.

Figure 6 Gross Revenue Expenditure Objective (Service Area) 2023/24

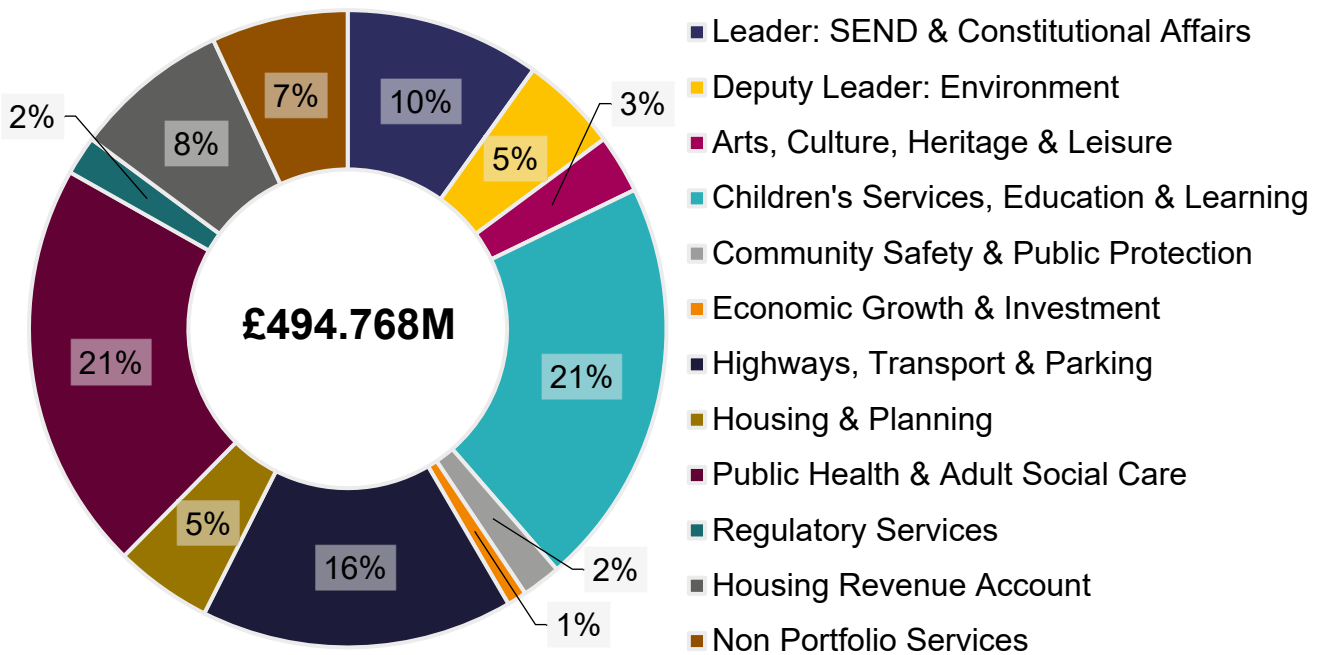


Figure 6 sets out how gross expenditure is split across the various portfolios of services the Council operates under. As part of the funding source commentary highlighted for Figure 5 the portfolio for Housing & Planning includes the **£54M** cost of housing benefit payments made. Children & Learning includes the passing onwards of dedicated schools' grants and other payments to the Council's maintained schools. Non portfolio services include interest payable, levies and net cost of traded services.

Figure 7 Gross Revenue Expenditure Subjective (By Type) 2023/24

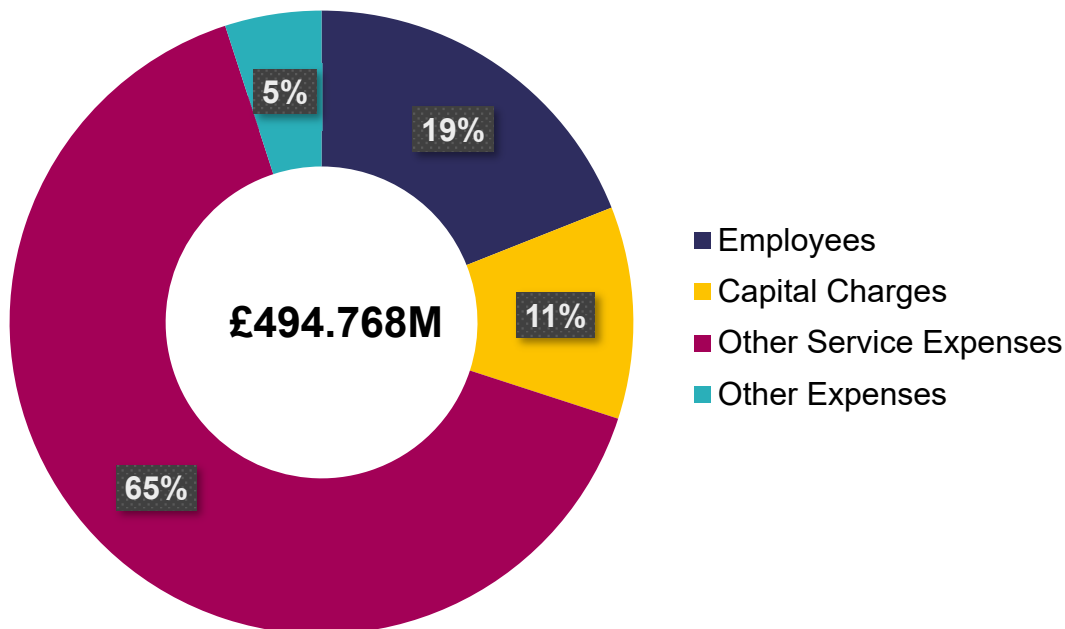
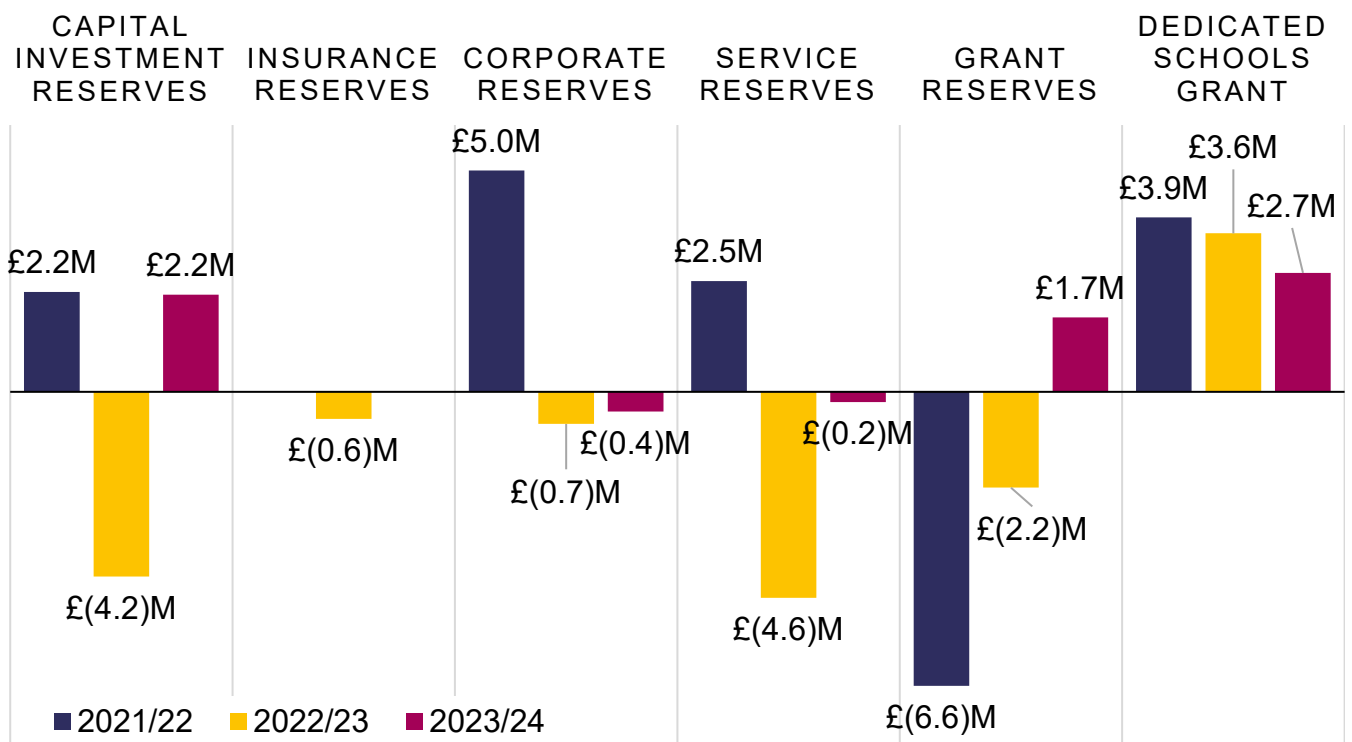


Figure 7 sets out how gross expenditure is split by type. Other service expenses cover the running costs of services excluding employees, and therefore includes the cost of suppliers and contractors, together with monies paid out to schools and benefit claimants. Other expenses cover several accounting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

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

The volatility originally caused by the pandemic, and then high inflation levels and service demand challenges continued in 2023/24 and have impacted the Council’s reserves, as illustrated in Figure 8. This compares the contributions to/from earmarked reserves which took place at year end in 2023/24 with 2022/23 and 2021/22. The level of volatility is now beginning to stabilise and it is hoped that fluctuations in the future will continue to reduce. The variations in 2023/24 are generally lower than what has been experienced in previous years.

Figure 8 Year End Contributions to / (from) reserves



The overall net impact on the General Fund Revenue Budget for 2023/24 of all the actual income and expenditure variations within services, review of provisions and earmarked reserves, resulted in an overall net overspend of **£1.898M** (£6.835M overspend for 2022/23). This is a major improvement on the level of forecast overspend reported in-year and significantly better than in 2022/23.

This final outturn position is a positive direction of travel and demonstrates that the Council has taken strong, decisive action to improve its financial performance and strengthened its ability to manage increases in service demand for core statutory services. The financing of the overall cost base of the Council is now closer to a more reasonable, effective and sustainable level. Clearly there are still many challenges to overcome, particularly with regards to the increasing costs of statutory social care arrangements for children and adult services.

A combination of some additional Government grant support, strong local income collection levels, additional compensation for the continued under-indexing of the small business rates multiplier, more proactive management of service demand, together with an innovative, eligible and compliant review of debt and treasury management arrangements provided the key

elements of this improvement. The Council is looking to build on this improved position by implementing its commitment to a new service design and transformation programme through 2024/25.

The final net overspending position for 2023/24 of **£1.898M** has been financed through a combination of earmarked reserves.

The Housing Revenue Account (HRA) reported an overall in-year deficit in 2023/24 of **£0.283M** (*£0.323M deficit for 2022/23*). In February 2023, it was forecast that HRA resources would be used to support an ambitious acquisitions and new build programme (£7.384M) to create more affordable homes for the 2023/24 financial year. This was planned to be financed from a forecast in-year surplus of £4.107M and a draw down from reserves of £3.277M. Due to the prevailing economic and market conditions and a challenging housing market, it has not been possible to deliver the full level of planned of acquisitions and construction programmes but £5.331M of HRA resources were still invested effectively in the 2023/24 financial year.

We plan to continue our ambition to deliver more affordable homes in 2024/25 and provide further investment into the Council's overall housing stock to create better conditions and environments for local tenants. The impact of the cost-of-living crisis has raised concerns about income collection levels and potential difficulties for tenants in paying their rent and service charges. South Essex Homes has been actively working with tenants to mitigate this issue.

The level of earmarked reserves held by the Council (including maintained schools) as at 31 March 2024 is **£110.809M** (*£114.606M at 31 March 2023*) (see note 20 in the Statement of Accounts 2023/24).

Economy, Efficiency and Effectiveness

The Council is continually striving to improve all aspects of the organisation in terms of value for money, employee wellbeing and productivity and providing people with meaning, purpose and stronger connection to the place 'Southend-on-Sea'. We have invested in technology and reviewed our approach to how and where we work at the Council via our Work Smart initiative.

Our 'Getting to Know Your Business' programme for service managers continued to be embedded in 2023/24 and remains essential in assessing the new operating environment, financial challenges and value for money of service delivery arrangements. The ambition remains that all service managers in the Council will have a comprehensive understanding of their business areas, including their benchmarked operational and financial performance, key demand and cost drivers, income levels, commercial opportunities, value for money and customer insight. This programme is designed to support managers to improve productivity and efficiency in all business areas, ensuring best value and supporting a more targeted outcomes-based investment approach.

The Council's new Transformation Board is driving effectiveness and innovation by aligning Council activities with strategic objectives, ensuring efficient and effective delivery of investments, and resulting in better outcomes for residents.

New Development of a Local Productivity Plan

The Council is developing its first productivity plan, a new requirement set out by the Department for Levelling Up, Housing and Communities (DLUHC) as part of the Local Government Finance Settlement for 2024/25. The plan will contribute to the government's ongoing review of productivity across all public services and local government, by helping government understand common themes, gaps, best practice and opportunities in driving productivity and efficiency gains in local government.

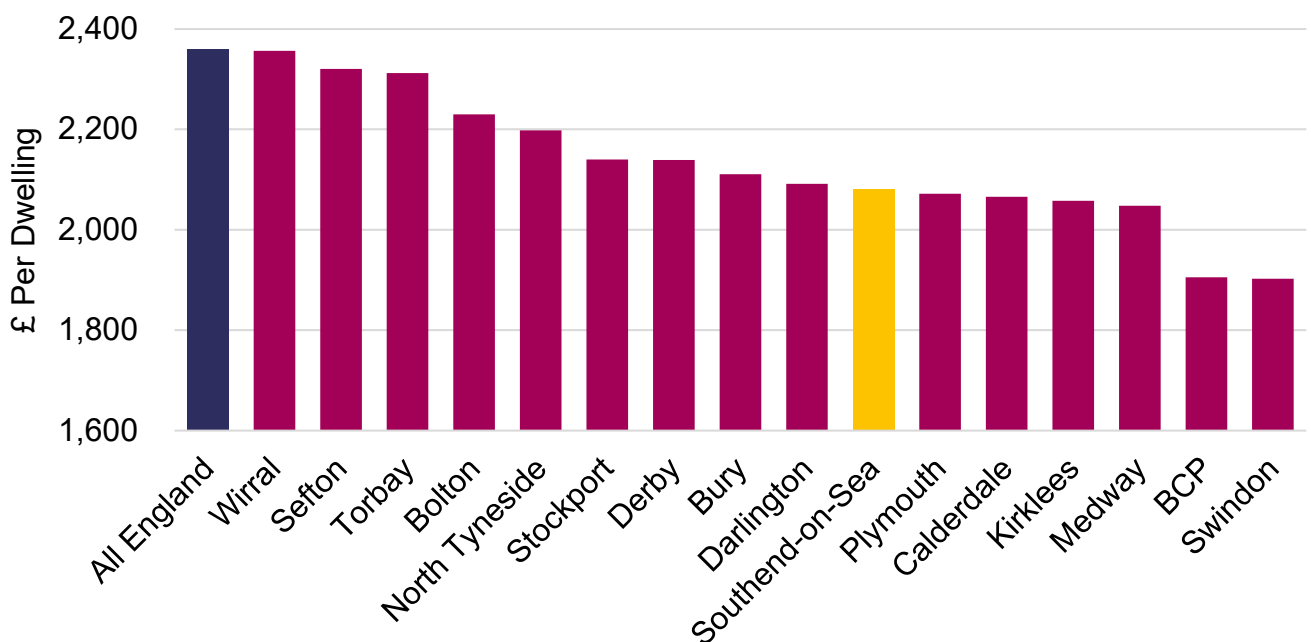
The plan will describe our transformation plans for making better use of our resources, how we use technology and data to improve decision-making, service design and use of resources, how we reduce wasteful or "gold-plated" spend, and the barriers we face, both locally and nationally,

to progressing with productivity improvements that will lead to better outcomes. The plan is under development by senior officers and corporate leadership team members with oversight from councillors. The plan will be endorsed by the Chief Executive and Leader of the Council and will be presented for consideration to the Cabinet meeting as part of the 2023/24 provisional outturn report, scheduled for 24 June 2024, before being returned to DLUHC and published on the Council’s website in July 2024.

Core Spending Power and Council Tax Banding Analysis

To inform and highlight the Council’s relative success in delivering the full range of unitary authority services locally with fewer resources Figure 9 illustrates where the Council ranks based on the spending power per dwelling against our nearest statistical neighbour’s comparator group. For spending power per dwelling, the Council now ranks tenth out of 16 authorities within our group which means that it has less comparable resources available to meet the relative needs of residents, when compared with similar local authorities.

Figure 9 Core Spending Power per Dwelling (£) 2023/24

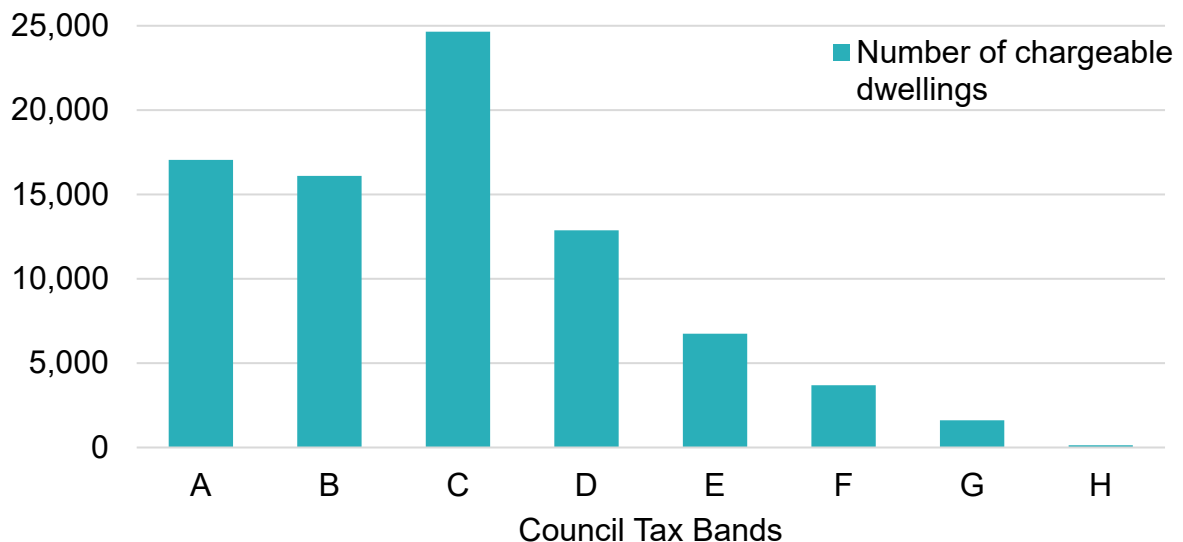


Source: DLUHC

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

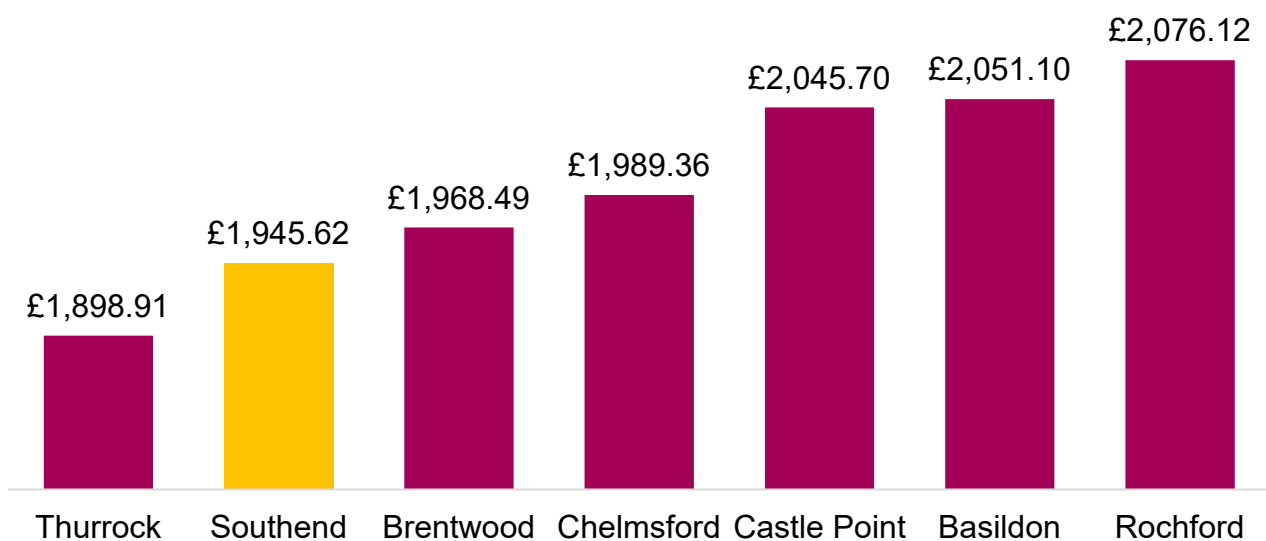
The Council also suffers from a relatively weak domestic dwelling tax base as illustrated in Figure 10. This shows that around **70% of all domestic dwellings are in Bands A - C** and therefore these households pay below the Band D average, which is the national comparator for council tax charges. This local situation is then further compounded due to almost 35% of all chargeable domestic dwellings currently receiving a 25% discount due to single person occupancy and a further 2% of dwellings currently entitled to between 50% to 100% exemption/discount from council tax liability.

Figure 10 Properties per Council Tax Band in Southend on Sea 2023/24



Historically when the Council first became a Unitary Authority it took local decisions to try to minimise the financial burden on the local council taxpayer for Southend-on-Sea as far as possible. Figure 11 illustrates the level of council tax (Band D equivalent) charged by Local Authorities from our nearest geographical neighbours in Essex for 2023/24. This is an important factor when considering Southend-on-Sea’s commitment to providing value for money services that meet the needs of residents.

Figure 11 Council Tax Comparison - Band D 2023/24



Capital Expenditure

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

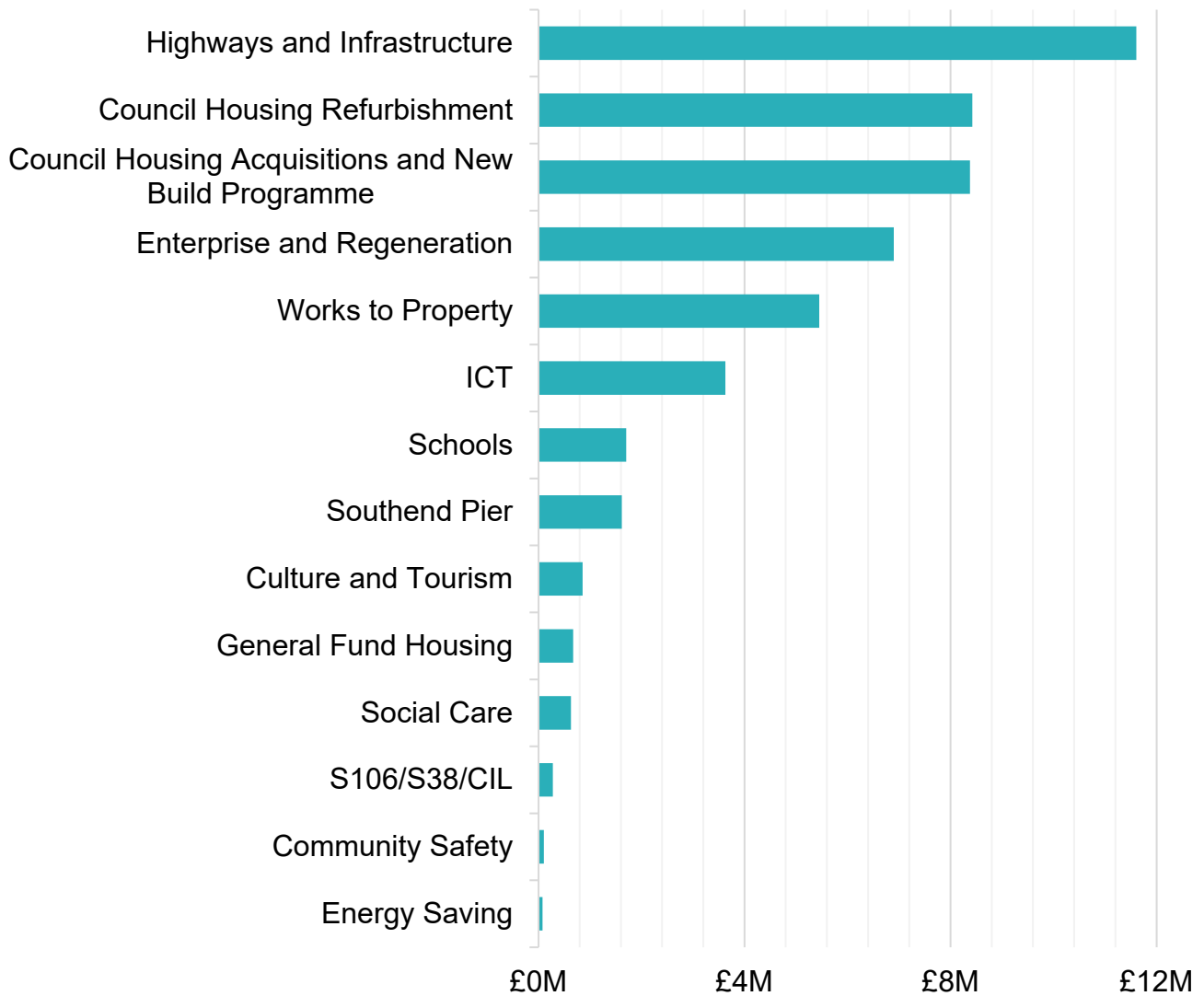
Capital spending can generally be defined as that which generates assets that have a life of more than one year. This includes the acquisition or construction of new assets and expenditure that improves, and not merely maintains, the value of existing assets.

In 2023/24 the Council invested **£50.3M** (£52.1M in 2022/23) into capital schemes to continue to improve Southend as a place, including the refurbishment of the Council’s buildings including schools, improvements to the city’s highways and footpath network, investment in the Pier, the refurbishment, acquisition and construction of council housing and investment to develop and enhance the Council’s IT systems.

Capital Investment 2023/24

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

Figure 12 Capital Investment Programme 2023/24



In Figure 12, S106 agreements are planning obligations under Section 106 of the Town and Country Planning Act. S38 agreements are highways obligations under Section 38 of the Highways Act 1980. CIL refers to the Community Infrastructure Levy charged on new developments which is used to fund infrastructure.

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

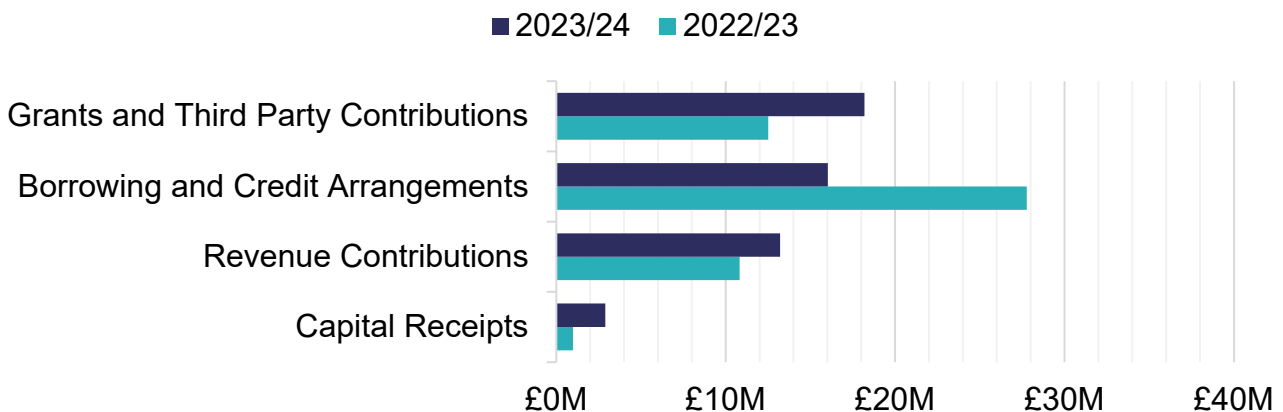
Table 6 Summary of Strategic Capital Projects in 2023/24

Capital Project	2023/24 £000s
<i>Housing Revenue Account - Council Housing Refurbishment</i>	7,813
<i>Housing Revenue Account - Housing Acquisitions Programme</i>	6,063
<i>Footways and Carriageways</i>	5,329
<i>Better Queensway</i>	3,825
<i>ICT Schemes</i>	3,630
<i>Highways and Infrastructure - Local Growth Fund and Local Transport Plan</i>	2,352
<i>Southend Pier Schemes</i>	1,620
<i>Highways Infrastructure Schemes</i>	1,476
<i>Housing Revenue Account - Construction of New Housing</i>	1,248
<i>Levelling Up Fund Schemes</i>	994
<i>Social Housing Decarbonisation Funding</i>	890
<i>Victoria Centre</i>	859
<i>Airport Business Park</i>	683
<i>Schools - High Needs Provision</i>	452

Financing of Capital Expenditure

The external funding of the capital investment programme comes from several sources, including government funding, third party (often private sector) contributions, capital receipts from the sale of assets, and borrowing. Figure 13 shows how the **£50.3M** capital expenditure was funded for the 2023/24 year.

Figure 13 Capital Expenditure Funding Sources 2023/24 with 2022/23 comparatives.



Borrowing is kept within affordable levels, with the total accumulated loans owed to external lenders and credit arrangements amounting to **£357.2M** at 31 March 2024 (£357.4M at 31 March 2023).

The Council also owes money to Essex County Council in respect of assets transferred to Southend-on-Sea City Council in 1998 as part of the Local Government Re-organisation. The amount is **£8.8M** at 31 March 2024 (*£9.2M at 31 March 2023*).

The Council's operational upper limit for borrowing has been set at **£390M** (excluding transferred debt) (*£385M in 2022/23*). Accounting for the borrowing outlined above, this leaves headroom of **£32.8M** (*£27.6M in 2022/23*).

This level of debt should also be viewed in relation to the Council's long-term assets (excluding the net pensions assets) which have a net book value of **£992.3M** at 31 March 2024 (*£1,023.0M at 31 March 2023*).

Long Term Assets

The Council's long-term assets are those expected to provide benefits beyond 12 months and consist of Property, Plant & Equipment, Heritage Assets, Investment Property, Intangible Assets, Long Term Investments and Long Term Debtors. At 31 March 2024, the total net book value of these long-term assets (excluding the net pensions assets) was **£992.3M** (*£1,023.0M at 31 March 2023*).

As a result of the Government's recent policy on the transfer of schools to academy status, over the last few years many of the City's schools have transferred. Two schools transferred during 2023/24 and it is not anticipated that any further schools will transfer in the forthcoming year. If any did, this would reduce the current net book value of the long-term assets held of **£38.7M** at 31 March 2024 (*£51.5M at 31 March 2023*) for schools on the Council's Balance Sheet.

Housing

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

For the 2023/24 financial year the HRA has maintained the same general balance carried forward of **£3.5M** (*£3.5M in 2022/23*). Council rents for general needs and sheltered properties were increased by **7%** in 2023/24 (*increased by 4.1% in 2022/23*) in accordance with the maximum increase confirmed in the Chancellor of the Exchequer's Autumn Statement issued on 17 November 2022.

In 2023/24 average rents for general needs properties (excluding service charges) were **£100.82 per week** (*£94.22 in 2022/23*), and **£87.82 per week** (*£82.08 in 2022/23*) for sheltered accommodation.

The full financial performance of the HRA is reported in the Statement of Accounts 2023/24.

Group Performance

Local Authorities with subsidiary companies, associated companies and joint ventures are required to prepare group accounts. The figures for two of the wholly owned subsidiaries of the Council, South Essex Homes Limited and Southend Care Limited, are consolidated with Southend-on-Sea City Council to form the group accounts.

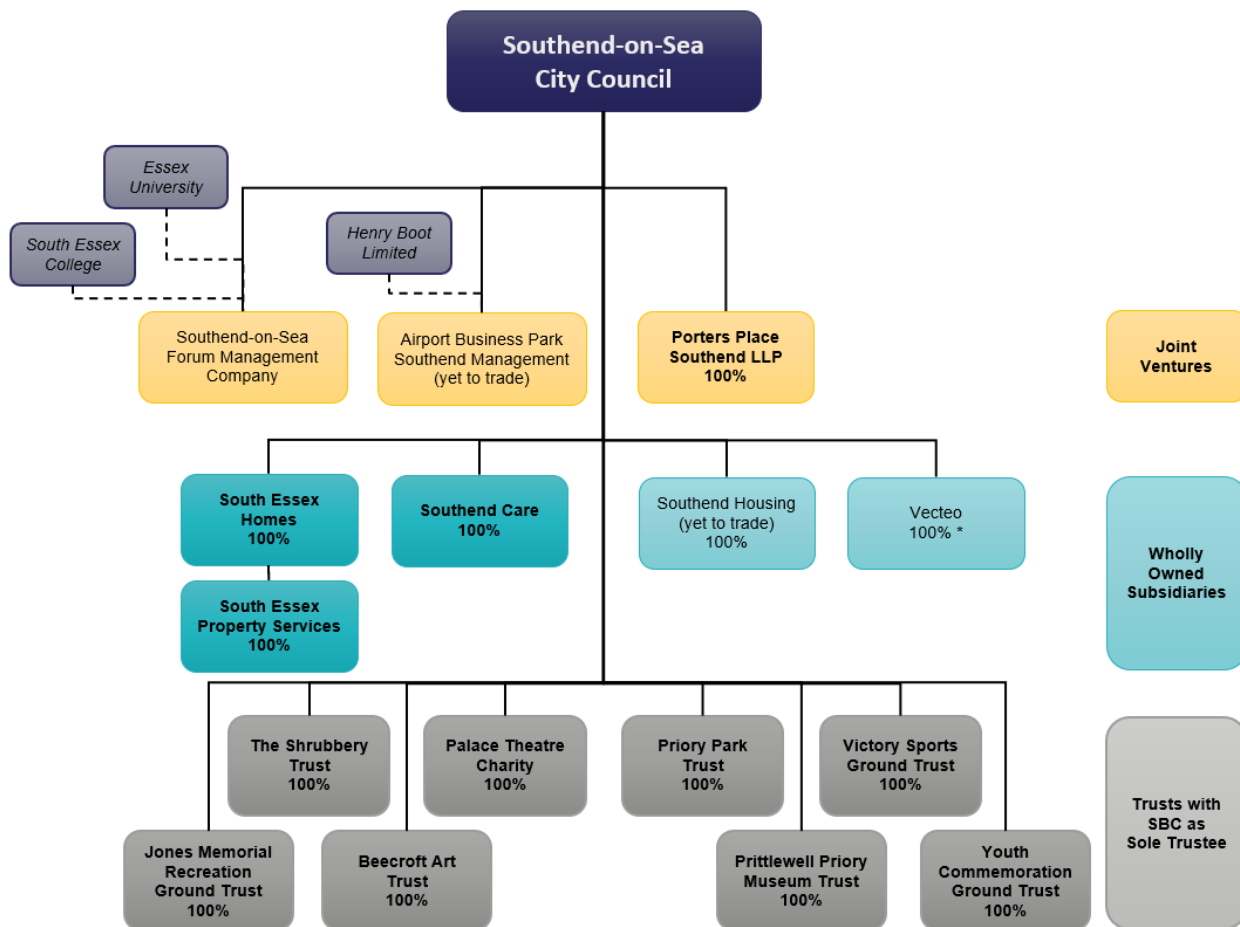
In addition, the Council has two other subsidiary companies and was party to three joint ventures, for which the Council's proportions of net assets are immaterial to the accounts and therefore have not been consolidated into the group accounts.

It is positive to report that both Council wholly owned subsidiaries had a net surplus in respect of their pension liabilities as at 31 March 2024.

LHCS and Southend Travel Partnership Limited, a joint venture partnership between Southend-on-Sea City Council and London Hire Community Services to provide a passenger transport service across the City was trading as Vecteo and the Council had a 49% holding. On 12 May 2023 the Council became the 100% shareholder of the company.

The Council is also sole trustee for eight Trusts, all of which have been consolidated as part of the Group Accounts for 2023/24.

Figure 14 Group Structure as at 31st March 2024



* LHCS and Southend Travel Partnership Limited is trading as Vecteo

Financial Health of the Council as at 31 March 2024

2023/24 was another exceptional and challenging year. Demand for social care services for adults, children and the most vulnerable continued to rise, while cost pressures also increased, with UK inflation remaining at high levels for most of the year. Despite the very tough operating environment, the Council remains in a relatively financially stable and resilient position.

We have had to take difficult decisions and transform services to reduce our cost base and generate additional income now and in the medium term to remain financially sustainable. Councillors and officers have worked together to find a better, more cost-effective way forward, balanced against the need for people to pay more towards the cost of some discretionary services. We have listened to residents and businesses and worked alongside stakeholders, including central Government, MPs, neighbouring councils and local partnerships.

Assets

During 2023/24 fixed assets have decreased in value by **£26.6M** (increased by £22.3M in 2022/23) due to the net effect of additions, disposals, revaluations, and depreciation.

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

For additional information see notes 21 to 24 in the Statement of Accounts 2023/24.

Capital Investment and Borrowing

The Council's underlying need to borrow is called the Capital Financing Requirement (CFR). This figure is a measure of the Council's debt position and represents capital expenditure up to the end of 2023/24 which has not yet been charged to revenue. The process of charging the capital expenditure to revenue is a statutory requirement and is done by means of the Minimum Revenue Provision. The position for 2023/24 is summarised in Table 7.

Table 7 Capital Financing Requirement

	2023/24 £M
<i>Balance 1st April 2023</i>	443.2
<i>Plus: capital expenditure financed by borrowing (internal and invest to save financing)</i>	15.9
<i>Plus: fixed assets subject to finance leases</i>	0.1
<i>Less: capital receipts used to repay borrowing</i>	(3.8)
<i>Less: Minimum Revenue Provision</i>	(5.6)
<i>Balance 31st March 2024</i>	449.8

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

The Council has currently addressed the theoretical need to borrow by having undertaken external borrowing and credit arrangements of **£357.2M** and by internally borrowing the remaining **£92.6M**. Actual borrowing will only be undertaken as and when required to finance capital and the amount and timing of any loans will have regard to the Council's cash flow, the prevailing interest rates and the future requirements of the capital investment programme.

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

Table 8 Financing of Capital Investment

	2024/25 £M	2025/26 £M	2026/27 £M	2027/28 £M	2028/29 £M	Total £M
<i>Borrowing</i>	20.8	9.6	7.0	1.1	1.1	39.6
<i>Grants and third-party contributions</i>	34.0	6.8	0.8	0.8	3.2	45.6
<i>Revenue Contributions</i>	13.4	8.8	6.1	0	0	28.3
<i>Capital Receipts</i>	4.4	1.4	0.4	0	0	6.2
<i>Total</i>	72.6	26.6	14.3	1.9	4.3	119.7

Pensions

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

The fund is subject to a valuation every three years. The 31 March 2022 valuation set the contribution rates from 2023/24 to 2025/26. As at 31 March 2022, the funding level for the whole fund was estimated at **102%**. This positive performance has enabled the Council to formally agree a reduced level of employer pension contributions over the years 2023/24 to 2025/26.

At 31 March 2024 the Council has a net surplus in respect of its pension liabilities due to the fair value of the fund assets being higher than the actuary's determination of the present value of the defined benefit obligations.

For additional information see note 37 in the Statement of Accounts 2023/24.

Reserves

The Council's reserves consist of general and earmarked reserves. The movement in Reserves Statement in the Statement of Accounts 2023/24 shows the split and movement of those reserves during the year.

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

The Council has comprehensively updated its Medium Term Financial Strategy (2024/25 – 2028/29) based on the best possible information it had available at the time (approved February 2024) reflecting an assessment of the local impact of inflationary pressures, local priorities and ambitions. The Council must consider external risks, such as uncertainty of future funding levels from 2025/26 onwards, increased cost pressures, inflation and the challenges faced by all upper tier local authorities linked to increasing demand, cost and complexity in social care, as well as internal risks, including increased commercial activity.

Due to the need to deal with the unavoidable increased inflationary cost and demand pressures throughout 2023/24 and to continue to maintain the delivery of critical services to our communities the Council has been forced to decrease its overall level of reserves compared to what was originally planned. The Council is still in a relatively strong resilient financial position compared to many other local authorities. The future challenge is substantial though and our remaining reserves are held to provide both a buffer for the uncertain challenging operating environment we face and to invest in critical service transformation programmes.

These factors have contributed to the Council using **£1M** of its General Fund Balance, therefore reducing it to **£10.0M** at 31 March 2024 (*£11.0M at 31 March 2023*).

At 31 March 2024 the Council holds **£74.461M** (*£77.274M at 31 March 2023*) of general fund earmarked reserves as shown in *Table 9*)

Table 9 General Fund Earmarked Reserves

Earmarked Reserve	Opening Balance 1 April 2023 £M	Contributions / (Use) 2023/24 £M	Closing Balance 31 March 2024 £M
<i>Capital Investment Reserves</i>	19.506	1.408	20.914
<i>Insurance Reserves</i>	5.422	0	5.422
<i>Corporate Reserves</i>	20.021	(2.878)	17.143
<i>Service Reserves</i>	9.803	118	9.921
<i>Grant Reserves</i>	10.551	(1.191)	9.360
<i>Dedicated Schools Grant</i>	11.918	(270)	11.648
<i>Monies Held in Trust</i>	0.053	0	0.053
Total	77.274	(2.813)	74.461

The net total contribution from earmarked reserves in 2023/24 of **£2.813M** is a major reduction from the previous year (*net total contribution from earmarked reserves of £15.914M in 2022/23*). This included the planned use of £1.4M to meet the expected increased financing costs as a result of financing 2022/23 capital projects. £4.9M of Corporate Reserves was used to support service redesign, transformation and technology modernisation programmes. £6.0m of grant reserves were used to fund eligible spend within services, including £3.2M of ring-fenced Dedicated Schools Grant.

The net total contribution from reserves of £2.813M also included the addition to reserves of £11.7M which includes the planned repayment of £0.6M to the Capital Reserve (year 1 of 4), plus additional benefit from the MRP review of £2.5M. £3.0M of ring-fenced Dedicated Schools Grant, £2.7M of other grant carried forward for use in 2023/24 and future years. £2.2M has been added to Corporate Reserves because of additional non-ringfenced grants received in year and the rise in compensation for the under indexing of the business rates multipliers, which included, for the first time, compensation for the impact on top-ups received as a result of business rates pooling arrangements.

The HRA's financial strategy includes a determination that a prudent level of the HRA General Balance is **£3.5M** (£3.5M for 2022/23), having regard for the inherent levels of future financial risk and uncertainty. The Council's HRA holds **£34.233M** (£34.516M on 31 March 2023) of earmarked reserves as shown in Table 10.

Table 10 HRA Earmarked Reserves

HRA Earmarked Reserve	Opening Balance 1st April 2023 £M	Contributions / (Use) 2023/24 £M	Closing Balance 31st March 2024 £M
<i>Capital Investment Reserve</i>	27.614	(0.343)	27.271
<i>Revenue Major Repairs Reserve</i>	6.142	0	6.142
<i>Contract Pension Reserve</i>	0.760	0.060	0.820
Total	34.516	(0.283)	34.233

The HRA also maintains another Major Repairs Reserve which is limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance of this reserve at 31 March 2024 is **£10.536M** (£9.916M at 31 March 2023) and represents the level of capital resources that have yet to be applied at the year-end.

There are also usable capital receipts of **£19.329M** (£6.550M general fund and £12.779M HRA) and capital grants not yet applied of **£38.394M** available to finance future planned capital expenditure.

The city's maintained schools also hold **£2.115M** of balances and **£11.648M** of earmarked reserves. These, together with the general fund and HRA earmarked reserves in the tables above, comprise the total of **£110.809M** of earmarked reserves shown in note 20 in the Statement of Accounts 2023/24.

Climate Change

The Council declared a climate emergency in October 2019, consolidating carbon reduction and climate mitigation and adaptation activity across the organisation. We continue our evidence-based approach and use our resources to make sure strategies and projects maximise carbon reduction and climate mitigation and adaptation.

Developing a pioneering sustainable home in Leigh-on-Sea with a range of energy and water-saving features is part of our commitment to achieve net-zero emissions by 2030. With around 40% of the Council's carbon emissions originating from housing, we are aiming to reduce our impact by retrofitting homes.

The Council has also modernised its information and communications technology (ICT) landscape, migrating data to a secure cloud location, improving ICT systems and contracts and considering closing one of our data centres housing ICT equipment. These projects will help reduce the Council's carbon footprint and achieve cost savings.

We have sought to become a greener city, protecting and enhancing the street scene and making sure it is attractive and welcoming for our visitors and residents. This has included maintaining our parks and open spaces, planting trees, maintaining our grass verges, clearing weeds from street pavements, keeping public land clear of litter, maintaining street furniture and cleaning and maintaining gullies.

We continue to monitor air pollution in air quality management areas, implementing our Local Air Quality Action Plan and monitoring our outcomes via annual status reports. The Council has also undertaken flood and coastal erosion risk management and invested in protecting and nurturing our coastline and its marine biodiversity.

Equality, diversity and inclusion

The Council is committed to equality, diversity and inclusion, with strategic initiatives in year two of our improvement plan. We are finalising and implementing our Equality, Diversity and Inclusion Strategy, which aims to cultivate an inclusive workplace culture where every individual feels valued and empowered. This strategy will align with the Council's values and serve as a roadmap for embedding diversity and inclusion across the organisation.

Proactive steps we have taken include making sure recruitment processes are more inclusive, including Equality Champions on interview panels for senior leadership interviews and expanding the reporting framework to include ethnicity pay gaps and gender pay gaps.

Under the 2010 Equality Act, we are required to identify equality objectives. Our equality objectives focus on: employees access to services community cohesion partnership working. The Council has made a number of annual commitments to support these objectives. Key activity that has taken place includes: the Council has signed up to Mindful Employer, the creation and implementation of co-production framework for the Council and the Household Support Fund has been fully disbursed for 2023/24.

Local Government Independent External Audit Update

In March 2021 the National Audit Office published a report on the timeliness of local auditor reporting on Local Government in England. The report set out that for the 2018/19 financial year only 57% of auditors delivered opinions by the 31 July 2019 deadline and for the 2019/20 financial year only 45% delivered opinions by the extended deadline of 30 November 2020. Our auditors concluded their audit of the 2018/19 accounts by 30 July 2019 and their audit of the 2019/20 accounts by 20 October 2020, thereby meeting the respective statutory deadlines in those two years.

The Council's 2020/21 audited accounts were signed on 27 April 2023 and the 2021/22 audited accounts were signed on 19 December 2023.

In May 2024 Public Sector Audit Appointments published its latest update on the number of audits outstanding. It showed that, as at 31 March 2024, for the 2022/23 financial year only 25% of Local Government bodies had received audit opinions. The audit of the Council's 2022/23 Statement of Accounts is substantially complete, and they have been adopted by the Audit Committee. Once they have been signed by our external auditors and published, we will have caught up with the backlog of unaudited accounts in time for the audit of these 2023/24 Statement of Accounts by our newly appointed external auditors KPMG LLP.

Increased Regional Engagement and Activity

The past year has seen the Council increase its role and involvement in wider regional activity. This has included exploring opportunities for local government devolution (as described in the Government's February 2022 Levelling Up white paper) and continuing to support the Joint Committee and work programmes of the South Essex Councils (SEC) (formally known as the Association of South Essex Local Authorities (ASELA)). The Council provides secretariat support and fulfils the Accountable Body function for the partnership.

Following devolution conversations between Thurrock, Essex and Southend-on-Sea Councils and an Expression of Interest submitted to government in March 2023, a detailed new local governance arrangement proposal was developed. In Autumn 2023 the Government confirmed that "Greater Essex" – i.e., the upper tier local authorities of Essex, Southend-on-Sea and Thurrock - would work towards a Level 2 devolution deal.

Reservations from some Essex MPs about the deal meant that consensus could not be reached and in September 2023 the Minister for Levelling Up gave formal notification that efforts to pursue a deal would be placed on hold until after a general election in 2024. The Council has since continued to work closely with Essex and Thurrock Councils on shared priorities across the Greater Essex area, including efforts to integrate the South East Local Enterprise Partnership to drive growth and jobs, and continued to actively participate in South Essex Councils workstreams.

Medium Term Financial Strategy (MTFS) 2024/25 – 2028/29

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

As part of the development and approval of the Council's 2024/25 Budget and MTFS in February 2024 a commitment was given to a new Transformation programme and development of a major service redesign programme for 2024/25 – 2028/29. The programme's terms of reference included the identification, prioritisation, and approval of transformation initiatives that

align to achieving the priorities contained within the approved Corporate Plan, and to undertake any remediation of existing initiatives considered to be at risk. From a governance perspective, a new Transformation Board was created in November 2023 which is led by the Corporate Leadership Team (CLT) with support from key Directors from across the Council. The overriding ambition is to support the Council's future financial sustainability commitment, by providing better outcomes for local residents, target scarce resources more effectively, develop and implement appropriate service re-design plans.

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

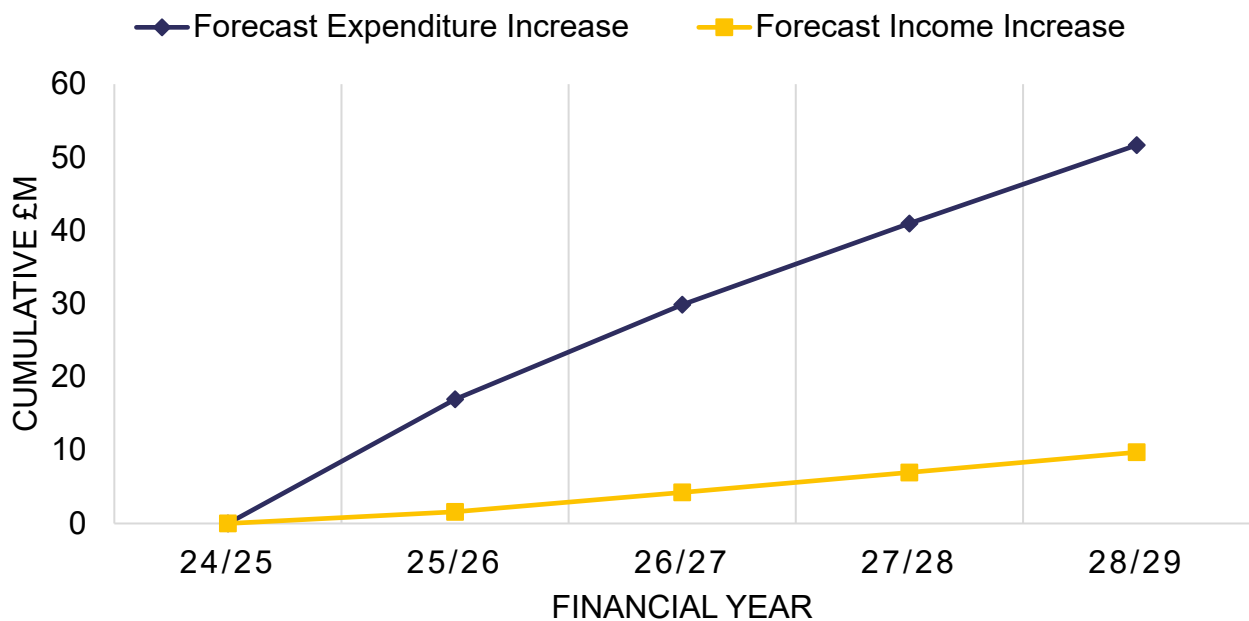
The operating landscape continues to be uncertain as the medium to long term implications on demand and future cost of service delivery are difficult to assess. The situation will continue to be closely monitored and appropriate tactics will be deployed to support local businesses and communities wherever possible throughout 2024/25.

A considerable amount of analysis and financial planning was undertaken throughout 2023/24, particularly due to the fact that Southend-on-Sea was already having to respond to some high value social care demand trends from previous years. This scenario was replicated in many other upper tier authorities right across the country. These pressures had been recognised locally and attempts were made to address some of these issues by increasing the revenue base of these services for 2024/25 and as part of the Medium Term Financial Strategy.

The combination of the long-term impact of the pandemic, demand for Council services and the cost-of-living crisis that continued throughout 2023/24 had a substantial impact on all our local communities, but particularly in the more deprived areas of Southend-on-Sea.

The Council was predicting a cumulative budget gap of **£32.9M** up to the end of 2028/29. The Council's forecast profile of this budget gap for each of the next five years is detailed in the following chart (*Figure 15*) which illustrates the estimated funding gap to 2028/29 as reported to Council in February 2024.

Figure 15 Forecast Income and Expenditure



As 2023/24 has progressed the level of financial pressure that the Council is facing has become clearer but strong decisive action has helped to mitigate the scale of the negative impact on the Council’s resilience. We are aware of the continuation of the risks of albeit reducing inflationary pressures, including future employee pay negotiations and increases in both the cost and complexity of demand for critical statutory social care services. We have modelled scenarios and earmarked specific service risk reserves for the most volatile statutory service areas of Children’s and Adults Social Care to provide a safety net. The challenge of continuing to design and implement potential financial mitigating strategies for 2024/25 and future years remains challenging.

Comprehensive financial monitoring and performance reports for Period 4, Period 6 and Period 8 were presented to Cabinet in September 2023, November 2023 and January 2024 respectively. These have highlighted the extent of the financial pressure in 2023/24, the mitigations undertaken and have provided a summary of performance against approved savings plans, income generation initiatives and targeted overspend reductions.

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

The Council also has an ambitious capital investment programme designed to create the right conditions to attract additional private sector investment into the local area and to directly benefit residents, businesses and future visitors. The level of planned investment is **£120M** over the next five years.

Building a City Council Fit for the Future

The overall level of net cost reduction required by Southend-on-Sea Council to bridge a medium to long term deficit by 2028/29 requires a programme of work that not only supports the development of net cost reduction and transformation opportunities at a service level, but that also considers how these opportunities can be integrated into a renewed, sustainable, operating model.

Ernst and Young (EY) were appointed in August 2023 to undertake a fourteen-week period of review to advance thinking around transformation and help develop strategy. Due to the immediate financial challenges, the Council 'pivoted' this work to develop cost-saving ideas to help to reduce the overspend for 2023/24 and to support the 2024/25 budget setting process but also to focus on 4 key cross cutting workstreams as follows:

- Estate Optimisation
- Demand Management in Adults & Children
- Front Door Redesign
- Procurement / Commissioning / Contract Management

A Transformational Programme for the Council

During the past year the Council has strived to provide more consistency, focus and assurance for its Transformational activity. In 2023/24, we have:

- refreshed the focus of the Council's Transformation Board to support delivery of circa £17m of savings and income generation initiatives.
- re-energised the Service Design function to enhance service delivery and resident engagement.
- scoped and designed our corporate Project Management Office function to enhance delivery, efficiency and quality assurance.
- built a Council change champion community to facilitate delivery of transformation across the organisation.

Our transformation guiding principles set the ambition for the Council and are the compass by which we will measure if an initiative helps the Council move towards the desired future state.

They reflect the two sides of the organisation which are both important: Supporting vulnerable residents and protecting the Council. These principles are summarised in *Figure 16*.

Figure 16 Summary of Guiding Principles

Resident Centric	<ul style="list-style-type: none"> • Putting residents at the heart of everything we do • Focusing on the experience of residents across all services • Ensuring the best possible services for residents, making sure their needs are met
Efficient & Effective	<ul style="list-style-type: none"> • Working in ways that are streamlined, preventative, optimise resources and prioritise the right things at the right times, providing the right results • Ensuring staff are enabled to work in a proactive and productive manner, and that residents receive smooth and streamlined services
Inclusive	<ul style="list-style-type: none"> • Promoting a positive culture within the Council and outside of it • Accommodating the needs of all and creating a sense of true acceptance • Ensuring there are no unspoken boundaries and that everyone has equal opportunity and sense of belonging, regardless of who they are
Evidence-Based Decisions	<ul style="list-style-type: none"> • Making decisions based on reliable data and evidence to ensure the best possible outcome for residents and the Council • Ensuring residents receive the best services and staff are empowered by decisions backed by good and reliable evidence.
Digitally Enabled	<ul style="list-style-type: none"> • Digital by default, reducing manual tasks and processes • Enabling each service to utilise resources optimally and effectively to meet resident and staff needs

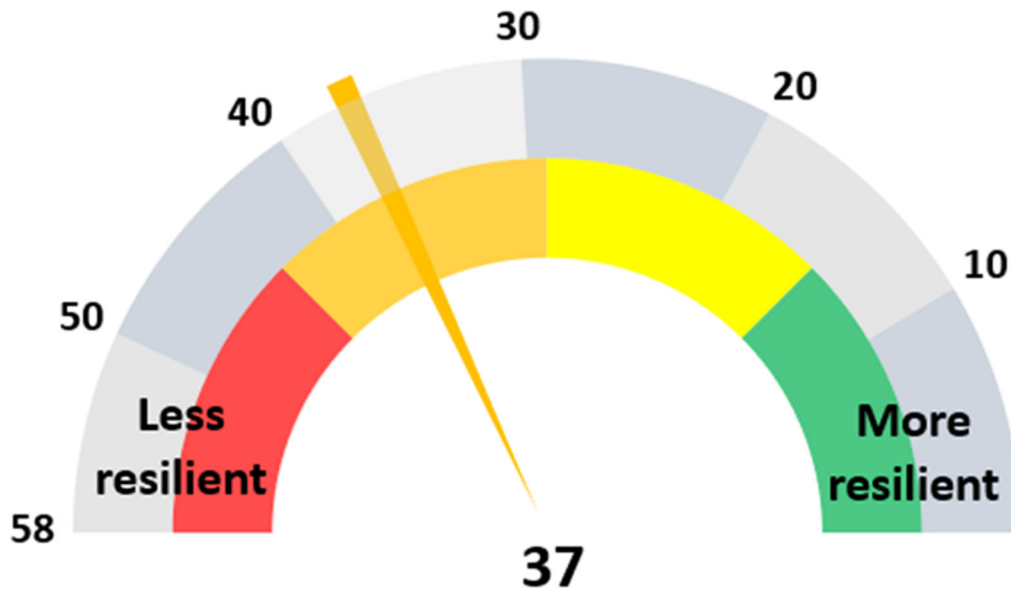
Financial Resilience and Future Sustainability

Financial resilience and future sustainability are important considerations. We are an ambitious Council and our local area secured City status in 2022. We are committed to continually improving our performance and delivering better outcomes for residents through our Corporate Plan and contributions to the refresh of the city's vision. Our desire to improve, learn and provide value for money is also predicated on acting responsibly and ensuring our plans are affordable and sensible.

The Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Resilience Index¹ uses nine primary indicators of financial stress. We have taken the indicator values for the 58 unitary authorities in England and assessed Southend-on-Sea's comparable resilience based on equal weighting of each indicator. The result places Southend-on-Sea 37th out of 58 as shown in Figure 17, although ranking on the individual indicators ranges from 14th to 42nd.

The variation in size and scale of unitary authorities both spatially and financially across the country is significant. Our relatively small size does present a disadvantage in financial resilience terms when compared with larger organisations. The Council's financial resilience and sustainability will remain under constant review. We are confident that our overall performance against this index will improve in 2024, as many of the indicators used are planned to strengthen in 2024/25 and we have not used any of our general fund reserves to support the setting of our 2024/25 Budget.

Figure 17 Southend's performance in CIPFA's Financial Resilience Index 2023



Annual Governance Statement

Our Annual Governance Statement (which commences on page 183 of this publication) summarises the outcome of our review of the Governance Framework that has been in place during 2023/24. The Annual Governance Statement demonstrates that we have effective governance arrangements in place and that we are satisfied that we have a robust system of internal control, which is a critical component of our overall governance arrangements.

Acknowledgements

The production of the Statement of Accounts would not have been possible without the exceptional hard work and dedication of employees across the Council. I would like to express my gratitude to all colleagues, particularly from my accountancy team but also from other services and organisations, who have assisted in the preparation of this document. I would also like to thank them for all their support and expertise during what was again a very challenging 2023/24 financial year.

My accountancy team have also successfully managed the finalisation of the independent external audit for financial year 2021/22 and substantively completed the 2022/23 audit during 2023/24. An exceptional achievement given the financial challenges and demands throughout the year. Our Council's external audit position compares favourably to the overall status of external audits right across the local government sector. The final clean audit opinion on our 2021/22 Accounts was reported to the Council's Audit Committee on 10th January 2024.

¹ <https://www.cipfa.org/services/financial-resilience-index/resilience-index>

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



Joe Chesterton
Executive Director (Finance and Resources) (s151 Officer)
Date: 31 May 2024

This publication is issued by: Financial Services, Southend-on-Sea City Council
You can contact us in the following ways:

Visit our Website: southend.gov.uk
By Email: accountancyreturns@southend.gov.uk
By Telephone: 01702 215000
By Post: Southend-on-Sea City Council
Po Box 2
Civic Centre
Victoria Avenue
Southend-on-Sea
Essex
SS2 6ER

The Financial Statements

The information provided in this publication presents the financial position of Southend-on-Sea City Council as at 31 March 2024, and the financial results for the financial year 2023/24. As a large and diverse organisation, these accounts will by their nature be both technical and complex and the purpose of this foreword is to provide a guide to the accounting information and statements that follow and summarise the Council's performance for the year. Since the introduction of IFRS (International Financial Reporting Standards) for local government accounting in 2010/11, the core financial statements comprise:

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

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

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

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

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

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

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

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

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

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

STATEMENT OF RESPONSIBILITY FOR THE STATEMENT OF ACCOUNTS

Statement of Responsibility for the Statement of Accounts

The Council's Responsibilities

The Council is required to:

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

The Executive Director (Finance and Resource's) Responsibilities

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

In preparing this Statement of Accounts, the Executive Director (Finance and Resources) has:

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

The Executive Director (Finance and Resources) has also:

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

Executive Director (Finance & Resources) Certificate

I certify that these accounts present a true and fair view of the financial position of the Council at 31 March 2024 and its income and expenditure for the year ended 31 March 2024.



Joe Chesterton, CPFA
Executive Director (Finance and Resources) (s151 Officer)
31 May 2024

Approval of the Statement of Accounts

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

Councillor Robert McMullan
Chair of Audit Committee
[date to be confirmed]

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

Opinion on the Financial Statements

Emma Larcombe (Director)
For and on behalf of KPMG LLP
Cambridge, United Kingdom

MAIN FINANCIAL STATEMENTS

Movement in Reserves Statement

	Note	Revenue Reserves				Capital Reserves			Total Usable Reserves
		General Fund Balance	Housing Revenue Account	Earmarked Schools Budget Reserves	Other Earmarked Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
		£000	£000	£000	£000	£000	£000	£000	
Balance at 1 April 2022		11,000	3,502	11,968	119,626	14,654	8,395	31,238	200,383
Surplus (Deficit) on the Provision of Services		(40,967)	3,688	0	0	0	0	0	(37,279)
Other Comprehensive Income and Expenditure		0	0		0	0	0	0	0
Total Comprehensive Income and Expenditure		(40,967)	3,688	0	0	0	0	0	(37,279)
Adjustments between accounting basis and funding basis under regulations	19	24,302	(4,011)	0	0	3,351	1,521	9,032	34,195
Net Increase / Decrease before Transfers to earmarked reserves		(16,665)	(323)	0	0	3,351	1,521	9,032	(3,084)
Transfers to / (from) Earmarked Reserves	20	16,665	323	2,766	(19,754)	0	0	0	0
Increase / Decrease in 2022/23		0	0	2,766	(19,754)	3,351	1,521	9,032	(3,084)
Balance at 31 March 2023		11,000	3,502	14,734	99,872	18,005	9,916	40,270	197,299

	Note	Revenue Reserves				Capital Reserves			Total Usable Reserves
		General Fund Balance	Housing Revenue Account	Earmarked Schools Budget Reserves	Other Earmarked Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
		£000	£000	£000	£000	£000	£000	£000	
Movement in Reserves during 2023/24									
Surplus (Deficit) on the Provision of Services		(20,973)	(5,201)	0	0	0	0	0	(26,174)
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	0	0
Total Comprehensive Income and Expenditure		(20,973)	(5,201)	0	0	0	0	0	(26,174)
Adjustments between accounting basis and funding basis under regulations	19	16,459	4,918	0	0	1,324	620	(1,876)	21,445
Net Increase / Decrease before Transfers to earmarked reserves		(4,514)	(283)	0	0	1,324	620	(1,876)	(4,729)
Transfers to / (from) Earmarked Reserves	20	4,514	283	(971)	(2,826)	0	0	0	1,000
Transfers to / (from) Balances		(1,000)	0	0	0	0	0	0	(1,000)
Increase / Decrease in 2023/24		(1,000)	0	(971)	(2,826)	1,324	620	(1,876)	(4,729)
Balance at 31 March 2024		10,000	3,502	13,763	97,046	19,329	10,536	38,394	192,570

	Unusable Reserves						Unusable Reserves	Total Authority Reserves	
	Revaluation Reserve	Financial Instrument Revaluation Reserve	Pensions Reserve	Capital Adjustment Account	Deferred Capital Receipts	Collection Fund Adjustment Account			Accumulated Absences Account
	£000	£000	£000	£000	£000	£000	£000	£000	
Balance at 1 April 2022	316,487	3,610	(92,431)	213,086	4,825	(1,424)	(2,641)	441,512	641,895
Surplus (Deficit) on the Provision of Services	0	0	0	0	0	0	0	0	(37,279)
Other Comprehensive Income and Expenditure	21,506	0	232,724	0	0	0	0	254,230	254,230
Total Comprehensive Income and Expenditure	21,506	0	232,724	0	0	0	0	254,230	216,951
Adjustments between accounting basis and funding basis under regulations	(7,051)	(7,335)	(17,762)	(8,224)	759	6,354	(936)	(34,195)	0
Net Increase / Decrease before Transfers to earmarked reserves	14,455	(7,335)	214,962	(8,224)	759	6,354	(936)	220,035	216,951
Transfers to / (from) Earmarked Reserves	0	0	0	0	0	0	0	0	0
Increase / Decrease in 2022/23	14,455	(7,335)	214,962	(8,224)	759	6,354	(936)	220,035	216,951
Balance at 31 March 2023	330,942	(3,725)	122,531	204,862	5,584	4,930	(3,577)	661,547	858,846

	Unusable Reserves							Unusable Reserves	Total Authority Reserves
	Revaluation Reserve	Financial Instrument Revaluation Reserve	Pensions Reserve	Capital Adjustment Account	Deferred Capital Receipts	Collection Fund Adjustment Account	Accumulated Absences Account		
	£000	£000	£000	£000	£000	£000	£000	£000	
Movement in Reserves during 2023/24									
Surplus (Deficit) on the Provision of Services	0	0	0	0	0	0	0	(26,174)	
Other Comprehensive Income and Expenditure	(9,018)	0	(133,466)	0	0	0	0	(142,484)	
Total Comprehensive Income and Expenditure	(9,018)	0	(133,466)	0	0	0	0	(168,658)	
Adjustments between accounting basis and funding basis under regulations	(11,124)	(1,651)	7,513	(12,658)	(3,094)	(440)	9	(21,445)	
Net Increase / Decrease before Transfers to earmarked reserves	(20,142)	(1,651)	(125,953)	(12,658)	(3,094)	(440)	9	(163,929)	
Transfers to / (from) Earmarked Reserves	0	0	0	0	0	0	0	1,000	
Transfers to / (from) Balances	0	0	0	0	0	0	0	(1,000)	
Increase / Decrease in 2023/24	(20,142)	(1,651)	(125,953)	(12,658)	(3,094)	(440)	9	(168,658)	
Balance at 31 March 2024	310,800	(5,376)	(3,422)	192,204	2,490	4,490	(3,568)	497,618	
								690,188	

Balance Sheet

31 March 2023 £000		Notes	31 March 2024 £000
772,384	Property, Plant & Equipment (excluding infrastructure assets)	21a	743,552
137,486	Infrastructure Assets	21b	139,050
32,239	Heritage Assets	23	32,793
38,143	Investment Property	24	38,850
7,902	Intangible Assets	22	7,325
30,517	Long Term Investments	25	28,355
4,318	Long Term Debtors	25	2,381
122,531	Other Long Term Assets – Pensions		0
1,145,520	Long Term Assets		992,306
47,658	Short term Investments	25	53,640
201	Inventories		202
51,642	Short Term Debtors	26	42,824
44,724	Cash and Cash Equivalents	25, 27	33,265
144,225	Current Assets		129,931
(1,825)	Short Term Borrowings	25	(9,844)
(57,879)	Short Term Creditors	28	(55,014)
(4,733)	Provisions	29	(6,205)
(64,437)	Current Liabilities		(71,063)
(1,881)	Long Term Creditors		(1,618)
(355,365)	Long Term Borrowing	25	(347,158)
0	Other Long Term Liabilities – Pensions	37	(3,422)
(9,216)	Other Long Term Liabilities – Other	25	(8,788)
(366,462)	Long Term Liabilities		(360,986)
858,846	Net Assets		690,188
197,299	Usable Reserves	30	192,570
661,547	Unusable Reserves	31	497,618
858,846	Total Reserves		690,188

Cash Flow Statement

2022/23 £000		Notes	2023/24 £000
37,279	Net Deficit on the Provision of Services		26,174
(26,200)	Adjustments to Net Deficit on the Provision of Services for non-cash Movements	40	(56,150)
25,253	Adjustments for items included in the Net Deficit on the Provision of Services that are Investing and Financing Activities	41	21,739
<u>36,332</u>	Net cash outflows from Operating Activities		<u>(8,237)</u>
(18,762)	Investing Activities	42	20,496
(8,530)	Financing Activities	43	(800)
<u>9,040</u>	Net Decrease in Cash and Cash Equivalents		<u>11,459</u>
(53,764)	Cash and Cash Equivalents at the beginning of the Reporting Period		(44,724)
<u>(44,724)</u>	Cash and Cash Equivalents at the end of the Reporting Period	27	<u>(33,265)</u>

NOTES TO THE ACCOUNTS

Notes Contents List

<i>Notes Contents List</i>	55
Note 1. Accounting Policies.....	57
Note 2. Accounting Standards that have been Issued but have not yet been Adopted.....	74
Note 3. Critical Judgements in applying Accounting Policies.....	75
Note 4. Assumptions made about the future and other major sources of estimation uncertainty.....	76
Note 5. Events after the Balance Sheet date.....	78
<i>Notes Supporting the Comprehensive Income and Expenditure Statement</i>	79
Note 6. Expenditure and Funding Analysis.....	79
Note 7. Expenditure and Income Analysed by Nature.....	83
Note 8. Segmental Income.....	84
Note 9. Material Items of Income and Expense.....	84
Note 10. Other Operating Income and Expenditure.....	85
Note 11. Financing and Investment Income and Expenditure.....	86
Note 12. Taxation and Non Specific Grant Incomes.....	86
Note 13. Pooled Budgets.....	86
Note 14. Members' Allowances.....	87
Note 15. Officers' Remuneration.....	88
Note 16. External Audit Costs.....	92
Note 17. Dedicated Schools Grant.....	92
Note 18. Grant Income.....	93
<i>Notes Supporting the Movements in Reserves Statement</i>	95
Note 19. Adjustments between Accounting Basis and Funding Basis under Regulations.....	95
Note 20. Transfers to / from Earmarked Reserves.....	100
<i>Notes Supporting the Balance Sheet</i>	102
Note 21. Property, Plant and Equipment.....	102
Note 22. Intangible Assets.....	108
Note 23. Heritage Assets.....	108
Note 24. Investment Properties.....	111
Note 25. Financial Instruments.....	112
Note 26. Short Term Debtors.....	117
Note 27. Cash and Cash Equivalents.....	117
Note 28. Short Term Creditors.....	118
Note 29. Provisions.....	118
Note 30. Usable Reserves.....	119
Note 31. Unusable Reserves.....	119
Note 32. Capital Expenditure and Capital Financing.....	121
Note 33. Leases.....	123
Note 34. Downward Revaluation and Impairment Losses.....	123
Note 35. Termination Benefits.....	124
Note 36. Pension Schemes Accounted for as Defined Contribution Schemes.....	124
Note 37. Defined Benefit Pension Schemes.....	125
Note 38. Nature and Extent of Risks Arising from Financial Instruments.....	130
<i>Notes Supporting the Cash Flow Statement</i>	134
Note 39. Cash Flow Statement - Interest Paid and Received.....	134
Note 40. Cash Flow Statement – Non-Cash Movements.....	135
Note 41. Cash Flow Statement - Adjustments for items included in the Net Deficit on the Provision of Services that are Investing and Financing Activities.....	135
Note 42. Cash Flow Statement - Investing Activities.....	136
Note 43. Cash Flow Statement - Financing Activities.....	136
<i>Other Notes</i>	136
Note 44. Related Parties.....	136
Note 45. Contingent Liabilities.....	138
HOUSING REVENUE ACCOUNT	139
<i>HRA Income and Expenditure Statement</i>	140
<i>Movement on the HRA Balance</i>	141
<i>Calculation of Movement on the HRA Balance</i>	141
<i>Notes to the HRA</i>	142

THE COLLECTION FUND	146
<i>The Collection Fund.....</i>	147
<i>Notes to the Collection Fund</i>	149
THE GROUP ACCOUNTS	153
<i>Introduction</i>	154
Wholly Owned Companies	154
Joint Ventures	154
Trust Funds.....	155
Group Accounting Policies.....	156
<i>Group Comprehensive Income and Expenditure Statement.....</i>	157
<i>Group Movement in Reserves.....</i>	158
<i>Group Balance Sheet</i>	159
<i>Group Cash Flow Statement</i>	160
<i>Notes to the Group Accounts.....</i>	161
ADDITIONAL FINANCIAL INFORMATION.....	172
<i>Members' Allowances (unaudited).....</i>	173
ABBREVIATIONS and GLOSSARY	175
<i>Abbreviations</i>	176
<i>Glossary.....</i>	177
ANNUAL GOVERNANCE STATEMENT.....	183
<i>Annual Governance Statement for the Year Ended 31 March 2024</i>	184
Introduction	184
The Purpose Of The Annual Governance Statement.....	184
The Governance Framework	184
Internal Audit.....	203
Issues for the Annual Governance Statement.....	205
Review of actions from the 2022/23 Annual Governance Statement.....	206
Further actions to strengthen the Council's governance arrangements for 2024/25	207
Certification	210

Note 1. Accounting Policies

General Principles

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, supported by International Financial Reporting Standards (IFRS), and statutory guidance issued under Section 12 of the 2003 Act.

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

Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Where it does not materially affect the accounts, and a full year's income and expenditure is recorded, an accrual need not be raised.
- Accruals are not made for items under £5,000, except where in the opinion of the Executive Director (Finance and Resources) the absence of an accrual for a lesser amount would lead to a misrepresentation of the cost of a service.
- Where the Council acts as an agent, transactions will not be reflected in the Council's financial statements. Exceptions to this are in respect of cash received or expenditure incurred by the agent on behalf of the principal, in which case a debtor or creditor will be raised.

Cash and Cash Equivalents

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

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

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

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

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

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

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

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

There are no changes to accounting policies in 2023/24 which require restatement of prior periods.

Charges to Revenue for Non-Current Assets

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

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

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

Council Tax and Non-Domestic Rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors, and central Government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for council tax and NDR

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

The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

Employee Benefits

Post Employment Benefits

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

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

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

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

The Local Government Pension Scheme

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

- The liabilities of the Essex Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 4.90%. The discount rate is the annualised Merrill Lynch AA rated corporate bond yield curve (where the curve is assumed to be flat beyond the 30-year point). This is consistent with the approach used at the previous accounting date.
- The assets of Essex Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property – market value.

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

- Service cost comprising:
 - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
 - past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement
 - net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Remeasurements comprising:
 - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their

assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

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

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

Discretionary Benefits

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

Events after the Balance Sheet Date

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

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

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

Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as investments in property funds, short-dated bond funds, enhanced cash funds and money market funds at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – unobservable inputs for the asset or liability.

Financial Instruments

Financial Liabilities

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

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

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

- amortised cost.
- fair value through profit or loss.
- fair value through other comprehensive income.

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

Financial Assets Measured at Amortised Cost

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

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

Expected Credit Loss Model

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

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

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at Fair Value through Profit of Loss are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the Surplus or Deficit on the Provision of Services.

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

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

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

Foreign currency translation

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

Government Grants and Contributions

Where grants have been paid to the Council under Section 31 of the Local Government Act and where material, an assessment will be made as to whether to account for them as principal or agent transactions after considering how the grant operates and all the relevant facts and circumstances. Where the Council is acting as a distribution point only for grant monies to other bodies and has no control over the amount or determination of eligibility of grant allocated to a recipient, then the Council is likely to be acting as an agent. Where the Council is able to conclude that it has direct influence over the basis, value and distribution of the grant it would be deemed to be acting as a principal.

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

Where the Council acts as a principal

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

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

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

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

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

Heritage Assets

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

The Council's Heritage Assets consist of historic seaside assets, heritage land and buildings, antiques/collectables, museum collections and memorials/statues. These assets are held by the reporting entity in pursuit of its overall objectives in relation to the maintenance of the heritage. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's

accounting policies on property, plant, and equipment (PPE). However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The accounting policies in relation to heritage assets that are deemed to include elements of intangible heritage assets are also presented below. The Council's heritage assets are accounted for as follows.

Historic Seaside Assets

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

Heritage Land and Buildings

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

Antiques / Collectables

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

Museum Collections

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

Memorials and Statues

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

Heritage Assets – General

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

Intangible Assets

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

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

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

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

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

Interests in Companies and Other Entities

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

Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

Joint operations

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

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

Leases

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

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

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

The Council as Lessor

Operating Leases

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

Overheads and Support Services

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

Property, Plant and Equipment (including infrastructure assets)

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

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

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

The Council does not generally capitalise borrowing costs incurred whilst assets are under construction, with the exception of major invest to save schemes where the financing is structured to allow the initial roll up of revenue costs prior to savings or income streams being realised.

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

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

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

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

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

Assets included in the Balance Sheet at current value are revalued or have indexation adjustments applied sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum are revalued every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Gains might be credited to the Surplus of Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

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

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

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

Impairment

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

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

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

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

Depreciation

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

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

Annual depreciation is the depreciation amount allocated each year.

Depreciation is calculated on the following bases:

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

- infrastructure – useful lives of the various categories of infrastructure assets are assessed by the Head of Civil Engineering using industry standards where applicable as follows:

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

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

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

Disposals

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

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

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

Provisions

Provisions

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

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

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

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

Reserves

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

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

Revenue Expenditure Funded from Capital under Statute

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

Schools

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

VAT

VAT payable is included as an expense only to the extent that it is not recoverable from His 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 2024/25 Code:

- IFRS 16 Leases issued in January 2016.
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020.
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022.
- Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022.
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023.
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023.

The Code requires implementation from 1 April 2024. Apart from IFRS 16 Leases, it is not anticipated that these accounting changes will have any material impact on the Council's Statement of Accounts.

IFRS 16 Leases

IFRS 16 Leases will replace IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease and other interpretations and is applicable to Local Government Authorities for periods beginning 1 April 2024. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the Balance Sheet for most leases: some leases are exempt through application of practical expedients explained below. For those recognised in the Balance Sheet the standard also requires the remeasurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

IFRS 16 changes the definition of a lease compared to IAS 17 and IFRIC 4.

On transition to IFRS 16 on 1 April 2024, the Council will apply the standard retrospectively without restatement and with the cumulative effect of initially applying the standard recognised in the IFRS 16 Leases Adjustment Reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £10,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the Council's incremental borrowing rate. The Council's incremental borrowing rate will be defined by HM Treasury. For 2024, this rate is the average PWLB new annuity rate during 2023/24 determined for each lease based on the lease end date. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the IFRS 16 Leases Adjustment Reserve on transition. No adjustments will be made on 1 April 2024 for existing finance leases.

For leases commencing in 2024/25, the Council will not recognise a right of use asset or lease liability for short term leases (less than or equal to 12 months) or for leases of low value assets (less than £10,000). Right of use assets will be subsequently measured on a basis consistent with owned assets and depreciated over the length of the lease term.

The Council has estimated the impact of applying IFRS 16 in 2024/25 on the opening Balance Sheet and the in-year impact on the Comprehensive Income and Expenditure Statement and capital additions as follows:

Estimated impact on 1 April 2024 Balance Sheet	£'000
Additional right of use assets recognised for existing operating leases	8,781
Additional lease obligations recognised for existing operating leases	(3,146)
Changes to other Balance Sheet line items	(5,635)
Net impact on net assets on 1 April 2024	
Estimated in-year impact in 2024/25	
Additional depreciation on right of use assets	(664)
Additional finance costs on lease liabilities	(143)
Lease rentals no longer charged to operating expenditure	808
Other impact on income / expenditure	(8)
Estimated impact on surplus/deficit in 2024/25	<u>(7)</u>
Estimated increase in capital additions for new leases commencing in 2024/25	-

Note 3. Critical Judgements in applying Accounting Policies

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

- There remains a high degree of uncertainty over future levels of funding for local government. The whole sector has experienced large inflationary pressures combined with increases in the volume and complexity of service demand pressures in the aftermath of the pandemic. The Local Government sector only received a one-year financial settlement for 2024/25 and no clarity has yet been provided over the content or timing of the next Comprehensive Spending Review or over key areas of local government funding reform. The uncertainty over future national funding policy has been further heightened by the recent announcement that the General Election is to be held on 4 July. However, the authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the authority might be impaired as a result of a need to close facilities and reduce levels of service provision.
- A key area of judgement relates to who controls schools' assets. The following judgements have been made by management: All community schools are owned by the Council and the land and buildings used by the schools are included on the Council's Balance Sheet. For the foundation schools the control of the land and buildings is vested with the Governing Body and so they are included on the Councils' Balance Sheet. For the Voluntary Aided schools the Diocese owns the title to the assets, the schools use the assets under "mere" licences which pass no interest to the school and the Diocese has not ceded control of the assets to the

school, so the land and buildings used by the schools are not included on the Council's Balance Sheet. Academies are not considered to be maintained schools in the Council's control so the land and building assets are not owned by the Council and not included on the Council's Balance Sheet.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made considering historical experience, current trends, and other relevant factors. The assumptions and other sources of estimation uncertainty disclosed below relate to the estimates that require the authority's most difficult, subjective or complex judgements. As a result, balances cannot be determined with certainty and actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2024 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 of changes in individual assumptions can be measured. As examples, an increase in life expectancy of retired employees of 1 year would increase the net pension liability by £20.7M, and an increase in the discount rate of 0.5% would decrease the net pension liability by £38.1M. The full effects on the net pensions' liability are fully disclosed in note 37 to the Accounts.

Item	Uncertainties	Effect if actual results differ from assumptions
<p>Fair Value Measurements</p>	<p>When the fair values of non-financial assets and non-financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and liabilities.</p> <p>Where Level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties and surplus assets, the Council's external valuer).</p> <p>Information about the valuation techniques and inputs used in determining the fair value of the Council's Investment Properties and Surplus Assets are disclosed in notes 24 and 21a respectively.</p>	<p>The Council uses the discounted cash flow model to measure the fair value of its investment properties. The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, occupancy levels, bad debt levels, maintenance costs and discount rates.</p> <p>The Council uses the comparative approach to measure the fair value of its surplus development plots using the sales price obtained for similar development plots in the past. The significant unobservable inputs used in the fair value measurement include the external valuers' professional judgement on current sales prices.</p> <p>Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and surplus assets.</p> <p>The ranges used, on a weighted average basis, are maintained on a consistent basis year on year.</p> <p>The Council's investment property portfolio and surplus assets are relatively stable and there has been no change in the valuation techniques used for Investment Properties or Surplus Assets in 2023/24 including the applicable ranges.</p>

Item	Uncertainties	Effect if actual results differ from assumptions
Property, Plant and Equipment (including infrastructure assets)	The uncertainties arise because of the estimations used by the valuer. The basis of these estimations is set out in note 21 but different valuers could arrive at different results whilst still using the same basis for those estimations.	The actual value of the asset only becomes apparent when it is sold. The accounting treatment is set out in the disposals paragraph of the Property, Plant and Equipment section of Note 1.
	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge would increase by £2.1M for every year that useful lives had to be reduced.

Note 5. Events after the Balance Sheet date

The Statement of Accounts was authorised for issue by the Executive Director (Finance and Resources) (s151 Officer) on 31 May 2024. 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 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The prevailing national operating environment, particularly for upper tier local authorities continues to be financially challenging, with numerous Councils announcing or giving warnings of financial distress. There remains widespread concern and risk to the continued delivery and level of public services in many local authority areas. Locally, challenges remain with the effects of coping with the impact of the cost of living crisis on the Council and its partners. The increased service demand pressures, sustained level of higher costs will impact the ongoing financial position of the Council. There were three further interest rate rises during 2023/24 and although the rate of inflation began to reduce towards the latter part of 2023/24, it still remains above the Bank of England's target rate. Uncertainty remains over the timing of when any interest rate cuts will be made by the Bank of England as it seeks to meet their inflation target of 2%. Given the General Election to be held on 4 July, it is also uncertain what measures and policy changes may be implemented by the newly elected Government. The key impacts on the 2023/24 financial year and the implications for the 2024/25 budget and Medium Term Financial Strategy will be set out in the provisional resources outturn for 2023/24 that will be presented to the Cabinet meeting on 24 June 2024.

Porters Place Southend-on-Sea LLP is one of the joint ventures in which the Council participates, with the purpose to regenerate the Queensway Estate and surrounding environs. Following the signing of the settlement agreement and the exit of Swan BQ Limited as a member of Porters Place Southend-on-Sea LLP on 28 November 2023, a new joint venture partner is needed. It has been agreed that Southend Housing Ltd, a wholly owned subsidiary of the Council, be incorporated as the Council's LLP Partner in Porters Place Southend-on-Sea LLP.

Notes Supporting the Comprehensive Income and Expenditure Statement

Note 6. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by the Council in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's Portfolios. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Net Expenditure Chargeable to the General Fund and HRA Balances	2022/23		Notes	2023/24		
	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	
£000 Restated	£000 Restated	£000 Restated		£000	£000	£000
11,847	7,349	19,196		17,177	2,711	19,888
20,190	2,717	22,907	Leader: Special Educational Needs & Disability and Constitutional Affairs	23,555	(2,536)	21,019
6,424	6,539	12,963	Deputy Leader: Environment	7,378	3,724	11,102
38,897	4,994	43,891	Arts, Culture, Heritage and Leisure	42,542	1,605	44,147
720	1,977	2,697	Children's Services, Education and Learning	907	1,846	2,753
858	305	1,163	Community Safety and Public Protection	1,520	(23)	1,497
2,880	7,909	10,789	Economic Growth and Investment	2,971	6,519	9,490
(97)	5,518	5,421	Highways, Transport and Parking	828	7,508	8,336
52,550	5,034	57,584	Housing and Planning	59,518	498	60,016
(1,933)	11,944	10,011	Public Health and Adult Social Care	(2,063)	5,924	3,861
132,336	54,286	186,622	Regulatory Services	154,333	27,776	182,109
(7,535)	2,948	(4,587)	Net Cost of General Fund Services	(8,169)	13,679	5,510
(7,535)	2,948	(4,587)	Local Authority Housing (HRA)	(8,169)	13,679	5,510
124,801	57,234	182,035	Net Cost of Housing Revenue Account Services	146,164	41,455	187,619
5,296	12,312	17,608	Net Cost of Services	7,297	7,196	14,493
(130,097)	(32,267)	(162,364)	Other (Income) and Expenditure	(152,461)	(23,477)	(175,938)
(124,801)	(19,955)	(144,756)	Taxation and non-specific Grant Income	(145,164)	(16,281)	(161,445)
0	37,279	37,279	Total Other (Income) and Expenditure	1,000	25,174	26,174
14,502			Deficit			
0			Opening General Fund and HRA Balance	14,502		
14,502			Less: Deficit on General Fund and HRA Balance in Year	(1,000)		
			Closing General Fund and HRA Balance	13,502		

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

IAS 19 Pension Adjustments	2022/23	Other Differences	Total Adjustments between the Funding and Accounting Basis	Notes	IAS 19 Pension Adjustments	Adjustments for Capital Purposes	2023/24	Total Adjustments between the Funding and Accounting Basis
	Adjustments for Capital Purposes						Other Differences	
£000 Restated	£000 Restated	£000 Restated	£000		£000	£000	£000	£000
2,508	8,147	(3,306)	7,349	Leader: Special Educational Needs & Disability and Constitutional Affairs	527	3,652	(1,468)	2,711
1,036	1,074	607	2,717	Deputy Leader: Environment	(150)	313	(2,699)	(2,536)
1,039	5,462	38	6,539	Arts, Culture, Heritage and Leisure	(159)	3,883	0	3,724
4,251	(63)	806	4,994	Children's Services, Education and Learning	(549)	2,759	(605)	1,605
321	1,645	11	1,977	Community Safety and Public Protection	(50)	1,356	540	1,846
287	0	18	305	Economic Growth and Investment	(23)	0	0	(23)
1,077	6,788	44	7,909	Highways, Transport and Parking	(193)	6,689	23	6,519
1,339	3,526	653	5,518	Housing and Planning	(154)	7,662	0	7,508
2,957	1,900	177	5,034	Public Health and Adult Social Care	(447)	1,123	(178)	498
705	8,203	3,036	11,944	Regulatory Services	(103)	4,125	1,902	5,924
15,520	36,682	2,084	54,286	Net Cost of General Fund Services	(1,301)	31,562	(2,485)	27,776
0	2,816	132	2,948	Net Cost of Housing Revenue Account Services	0	13,633	46	13,679
15,520	39,498	2,216	57,234	Net Cost of Services	(1,301)	45,195	(2,439)	41,455
2,242	(34,268)	44,338	12,312	Other (Income) and Expenditure	(6,213)	(22,233)	35,642	7,196
0	0	(32,267)	(32,267)	Taxation and non-specific Grant Income		0	(23,477)	(23,477)
17,762	5,230	14,287	37,279	(Surplus) or Deficit	(7,514)	22,962	9,726	25,174

a IAS19 Pension Adjustments

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

For **services** this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.

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

b Adjustments for Capital Purposes

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

Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

Financing and investment income and expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

c Other Differences

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

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

The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

Note 7. Expenditure and Income Analysed by Nature

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

	Notes	2023/24 £000	2022/23 £000
Income			
Fees, Charges and other Service Income	8	(99,915)	(86,104)
Interest and Investment Income	11	(6,755)	(4,176)
Gains on Revaluation		(1,920)	(7,238)
Income from Council Tax	12	(99,716)	(93,344)
Income from Non-domestic Rates	12	(19,587)	(17,900)
Government Grants and Contributions	18	(234,488)	(226,479)
Pensions Interest and Expected Return	11	(6,213)	0
Gains on the disposal of Assets	10	0	(806)
Total Income		(468,594)	(436,047)
Expenditure			
Employee Benefits Expenses		94,166	107,869
Other Service Expenses		319,014	287,031
Support Service Recharges (net)		0	(121)
Depreciation, Amortisation and Impairment		55,058	54,921
Interest Payments	11	13,037	12,860
Decreases in the Fair Value of pooled investments	11	1,651	7,335
Pensions Interest and Expected Return	11	0	2,242
Precepts and Levies	10	1,325	1,189
Losses on the disposal of Assets	10, 11	10,517	0
Total Expenditure		494,768	473,326
Deficit on the Provision of Services		26,174	37,279

Note 8. Segmental Income

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

	2023/24	2022/23
	£000	£000
		Restated
Leader: Special Educational Needs & Disability and Constitutional Affairs	(4,550)	(3,142)
Deputy Leader: Environment	(1,549)	(1,358)
Arts, Culture, Heritage and Leisure	(3,027)	(2,242)
Children's Services, Education and Learning	(1,812)	(4,219)
Community Safety and Public Protection	(3,966)	(237)
Economic Growth and Investment	128	(139)
Highways, Transport and Parking	(9,306)	(11,549)
Housing and Planning	(12,809)	(7,430)
Public Health and Adult Social Care	(18,844)	(13,762)
Regulatory Services	(6,159)	(6,167)
Total Income from General Fund Services	(61,894)	(50,245)
Local Authority Housing (HRA)	(32,072)	(29,667)
Total Income from Housing Revenue Account Services	(32,072)	(29,667)
Total Income from Services	(93,966)	(79,912)
Other Income and Expenditure	(5,949)	(6,192)
Total Income	(99,915)	(86,104)

Note 9. Material Items of Income and Expense

In relation to 2023/24:

- The Deficit on Revaluation of non-current assets of £9.018M consists of £9.324M of revaluation gains from the increase in the value of Property Plant and Equipment and £18.342M accumulated revaluation gains lost as a result of downwards revaluation and impairment losses to Property Plant and Equipment.
- The performance of the Essex Pension Fund during 2023/24 improved with the combination of an increase in the underlying value of scheme assets more than offsetting an increase in the present value of scheme liabilities. This has led to a pensions actuarial gain passing through the Comprehensive Income and Expenditure Statement of £57.406M. However, this has been offset by an asset ceiling adjustment of £190.872M to recognise the pension scheme surpluses as nil, which is the extent to which they are considered recoverable.

- £8.417M was received from Government and allocated through the Better Care Fund. The Council only acted as an agent and had no control or influence over the basis or the actual amount that was passported on to the intended recipients.

In relation to 2022/23:

- The Surplus/Deficit on Revaluation of non-current assets of £21.506M consists of £22.322M of revaluation gains from the increase in the value of Property Plant and Equipment and £0.816M accumulated revaluation gains lost as a result of downwards revaluation and impairment losses to Property Plant and Equipment.
- The performance of the Essex Pension Fund during 2022/23 improved with the combination of an increase in the underlying value of scheme assets and a decrease in the present value of scheme liabilities. This has led to an actuarial gain passing through the Comprehensive Income and Expenditure Statement of £232.724M
- In response to the cost-of-living crisis the Government provided financial support to all households through the Council Tax Energy Rebate. In accordance with the grant conditions the Council validated the intended eligible households and value of support based on the specific guidance and instructions received. The Council only acted as an agent for this £10.334M and had no control or influence over the basis or the actual amount that was passported on to the intended recipient.

Note 10. Other Operating Income and Expenditure

	2023/24	2022/23
	£000	£000
Leigh Town Council Precept and Grant	462	453
Levies	863	736
(Gains)/Losses on the Disposal of Non-current Assets	10,352	(806)
Total	11,677	383

Note 11. Financing and Investment Income and Expenditure

	2023/24	2022/23
	£000	£000
Interest Payable and Similar Charges	13,037	12,860
Interest on net pension liability	(6,213)	2,242
Interest Receivable and Similar Income	(6,755)	(4,176)
Movement in the Fair Value of pooled investments	1,651	7,335
Income and Expenditure in relation to Investment Properties and changes in their Fair Value	(1,949)	(3,078)
Loss on the Disposal of Investment Properties	165	0
Deficit on Traded Services	2,672	2,242
Other	208	(200)
Total	2,816	17,225

See also note 24 for more information on Investment Properties.

Note 12. Taxation and Non Specific Grant Incomes

	2023/24	2022/23
	£000	£000
Council Tax Income	99,716	93,344
Retained Business Rates	19,587	17,900
Non-Ringfenced Government Grants	49,775	39,641
COVID-19 Related Grants and Contributions	279	6
Capital Grants and Contributions	6,581	11,473
Total	175,938	162,364

Note 13. Pooled Budgets

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

The Contributions into the pool are the minimum requirements under rules set by the Department of Health and Social Care and the Department for Levelling Up, Housing

and Communities. The expenditure by each of the partners is negotiated between them each year and set within the Section 75 agreement referred to above.

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

	2023/24	2022/23
	£000	£000
Funding provided to the pooled budget		
Southend-on-Sea City Council	(10,762)	(10,237)
NHS Mid and South Essex Integrated Care Board	(17,176)	(15,493)
Total Funding	(27,938)	(25,730)
Expenditure met from the pooled budget		
Southend-on-Sea City Council	18,323	17,393
NHS Mid and South Essex Integrated Care Board	9,615	8,337
Total Expenditure	27,938	25,730
Net Pooled Budget	0	0
Southend-on-Sea City Council share	0	0

Note 14. Members' Allowances

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

	2023/24	2022/23
	£000	£000
Basic Allowances	527	515
Special Allowances	255	208
Total Members Allowances	782	723

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

Note 15. Officers' Remuneration

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

2023/24

Post holder information (Post title)	Salary (Including fees and Allowances)	Compensation for loss of employment	Benefits in Kind (e.g. Car Allowance)	Total Remuneration excluding pension contributions 2023/24	Pension contribution	Total Remuneration including pension contributions 2023/24
	£	£	£	£	£	£
Chief Executive (5th February 2024 - Current)	30,541	0	0	30,541	6,505	37,046
Interim Chief Executive (25th July 2023 - 4th February 2024)	97,101	0	0	97,101	0	97,101
Chief Executive (1st April 2023 - 15th October 2023)	116,706	64,500	0	181,206	21,116	202,322
Executive Directors						
Adults and Communities	131,660	0	0	131,660	28,046	159,706
Children and Public Health	133,500	0	0	133,500	28,458	161,958
Environment and Place (4th September 2023 - Current)	134,188	0	0	134,188	28,402	162,590
Interim Growth and Housing (to 4th September 2023)						
Interim (Neighbourhoods and Environment (22nd June 2023 - 4th September 2023)						
Interim Neighbourhoods and Environment (to 22nd June 2023)	60,027	0	0	60,027	0	60,027
Finance and Resources	139,667	0	0	139,667	29,698	169,365
Strategy and Change (18th September 2023 - Current)	70,512	0	0	70,512	15,019	85,531
Strategy and Change and Governance (to 9th July 2023)	42,843	0	0	42,843	8,124	50,967
Directors						
Education, Inclusion and Early Years	107,128	0	0	107,128	22,822	129,950
Adult Social Care	116,002	0	0	116,002	0	116,002
Children's Social Care	113,755	0	0	113,755	24,218	137,973
Commissioning (2nd October 2023 - Current)	50,684	0	0	50,684	10,796	61,480
Commissioning (to 21st May 2023)	16,823	0	0	16,823	3,375	20,198
Culture, Tourism & Delivery (to 2nd June 2023)	23,673	51,777	0	75,450	4,055	79,505
Digital & ICT	108,841	0	0	108,841	23,216	132,057
Financial Services	117,868	0	0	117,868	24,765	142,633
Infrastructure and Environment (11th July 2023 - Current)	78,669	0	0	78,669	16,703	95,372
Legal Services and Monitoring Officer (20th February 2024 - Current)	13,050	0	0	13,050	2,780	15,830
Legal Services and Monitoring Officer - Interim (28th August 2023 - 23rd February 2024)	135,700	0	0	135,700	0	135,700
Legal Services and Monitoring Officer (to 31st July 2023)	46,281	68,052	0	114,333	7,408	121,741
Planning and Economy	101,806	0	0	101,806	22,117	123,923
Public Health	116,727	0	0	116,727	15,225	131,952
Public Protection (to 31st May 2023)	27,199	0	0	27,199	4,298	31,497
Regeneration, Housing and Regulatory Services	103,878	0	0	103,878	22,151	126,029
Transformation (18th September 2023 - Current)	54,638	0	0	54,638	11,638	66,276

2022/23

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

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

	2023/24			2022/23		
	Number of Staff			Number of Staff		
	Council	Schools	Total	Council	Schools	Total
£50,000 to £54,999	82	13	95	98	5	103
£55,000 to £59,999	71	5	76	54	11	65
£60,000 to £64,999	52	6	58	38	3	41
£65,000 to £69,999	16	3	19	14	5	19
£70,000 to £74,999	15	3	18	14	2	16
£75,000 to £79,999	16	3	19	9	3	12
£80,000 to £84,999	6	3	9	3	2	5
£85,000 to £89,999	3	3	6	1	1	2
£90,000 to £94,999	2	1	3	1	0	1
£95,000 to £99,999	1	0	1	0	0	0
£100,000 to £104,999	2	0	2	0	0	0
£105,000 to £109,999	2	0	2	0	0	0
£110,000 to £114,999	2	0	2	0	0	0
£115,000 to £119,999	1	0	1	0	0	0
£125,000 to £129,999	2	0	2	0	0	0
£130,000 to £134,999	2	0	2	0	0	0
£135,000 to £139,999	1	0	1	0	0	0
£145,000 to £149,999	1	0	1	0	0	0
Total	277	40	317	232	32	264

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	
	2023/24			2022/23			2023/24 £	2022/23 £
	Compulsory	Other	Total	Compulsory	Other	Total		
Council Staff								
£0 - £19,999	11	13	24	16	4	20	216,112	116,369
£20,000 - £39,999	1	15	16	1	1	2	482,104	61,709
£40,000 - £59,999	0	7	7	1	2	3	342,794	146,812
£60,000 - £79,999	1	6	7	0	1	1	474,236	66,084
£80,000 - £99,999	0	3	3	0	1	1	255,416	94,533
£150,000 - £199,999	0	0	0	0	1	1	0	176,295
Sub-Total	13	44	57	18	10	28	1,770,662	661,801
School Staff								
£0 - £19,999	2	2	4	0	1	1	18,143	9,294
£20,000 - £39,999	1	0	1	0	0	0	21,519	0
£60,000 - £79,999	0	0	0	0	1	1	0	61,389
Sub-Total	3	2	5	0	2	2	39,662	70,683
Total	16	46	62	18	12	30	1,810,324	732,484

Note 16. External Audit Costs

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

	2023/24	2022/23
	£000	£000
Fees payable with regard to external audit services	372	125
Fees payable for the audit of Government returns	6	0
Total Audit Costs	378	125

Note 17. Dedicated Schools Grant

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

Details of the deployment of DSG receivable are as follows:

	2023/24	2023/24	2023/24	2022/23
	Central	Individual	Total	Total
	Expenditure	Schools	£000	£000
	£000	Budget		
		£000		
Final DSG before academy recoupment			189,301	178,909
Academy figure recouped			(129,489)	(122,349)
Total DSG after academy recoupment			59,812	56,560
Plus: Brought forward from prior year			11,918	8,401
Less: Carry forward to following year, agreed in advance			(9,179)	(8,146)
Total DSG available			62,551	56,815
Agreed initial budget distribution	27,955	34,596	62,551	56,815
In year adjustments (early years)	(130)		(130)	61
Final budget distribution	27,825	34,596	62,421	56,876
Less: Actual central expenditure	(25,906)		(25,906)	(19,878)
Less: Actual ISB deployed to Schools and providers		(34,046)	(34,046)	(33,226)
Carry forward to following year	1,919	550	2,469	3,772
Plus: Carry forward agreed in advance			9,179	8,146
Total DSG Carried Forward			11,648	11,918

Note 18. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2023/24.

	2023/24	2022/23
	£000	£000
Credited to Taxation and Non Specific Grant Income		
Non-Ringfenced Government Grants		
Business Rates Top Up and Section 31 Grants	25,087	21,057
Adult Social Care Grant	13,197	8,155
Revenue Support Grant	7,118	6,244
Adult Social Care Market Sustainability and Improvement Fund	1,929	0
Services Grant	1,427	2,433
Other non-ringfenced government grants	936	1,077
New Homes Bonus	81	675
COVID-19 Related Grants and Contributions		
Business Rates Reliefs	20	265
COVID-19 Income Compensation Scheme	259	(259)
	50,054	39,647
Capital Grants and Contributions		
Housing	2,515	557
Highways and Infrastructure	1,825	3,876
Schools	1,009	949
Works to Property	639	0
Culture	391	1
Airport Business Park	207	0
Levelling Up Fund	0	5,758
Enterprise and Regeneration	0	68
Energy Saving	(5)	264
	6,581	11,473
Total	56,635	51,120

	2023/24	2022/23
	£000	£000
Credited to Services		
Dedicated Schools Grant	59,812	56,621
Housing Benefits	53,691	51,594
Public Health Grant	10,401	10,073
Other grants and third party contributions funding REFCUS	9,684	10,072
Improved Better Care Fund	7,797	7,798
Better Care Fund	7,561	7,156
Other Service Grants and Contributions	7,026	10,411
Education and Skills Funding Agency	5,304	3,722
Household Support Fund	2,826	2,826
Homelessness/Rough Sleeper Initiatives	2,555	1,595
Pupil Premium	2,219	2,081
Unaccompanied Asylum Children	1,769	1,855
Resettlement Programme	1,302	3,717
Market Sustainability & Improvement Fund - Workforce Fund	1,253	0
Funding from Integrated Care Boards	1,137	831
Adult Social Care Discharge Fund	1,093	687
Mainstream Schools Additional Grant	776	0
Housing Benefit Administration	609	613
Troubled Families	538	754
Universal Infant Free School Meals Grant	500	765
South East Business Boost	0	1,852
COVID-19 Response Grant and Contributions	0	336
Total	177,853	175,359

With the exception of grants and third party contributions of £0.508M of highways, £0.401M for housing and £0.275M for education which have been recognised as capital grants received in advance, the Council has recognised all of the grants and contributions received as income through the Comprehensive Income and Expenditure Statement, as any conditions attached to the grants and contributions that may have required the monies or property to be returned to the giver have been met.

Notes Supporting the Movements in Reserves Statement

Note 19. Adjustments between Accounting Basis and Funding Basis under Regulations

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

General Fund Balance

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

Housing Revenue Account Balance

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

Major Repairs Reserve

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

Capital Receipts Reserve

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

Capital Grants Unapplied

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

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account						
Reversal of items debited or credited to the comprehensive income and expenditure statement						
Charges for depreciation of non-current assets	13,091	7,997	0	0	0	(21,088)
Revaluation and impairment losses on property, plant and equipment and intangible assets	5,074	13,026	0	0	0	(18,100)
Movements in the market value of investment properties	631	(46)	0	0	0	(585)
Amortisation of intangible assets	2,394	0	0	0	0	(2,394)
Capital grants and contributions applied	22,458	(382)	0	0	(32,935)	10,859
Revenue expenditure funded from capital under statute	10,871	101	0	0	0	(10,972)
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	14,278	460	0	0	0	(14,738)
Change in fair value of pooled investments taken to Financial Instruments Revaluation Reserve	1,651	0	0	0	0	(1,651)
Insertion of items not debited or credited to the comprehensive income and expenditure statement						
Statutory provision for the financing of capital investment	(6,016)	0	0	0	0	6,016
Capital expenditure charged against the General Fund and HRA Balances	(506)	(5,331)	0	0	0	5,837
Adjustments primarily involving the Capital Grants Unapplied Account						
Capital grants and contributions unapplied credited to the comprehensive income and expenditure statement	(36,130)	(2,211)	0	0	38,341	0
Application of grants to capital financing transferred to the capital adjustment account	0	0	0	0	(7,335)	7,335
Adjustments Primarily involving the Major Repairs Reserve						
Reverse MRA credited to HRA	0	(7,997)	0	0	0	7,997
Reversal of HRA Depreciation credited to the Major Repair Reserve	0	0	0	7,997	0	(7,997)
Use of the major repairs reserve to finance new capital expenditure	0	0	0	(7,377)	0	7,377
Adjustments primarily involving the Deferred Capital Receipts Account						
Transfer of deferred capital receipt recognised as income in the Comprehensive Income and Expenditure Account	(734)	0	3,775	0	53	(3,094)

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Receipts Reserves						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the comprehensive income and expenditure statement	(3,521)	(699)	4,220	0	0	0
Use of the capital receipts reserve towards administrative costs of non-current asset disposals	0	0	0	0	0	0
Use of the capital receipts reserve to repay borrowing	0	0	(3,775)	0	0	3,775
Use of the capital receipts reserve to finance new capital expenditure	0	0	(2,896)	0	0	2,896
Contribution from the capital receipts reserve to finance the payments to the government capital receipts pool	0	0	0	0	0	0
Adjustments primarily involving the Pensions Reserve						
Reversal of items relating to the retirement benefits debited or credited to the comprehensive income and expenditure statement (see note 37)	6,659	0	0	0	0	(6,659)
Employer's pensions contributions and direct payments to pensioners payable in the year	(14,172)	0	0	0	0	14,172
Adjustments primarily involving the Collection Fund Adjustment Account						
Amount by which council tax and business rate income credited to the comprehensive income and expenditure statement is different from council and business rate income calculated for the year in accordance with statutory requirements	440	0	0	0	0	(440)
Adjustments Primarily involving the Accumulated Absences Account						
Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with the statutory requirements	(9)	0	0	0	0	9
Total Adjustments	16,459	4,918	1,324	620	(1,876)	(21,445)

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account						
Reversal of items debited or credited to the comprehensive income and expenditure statement						
Charges for depreciation of non-current assets	16,979	7,682	0	0	0	(24,661)
Revaluation and impairment losses on property, plant and equipment and intangible assets	11,105	1,620	0	0	0	(12,725)
Movements in the market value of investment properties	(123)	(131)	0	0	0	254
Amortisation of intangible assets	2,923	0	0	0	0	(2,923)
Capital grants and contributions applied	17,742	982	0	0	(24,803)	6,079
Revenue expenditure funded from capital under statute	7,383	352	0	0	0	(7,735)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the comprehensive income and expenditure statement	2,092	1,441	0	0	0	(3,533)
Change in fair value of pooled investments taken to Financial Instruments Revaluation Reserve	7,335	0	0	0	0	(7,335)
Insertion of items not debited or credited to the comprehensive income and expenditure statement						
Statutory provision for the financing of capital investment	(11,722)	0	0	0	0	11,722
Capital expenditure charged against the General Fund and HRA Balances	(559)	(4,105)	0	0	0	4,664
Adjustments primarily involving the Capital Grants Unapplied Account						
Capital grants and contributions unapplied credited to the comprehensive income and expenditure statement	(38,412)	(1,858)	0	0	40,270	0
Application of grants to capital financing transferred to the capital adjustment account	0	0	0	0	(6,435)	6,435
Adjustments Primarily involving the Major Repairs Reserve						
Reverse MRA credited to HRA	0	(7,682)	0	0	0	7,682
Reversal of HRA Depreciation credited to the Major Repair Reserve	0	0	0	7,682	0	(7,682)
Use of the major repairs reserve to finance new capital expenditure	0	0	0	(6,161)	0	6,161
Adjustments primarily involving the Deferred Capital Receipts Account						
Transfer of deferred capital receipt recognised as income in the Comprehensive Income and Expenditure Account	(759)	0	0	0	0	759

2022/23 Comparative Figures

Usable Reserves

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Receipts Reserves						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the comprehensive income and expenditure statement	(2,026)	(2,312)	4,338	0	0	0
Use of the capital receipts reserve towards administrative costs of non-current asset disposals	0	0	0	0	0	0
Use of the capital receipts reserve to repay borrowing	0	0	0	0	0	0
Use of the capital receipts reserve to finance new capital expenditure	0	0	(987)	0	0	987
Contribution from the capital receipts reserve to finance the payments to the government capital receipts pool	0	0	0	0	0	0
Adjustments primarily involving the Pensions Reserve						
Reversal of items relating to the retirement benefits debited or credited to the comprehensive income and expenditure statement (see note 37)	30,674	0	0	0	0	(30,674)
Employer's pensions contributions and direct payments to pensioners payable in the year	(12,912)	0	0	0	0	12,912
Adjustments primarily involving the Collection Fund Adjustment Account						
Amount by which council tax and business rate income credited to the comprehensive income and expenditure statement is different from council and business rate income calculated for the year in accordance with statutory requirements	(6,354)	0	0	0	0	6,354
Adjustments Primarily involving the Accumulated Absences Account						
Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with the statutory requirements	936	0	0	0	0	(936)
Total Adjustments	24,302	(4,011)	3,351	1,521	9,032	(34,195)

Note 20. Transfers to / from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2023/24.

Earmarked Reserves	Balance at 31	Transfers		Balance at	Transfers		Balance at
	March	To	From	31 March	To	From	31 March
	2022	£000	£000	2023	£000	£000	2024
	£000			£000			£000
School Balances	3,567	0	(751)	2,816	0	(701)	2,115
General Fund Reserves							
Capital Investment Reserves	24,118	10	(4,622)	19,506	3,150	(1,742)	20,914
Insurance Reserves	6,033	0	(611)	5,422	0	0	5,422
Corporate Reserves	28,263	3,120	(11,362)	20,021	3,756	(6,634)	17,143
Service Reserves	11,153	991	(2,341)	9,803	1,777	(1,659)	9,921
Grants Reserves	15,167	5,622	(10,238)	10,551	3,282	(4,473)	9,360
Dedicated Schools Grant	8,401	3,563	(46)	11,918	2,976	(3,246)	11,648
Monies held in Trust	53	0	0	53	0	0	53
Total GF Reserves	93,188	13,306	(29,220)	77,274	14,941	(17,754)	74,461
HRA Service Reserves	34,839	4,332	(4,655)	34,516	5,048	(5,331)	34,233
Total Earmarked Reserves	131,594	17,638	(34,626)	114,606	19,989	(23,786)	110,809

Schools Balances

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

Capital Investment Reserves

Amounts set aside to fund future capital projects.

Insurance Reserve

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

Corporate Reserves

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

Service Reserves

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

Grants Reserves

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

Section 31 Grants

As part of the Government's support for businesses during the cost of living crisis, the Business Rate Multiplier was not increased. Local businesses pay rates that are calculated by multiplying their rateable value by that amount. To compensate the Council for the loss of the under-indexing of Business Rate income the Government provided financial support with an equivalent value of Section 31 grant.

Monies held in Trust

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

Notes Supporting the Balance Sheet

Note 21. Property, Plant and Equipment

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

Movements in 2023/24	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation as at 1 April 2023	477,684	287,778	27,044	4,173	14,928	4,320	815,927
Additions	15,661	4,425	1,026	42	0	5,309	26,463
Revaluations via Revaluation Reserve	(15,168)	4,081	0	0	2,087	0	(9,000)
Revaluations recognised in the CIES	(12,952)	(3,962)	(355)	(42)	0	(90)	(17,401)
Disposals	(488)	(10,224)	(6,033)	0	(2,155)	0	(18,900)
Transfers	0	2,051	0	0	249	(3,759)	(1,459)
Gross Book Value as at 31 March 2024	464,737	284,149	21,682	4,173	15,109	5,780	795,630
Accumulated Depreciation as at 1 April 2023	(20,105)	(6,522)	(15,616)	0	(1,300)	0	(43,543)
Depreciation	(7,863)	(4,705)	(1,441)	0	(134)	0	(14,143)
Written out to Revaluation Reserve	0	(29)	0	0	11	0	(18)
Written out to the CIES	0	121	0	0	0	0	121
On Disposals	27	418	5,060	0	0	0	5,505
On Transfers	0	11	0	0	(11)	0	0
Accumulated Depreciation at 31 March 2024	(27,941)	(10,706)	(11,997)	0	(1,434)	0	(52,078)
Net Book Value as at 31 March 2023	457,579	281,256	11,428	4,173	13,628	4,320	772,384
Net Book Value as at 31 March 2024	436,796	273,443	9,685	4,173	13,675	5,780	743,552

Movements in 2022/23

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Community Assets £000	Surplus Assets £000	Assets under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation as at 1 April 2022	460,419	272,447	27,186	3,799	16,122	8,759	788,732
Additions	12,280	6,121	1,609	176	1	5,514	25,701
Revaluations via Revaluation Reserve	8,067	11,292	0	0	30	0	19,389
Revaluations recognised in the CIES	(1,620)	(10,732)	(431)	(157)	(1)	0	(12,941)
Disposals	(1,500)	(598)	(1,320)	0	(1,224)	0	(4,642)
Transfers	38	9,248	0	355	0	(9,953)	(312)
Gross Book Value as at 31 March 2023	477,684	287,778	27,044	4,173	14,928	4,320	815,927
Accumulated Depreciation as at 1 April 2022	(12,661)	(5,060)	(11,980)	0	(2)	0	(29,703)
Depreciation	(7,502)	(4,474)	(4,919)	0	(1,298)	0	(18,193)
Written out to Revaluation Reserve	0	2,118	0	0	0	0	2,118
Written out to the CIES	0	666	0	0	0	0	666
On Disposals	58	22	1,283	0	0	0	1,363
On Transfers	0	206	0	0	0	0	206
Accumulated Depreciation at 31 March 2023	(20,105)	(6,522)	(15,616)	0	(1,300)	0	(43,543)
Net Book Value as at 31 March 2022	447,758	267,387	15,206	3,799	16,120	8,759	759,029
Net Book Value as at 31 March 2023	457,579	281,256	11,428	4,173	13,628	4,320	772,384

Depreciation

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

2023/24		2022/23
Useful economic Life Years	Fixed Asset Category	Useful Economic Life Years
Between 1 and 60	Council Dwellings	Between 2 and 60
Between 9 and 60	Other Land & Buildings	Between 1 and 60
Between 1 and 46	Vehicles, Plant, Furniture and Equipment	Between 1 and 47
Not applicable	Community Assets	Not applicable
Between 17 and 60	Surplus Assets	Between 7 and 58
Not applicable	Assets Under Construction	Not applicable

Revaluations

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

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

Year of Rolling Programme	Internal/External Valuation	Valuer	Assets Revalued
2019/20	External	Whybrow and Dodds	Investment properties, Southchurch Hall, the Cliff Lift, cliff bandstand, pier structure and Porters.
2020/21	External	Whybrow and Dodds	Housing Revenue Account council dwellings, investment properties, garages and hostels. Car parks, clubs, travel centre, community centres, depots, libraries, museum, leisure centres, shelters, theatres, public conveniences, care homes, cemetery offices and the crematorium.
2021/22	External	Whybrow and Dodds	Schools, Sports Pavilions, Park WCs, Park Messrooms, Day Centres, Marine Activity Centre and Lagoon WCs.
2022/23	External	Whybrow and Dodds	Parks, pier assets (excluding structure), Southend Adult Community College, Council administrative buildings, cemetery buildings, nursery schools.
2023/24	External	Whybrow and Dodds	No assets revalued

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

The 2022/23 rolling programme list of assets revalued are those valued as at 1/4/2023. These would normally be included in the 2023/24 Statement of Accounts but as these values were known at the date of publication, they have been included in 2022/23.

A variety of assets were revalued as at 31/3/2024. The main assets were allotments and the crematorium. The significant assumptions applied by the valuer in estimating their current values were:

- The data provided by the Council was accurate at 31 March 2024.
- The Council has good title to the asset, free from onerous covenant and other encumbrances.
- There are no planning proposals that are likely to have an effect on the value of the properties.
- All properties are at a suitable level of condition for service provision and that all internal and external repairs and maintenance have been carried out.
- No deleterious or hazardous material has been used in the construction of the properties or has since been incorporated.
- No contaminative or potentially contaminative uses have ever been carried out on the property.
- The use of relevant data from the Building Cost Information Service of RICS (BCIS).

Indexation

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

Fair Value of Surplus Assets

The Council's surplus assets consist of fourteen development plots at the Airport Business Park (£6.320M) and eleven other land and building assets which are no longer in operational use (£7.355M).

The fair value of the development plots has been measured using the comparative approach, by means of calculating an expected value per acre, using the sales price obtained for similar development plots in the past and applying this to the acreage of the development plots held.

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

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

The Council's surplus assets are therefore categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements (see the accounting policy for Fair Value

Measurement in note 1). There is no reasonably available information that indicates that market participants would use different assumptions.

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

The approach to surplus asset valuation in respect of development plots has been developed using the Authority's own data requiring it to factor in assumptions such as the duration and timing of cash inflows and outflows relating to historical sales of the Authority's own development plots, market value growth observed in the Authority's wider asset portfolio, occupancy levels of similar assets held as investment properties, bad debt levels, and maintenance costs. The ranges used, on a weighted average basis, are maintained on a consistent basis year on year. The ranges are sensitive to significant changes in market prices which can result in a significantly lower or higher fair value. The Council's development plot portfolio is relatively stable and there has been no change in the valuation techniques used for these assets in 2023/24 including the applicable ranges.

The fair value of the Authority's surplus asset portfolio is measured as part of a five-year rolling programme. All valuations are carried out externally, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The Authority's valuation experts work closely with finance officers reporting directly to the chief financial officer on a regular basis regarding all valuation matters.

Note 21b Infrastructure Assets

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

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

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

Net Book Value (modified historical cost)	2023/24	2022/23
At start of year	137,486	128,780
Additions	7,973	14,607
Impairment	(111)	(220)
Transfers	0	181
Depreciation	(6,298)	(5,862)
At end of year	139,050	137,486

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

Depreciation

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

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

2023/24 Remaining Useful Economic Life Years	Infrastructure Asset Category	2022/23 Remaining Useful Economic Life Years
Between 12 and 40	Carriageways	Between 13 and 41
Between 20 and 40	Footways and Cycle Tracks	Between 21 and 40
Between 81 and 100	Structures	Between 82 and 100
Between 21 and 35	Street Lighting	Between 22 and 35
Between 11 and 25	Bus Shelters	Between 12 and 25
Between 16 and 30	Street Furniture	Between 17 and 30
Between 2 and 19	Traffic Management Systems	Between 1 and 20
Between 23 and 45	Sea/Coastal Defences	Between 24 and 45
Between 33 and 34	Offshore Leisure Facilities	Between 34 and 35
Between 1 and 12	Cliff Stabilisation	Between 2 and 12
1 year	Parking Controls	2 years
Between 35 and 40	Security Management	Between 36 and 40
28 years	Waste Infrastructure	29 years
Between 37 and 39	Masts	Between 38 and 40

Note 22. Intangible Assets

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

	2023/24	2023/24	2023/24	2022/23	2022/23	2022/23
	Assets Under Construction	Other	Total	Assets Under Construction	Other	Purchased
	£000	£000	£000	£000	£000	£000
Gross carrying amount at start of year	46	16,548	16,594	0	19,342	19,342
Accumulated amortisation	0	(8,692)	(8,692)	0	(10,216)	(10,216)
Net carrying amount at start of year	46	7,856	7,902	0	9,126	9,126
Additions	420	2,731	3,151	46	1,908	1,954
Impairment	0	(131)	(131)	0	(1)	(1)
Disposals	0	(5,921)	(5,921)	0	(4,701)	(4,701)
<u>Amortisation</u>						
Written out to CIES	0	4,718	4,718	0	4,447	4,447
For Current Year	0	(2,394)	(2,394)	0	(2,923)	(2,923)
Gross carrying amount at end of year	466	13,227	13,693	46	16,548	16,594
Accumulated amortisation	0	(6,368)	(6,368)	0	(8,692)	(8,692)
Net carrying amount at end of year	466	6,859	7,325	46	7,856	7,902

The useful lives for these assets (the number of years remaining over which they are depreciated) are between 1 and 19 years (*between 1 and 20 years for 2022/23*).

Note 23. Heritage Assets

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

Historic Seaside Assets

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

Heritage Land and Buildings

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

Antiques / Collectables

These comprise furniture and furnishings, panelling, carpets, textiles, clocks, silver, plated wares and gold, works of art, ceramics and glass, books, pictures and

presentation and commemorative wares. These antiques/collectables date from between the 16th Century and the 20th Century.

Museum Collections

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

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

Memorials and Statues

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

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

Movements in 2023/24

	Historic Seaside Assets £000	Heritage Land and Buildings £000	Antiques and Collectables £000	Museum Collections £000	Total Heritage Assets £000
Cost or Valuation as a 1 April 2023	30,753	1,244	896	1,557	34,450
Additions	1,742	37	0	0	1,779
Revaluations recognised in the CIES	(541)	(37)	0	0	(578)
Gross Book Value as at 31 March 2024	31,954	1,244	896	1,557	35,651
Accumulated Depreciation as at 1 April 2023	(2,088)	(123)	0	0	(2,211)
Depreciation	(615)	(32)	0	0	(647)
Accumulated Depreciation as at 31 March 2024	(2,703)	(155)	0	0	(2,858)
Net Book Value as at 31 March 2023	28,665	1,121	896	1,557	32,239
Net Book Value as at 31 March 2024	29,251	1,089	896	1,557	32,793

Movements in 2022/23

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

Basis of valuation

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

Note 24. Investment Properties

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

	2023/24	2022/23
	£000	£000
Balance at start of the year	38,143	37,952
Additions: Subsequent Expenditure	(2)	12
Disposals	(165)	0
Transfers:		
Transfers (to)/from Property, Plant and Equipment	58	(38)
Transfers (to)/from Assets Under Construction	1,401	(37)
Revaluations and impairments	(585)	254
Balance at end of the year	38,850	38,143

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

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

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

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

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

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

The approach to investment property valuation has been developed using the authority's own data requiring it to factor in assumptions such as the duration and timing of cash inflows and outflows, rent growth, occupancy levels, bad debt levels, and maintenance costs. The ranges used, on a weighted average basis, are maintained on a consistent basis year on year. The ranges are sensitive to significant changes in rental income and rent growth; vacancy levels or discount rate which can result in a significantly lower or higher fair value. The Council's investment property portfolio is relatively stable and there has been no change in the valuation techniques used for Investment Properties in 2023/24 including the applicable ranges.

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

Note 25. Financial Instruments

Categorisation of Financial Assets under IFRS9

Amortised cost

The Council holds various term deposits and instant access accounts with banks and other financial institutions and has made loans to other members of its group, institutions that it considers to be an important partner in delivering services or to companies in accordance with the Getting Building Fund grant from Government. These are held at amortised cost and the Council considers these a normal part its operations and cash flow and holds the instruments to collect contractual cash flows.

Fair value through profit or loss

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

Categories of Financial Instruments

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

	Non-Current		Current	
	31 March 2024 £000	31 March 2023 £000	31 March 2024 £000	31 March 2023 £000
Investments, Cash and Cash Equivalents				
Financial Assets at Amortised Cost	10	13	53,011	52,011
Financial Assets at Fair Value Through Profit or Loss	28,345	30,504	33,894	40,371
Total Investments	28,355	30,517	86,905	92,382
Debtors				
Financial Assets at Amortised Cost	2,381	4,318	47,790	49,358
Total Debtors	2,381	4,318	47,790	49,358
Borrowings				
Financial Liabilities at Amortised Cost	355,946	364,581	9,844	1,825
Total Borrowings	355,946	364,581	9,844	1,825
Creditors				
Financial Liabilities at Amortised Cost	41	87	44,287	39,013
Total Creditors	41	87	44,287	39,013

Reclassifications

There were no reclassifications of financial instruments during 2023/24.

Income, Expense, Gains and Losses

2023/24	Financial Liabilities measured at:	Financial Assets measured at:		Total
	Amortised Cost	Amortised Cost	Fair Value Through Profit or Loss	
	£000	£000	£000	£000
Interest Expense	12,502	0	0	12,502
Fee Expense	4	0	155	159
Total Expense in Surplus or Deficit on the Provision of Services	12,506	0	155	12,661
Interest Income	0	(2,890)	(1,932)*	(4,822)
Total Income in Surplus or Deficit on the Provision of Services	0	(2,890)	(1,932)	(4,822)
Net Gain/(Loss) for the year	12,506	(2,890)	(1,777)	7,839

* This includes a £1.652M net decrease in the fair value due to decreases in the unit price of the externally managed property funds, offset by increases in the unit price of the externally managed enhanced cash fund and short dated bond funds.

2022/23	Financial Liabilities measured at:	Financial Assets measured at:		Total
	Amortised Cost	Amortised Cost	Fair Value Through Profit or Loss	
	£000	£000	£000	£000
Interest Expense	12,560	0	0	12,560
Fee Expense	4	0	163	167
Total Expense in Surplus or Deficit on the Provision of Services	12,564	0	163	12,727
Interest Income	0	(1,473)	4,849*	3,376
Total Income in Surplus or Deficit on the Provision of Services	0	(1,473)	4,849	3,376
Net Gain/(Loss) for the year	12,564	(1,473)	5,012	16,103

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

Fair Values of Assets and Liabilities

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

- estimated ranges of interest rates at 31 March 2024 of 4.61% to 5.36% for loans from the Public Works Loan Board (PWLB) based on new lending rates for equivalent loans at that date.
- no early repayment or impairment is recognised.
- where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value.
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

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

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

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

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

	31 March 2024		31 March 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Financial Liabilities	410,077	328,966	405,419	340,653
Long Term Creditors	41	41	87	87

The fair value of the liabilities is lower than the carrying amount because the Council's portfolio of loans includes several fixed rate loans where the interest rate payable is lower than the prevailing rates at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2024) arising from a commitment to pay interest to lenders below current market rates.

	31 March 2024	31 March 2023
	Carrying Amount	Carrying Amount
	£000	£000
Financial Assets	163,050	172,257
Long Term Debtors	2,381	4,318

Fair Value through Profit and Loss

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

Recurring Fair Value Measurements	Input level in Fair Value Hierarchy	Valuation Technique used to Measure Fair Value	Source of Prices or Inputs	31 March 2024	31 March 2023
				£000	£000
Fair Value Through Profit or Loss:					
Money Market Funds	Level 1	Unadjusted quoted prices in active markets for identical assets	Unit price of fund	14,091	21,099
Enhanced Cash Fund	Level 1	Unadjusted quoted prices in active markets for identical assets	Unit price of fund	5,034	4,962
Short Dated Bond Funds	Level 1	Unadjusted quoted prices in active markets for identical assets	Unit price of fund	14,769	14,310
Property Funds	Level 1	Unadjusted quoted prices in active markets for identical assets	Unit price of fund	28,606	30,793
Total Fair Value Through Profit or Loss				62,500	71,164

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

Note 26. Short Term Debtors

	31 March 2024	31 March 2023
	£000	£000
Central government bodies	10,214	13,416
Local authorities	2,319	4,273
NHS bodies	1,246	1,799
Public corporations and trading funds	2	4
Other entities and individuals	29,043	32,150
Total Debtors	42,824	51,642
Value of impairment included above	(18,655)	(16,887)

Note 27. Cash and Cash Equivalents

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

	31 March 2024	31 March 2023
	£000	£000
Cash and cash equivalents held by the Council	27,081	39,133
Other cash and cash equivalents held by the Council (Bank current accounts held by schools)	6,184	5,591
Total Cash and Cash Equivalents	33,265	44,724

Note 28. Short Term Creditors

	31 March 2024	31 March 2023
	£000	£000
Central government bodies	6,243	11,548
Other local authorities	5,216	5,640
NHS bodies	2,423	1,302
Other entities and individuals	41,132	39,389
Total Creditors	55,014	57,879

Note 29. Provisions

	Insurance	Redundancy	Business Rate Appeals	Other Provisions	Total
	£000	£000	£000	£000	£000
Balance at 1 April 2022	2,107	102	1,753	531	4,493
Additional provisions made in year	717	145	1,329	246	2,437
Amounts used in year	0	(102)	(1,253)	(531)	(1,886)
Unused amounts reversed in year	(311)	0	0	0	(311)
Balance at 31 March 2023	2,513	145	1,829	246	4,733
Additional provisions made in year	2,237	579	1,577	0	4,393
Amounts used in year	(738)	(90)	0	(227)	(1,055)
Unused amounts reversed in year	0	(55)	(1,811)	0	(1,866)
Balance at 31 March 2024	4,012	579	1,595	19	6,205

Insurance Provision

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

Redundancy Provision

Redundancy costs paid in 2022/23 resulting from decisions made in 2021/22 were met from the Council's redundancy provision in 2022/23. During 2023/24 the Council agreed a targeted programme of voluntary redundancies. Payments made during 2023/24 were met from corporate reserves earmarked for that purpose. A provision has been made at 31 March 2024 for known management decisions regarding redundancies that were made in 2023/24 that have led to an obligation arising at 31 March 2024 that had not been paid by the year end date and where there is uncertainty over the timing or amount.

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 2023/24 and prior years. The overall liability is shared with Central Government and the Essex Fire Service.

Note 30. Usable Reserves

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

Note 31. Unusable Reserves

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

Revaluation Reserve

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

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

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

	2023/24	2022/23
	£000	£000
Balance at 1 April	330,942	316,487
Upward revaluation of assets	9,324	22,322
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the provision of services	(18,342)	(816)
Surplus or (Deficit) on revaluation of non-current assets not posted to the Surplus or Deficit on the provision of services	(9,018)	21,506
Difference between fair value and historical cost depreciation	(5,784)	(5,326)
Balance attributable to disposal/write offs	(5,340)	(1,725)
Amount written off to the capital adjustment account	(11,124)	(7,051)
Balance at 31 March	310,800	330,942

Capital Adjustment Account

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

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

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

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

	2023/24 £000	2022/23 £000
Balance at 1 April	204,862	213,086
<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	(39,188)	(37,386)
Amortisation of intangible assets	(2,394)	(2,923)
Revenue expenditure funded from capital under statute	(10,972)	(7,735)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the comprehensive income and expenditure statement	(14,738)	(3,533)
	(67,292)	(51,577)
Adjusting amounts written out of the revaluation reserve	11,124	7,051
Net written out amount of the cost of non-current assets consumed in the year	(56,168)	(44,526)
<i>Capital financing applied in the year</i>		
Use of the capital receipts reserve to finance new capital expenditure	2,896	987
Use of the major repairs reserve to finance new capital expenditure	7,377	6,161
Capital grants and contributions credited to the comprehensive income and expenditure statement that have been applied to capital financing	18,194	12,514
Statutory provision for the financing of capital investment charges against the general fund and HRA balances	6,016	11,722
Use of the capital receipts reserve to repay borrowing	3,775	0
Capital expenditure charges against the general fund and HRA balances	5,837	4,664
	44,095	36,048
Movement in the market value of investment properties debited or credited to the comprehensive income and expenditure statement	(585)	254
Balance at 31 March	192,204	204,862

Pensions Reserve

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

	2023/24	2022/23
	£000	£000
Surplus/(deficit) at 1 April	122,531	(92,431)
Remeasurements of the net defined benefit (liability)/asset	(133,466)	232,724
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Service in the Comprehensive Income and Expenditure Statement	(6,659)	(30,674)
Employer's pensions contributions and direct payments to pensioners payable in the year	14,172	12,912
(Deficit)/surplus at 31 March	(3,422)	122,531

Note 32. Capital Expenditure and Capital Financing

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

	2023/24	2022/23
	£000	£000
Capital Investments		
Property, Plant and Equipment (excluding Infrastructure Assets)	26,463	25,701
Infrastructure Assets	7,973	14,607
Investment Assets	(2)	12
Intangible Assets	3,151	1,954
Heritage Assets	1,779	2,089
Revenue Expenditure Funded from Capital Under Statute	10,972	7,735
Total Capital Investment	50,336	52,098
Sources of Finance		
Usable Capital Receipts	2,896	987
Government Grants and other Contributions	18,194	12,514
Sums set aside from Revenue:		
Direct Revenue Contributions	5,837	4,664
Major Repairs Reserve	7,377	6,161
Total Financing from Internal Resources	34,304	24,326
Credit arrangements	106	45
Un-supported Capital Borrowing	15,926	27,727
Total Financing from Borrowing/Credit Arrangements	16,032	27,772
Total Capital Financing	50,336	52,098
	2023/24	2022/23
	£000	£000
Opening Capital Financing Requirement	443,157	426,741
Explanation of Movement in Year		
Borrowing (unsupported by Government financial assistance)	15,926	27,727
Assets acquired under Finance Leases	106	45
Finance Lease Disposals	(25)	0
Capital receipts to repay borrowing	(3,777)	(61)
Minimum Revenue Provision	(5,589)	(11,295)
Closing Capital Financing Requirement	449,798	443,157
of which		
General Fund CFR	348,712	343,405
Housing Revenue Account CFR	101,086	99,752
	449,798	443,157

Note 33. Leases

Council as Lessor

Operating Leases

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

- for the provision of community services, such as sports facilities, tourism services, community centres and social care facilities.
- 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 2024 £000	31 March 2023 £000
Not later than one year	3,666	2,989
Later than one year and not later than five years	12,916	10,931
Later than five years	118,888	108,808
	135,470	122,728

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 2023/24 no contingent rents were estimated to be receivable by the Council (2022/23 nil estimated).

Note 34. Downward Revaluation and Impairment Losses

In relation to 2023/24:

Investment Properties were revalued at 31 March 2024 led to a downward valuation or impairment loss of £2.137M in total.

A market review was carried out at 31 March 2024 which led to a downward valuation or impairment loss of £27.131M in total.

An impairment review was also undertaken of capital additions of which £7.875M was considered not to increase the asset value and therefore was impaired.

As a result of the regular review of the fixed asset register downward revaluations and impairments of £0.091M were identified within the Other Land and Buildings and Assets Under Construction categories of assets.

As a result of the revaluation of assets transferred from the Asset Under Construction category downward revaluations of £1.711M were identified within the Other Land and Buildings category of assets.

In the Comprehensive Income and Expenditure Statement, £20.603M of these impairment losses were recognised in the deficit on the provision of services and £18.342M were recognised in Other Comprehensive Income and Expenditure and taken to the revaluation reserve.

In relation to 2022/23:

Various assets were revalued at 1 April 2023 as part of the rolling revaluation programme which led to a downward valuation or impairment loss of £6.472M in total.

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

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

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

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

In the Comprehensive Income and Expenditure Statement, £19.707M of these impairment losses were recognised in the deficit on the provision of services and £0.815M were recognised in Other Comprehensive Income and Expenditure and taken to the revaluation reserve.

Note 35. Termination Benefits

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

Note 36. Pension Schemes Accounted for as Defined Contribution Schemes

Teachers' Pension Scheme

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

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

In 2023/24 the Council paid £2.9M (2022/23 £2.8M) to Teachers' Pensions in respect of teachers' retirement benefits, representing 23.68% of pensionable pay (2022/23 23.68%). There were no contributions remaining payable at the year end.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis. There were added years payments of £4,197 awarded in respect of the teachers' pension scheme in 2023/24 (2022/23 £7,319).

It is estimated that the Council will pay £3.7m to the Teachers' Pension Scheme in 2024/25 at a contribution rate of 28.68%.

NHS Staff Pension Scheme

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

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

In 2023/24, the Council paid £0.241M (2022/23 £0.213M) in respect of retirement benefits to NHS Pensions in respect of staff who have transferred into the Council from the NHS, representing 20.68% of pensionable pay. It is estimated that the Council will similarly pay £0.274M to NHS Pensions in 2024/25.

Note 37. Defined Benefit Pension Schemes

Participation in Pensions Schemes

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

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

Transactions relating to post-employment benefits

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

	2023/24	2022/23
	£000	£000
Comprehensive Income and Expenditure Statement		
Cost of Services		
Current Service Cost	12,076	27,663
(Gain)/Loss from Settlement	87	0
Cost of Curtailments	269	404
Administrative Expense	440	365
Financing and Investment Income and Expenditure		
Net Interest Expense	(6,213)	2,242
Total post-employment benefit charged to the surplus or deficit on the provision of services	6,659	30,674
Other post-employment benefit charged to the comprehensive income and expenditure statement		
Return on plan assets in excess of interest	(47,415)	14,217
Change in financial assumptions	(4,504)	(307,422)
Change in demographic assumptions	(7,103)	0
Experience (gain)/loss on defined benefit obligation	1,616	60,481
Changes in effect of asset ceiling	190,872	0
Remeasurement and Other Comprehensive Income and Expenditure	133,466	(232,724)
Total post-employment benefit (credited)/charged to the Comprehensive Income and Expenditure Statement	140,125	(202,050)
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	(140,125)	202,050
Actual amount charges against the General Fund Balance for Pensions in the year		
Employer's contributions payable to scheme	14,172	12,912

Pension Assets and Liabilities Recognised in the Balance Sheet

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

	31 March 2024 £000	31 March 2023 £000
Present Value of the defined benefit obligation	519,740	511,453
Fair Value of Plan Assets	(707,190)	(633,984)
Impact of asset ceiling	190,872	0
Net (Asset)/Liability arising from defined benefit obligation	3,422	(122,531)

Pension scheme surpluses as at 31 March 2024 are recognised to the extent that they are considered recoverable and deficits are recognised in full. The asset ceiling is the present value of any economic benefit available to the Employer in the form of refunds or reduced future employer contributions. The Council does not have an unconditional right to a refund of surplus on the basis that such a payment would be at the discretion of the Essex Pension Fund. The present value of the funded obligation is therefore deemed to be nil. The net liability remaining at 31 March 2024 is the present value of the unfunded obligation.

The accounting treatment for the disclosed surplus as at 31 March 2023 was agreed with our external auditors for that year, following consideration by their technical team.

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

	2023/24 £000	2022/23 £000
Opening Balance at 1 April	511,453	726,542
Current Service Cost	12,076	27,663
Interest Cost	24,148	18,703
Contributions by Scheme Participants	4,493	4,331
Actuarial gains arising from changes in demographic assumptions	(7,103)	0
Actuarial (gains)/losses arising from changes in financial assumptions	(4,504)	(307,422)
Other	1,616	60,481
Losses of Curtailments	269	404
Benefits Paid	(20,873)	(19,249)
Liabilities extinguished on Settlements	(1,835)	0
Closing Balance at 31 March	519,740	511,453

Reconciliation of fair value of the scheme assets

	2023/24 £000	2022/23 £000
Opening Balance at 1 April	633,984	634,111
Interest Income	30,361	16,461
The return on plan assets, excluding the amount included in the net interest expenses	47,415	(14,217)
Employers Contributions	14,172	12,912
Contributions by Scheme Participants	4,493	4,331
Benefits Paid	(20,873)	(19,249)
Settlement prices received / (paid)	(1,922)	0
Administrative Expense	(440)	(365)
Closing Balance at 31 March	707,190	633,984

Local Government Pension Scheme assets

The asset allocation as at 31 March is as follows:

	31 March 2024 £000		31 March 2023 £000	
Equity Investments	391,714	55.4%	365,186	57.6%
Government Bonds	12,635	1.8%	9,272	1.5%
Other Bonds	0	0.0%	0	0.0%
Property	48,813	6.9%	51,924	8.2%
Cash/Liquidity	17,446	2.4%	20,442	3.2%
Alternative Assets	107,518	15.2%	100,340	15.8%
Other Managed Funds	129,064	18.3%	86,820	13.7%
	707,190	100%	633,984	100%

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

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

Of the Property allocation, 22% is listed.

The Alternative Assets allocation is made up of 24% in Infrastructure, 11% in Private Equity, 8% in Timber, 5% in Private Debt/Direct Lending, 46% in Other Managed Funds and 6% in Cash/Temporary Investments.

Basis for Estimating Assets and Liabilities

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

The Pension Fund liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, estimates being based on the last full revaluation of the scheme as at 31 March 2022.

The significant assumptions used by the actuary have been:

	2023/24	2022/23
Mortality assumptions:		
Longevity at 65 for Current Pensioners	20.8	21.1
Men	23.3	23.5
Women		
Longevity at 65 for Future Pensioners	22.0	22.3
Men	24.7	25.0
Women		
Rate of Inflation (RPI)	3.3%	3.3%
Rate of Inflation (CPI)	3.0%	2.9%
Rate of increases in salaries	4.0%	3.9%
Rate of increase in pensions	3.0%	2.9%
Rate for discounting scheme liabilities	4.9%	4.8%

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

Impact on the Defined Benefit Obligation in the Scheme	Increase in Assumption	Decrease in Assumption
	£000	£000
Longevity (increase or decrease in 1 year)	20,706	(19,837)
Rate of inflation (increase or decrease by 0.5%)	41,289	(36,422)
Rate of increase in salaries (increase or decrease by 0.5%)	2,653	(2,552)
Rate of increase in pensions (increase or decrease by 0.5%)	41,289	(36,422)
Rate of discounting scheme liabilities (increase or decrease by 0.5%)	(38,118)	43,294

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 31 March 2022 valuation set the contribution rates from 2023/24 to 2025/26. At 31 March 2022, the funding level for the whole fund was estimated at 102%. This positive performance has enabled the Council to formally agree a reduced level of employer pension contributions over the years 2023/24 to 2025/26.

The next triennial valuation is due to take place as at 31 March 2025 and will take effect from the 2026/27 financial year. The scheme currently provides benefits based on career average revalued earnings.

The Council anticipates paying a £14.584M contribution to the scheme in 2024/25.

The weighted average duration of the defined benefit obligation for scheme members is 16 years (17 years 2022/23).

Note 38. Nature and Extent of Risks Arising from Financial Instruments

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

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

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

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

Credit Risk

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

The credit criteria in respect of financial assets held by the Council are as detailed in the Annual Treasury Management Investment Strategy.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £53M cannot be assessed generally, as the risk of any institution

failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all the Council's deposits, but there was no evidence at the 31 March 2024 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 2024		31 March 2023	
		Historical experience of default	Historical experience adjusted for market conditions	Estimated maximum exposure to default and uncollectability	Estimated maximum exposure to default and uncollectability
		%	%	£000	£000
Deposits With Banks And Other Financial Institutions	53,021	0.00%	0.00%	0	0
Bonds and Other Securities	62,239	0.00%	0.00%	0	0
Customers	49,859	0.39%	0.54%	325	250

No credit limits were exceeded during the reporting period. Although the unit price of the externally managed property funds decreased during 2023/24 due to market conditions these funds are being held into the long term. Over that period the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

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

	31 March 2024 £000	31 March 2023 £000
Less Than Three Months	9,457	12,211
Three To Six Months	1,666	1,158
Six Months To One Year	1,399	892
More Than One Year	6,327	5,725
Total	18,849	19,986

Expected Credit Losses

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

Low risk is considered to be where the credit ratings are A3 and above, where the counterparty is an important partner to the Council with access to external funds or where the Council has a stake a 100% owned subsidiary where the Council has access

to the company cash flow forecasts. Where this is the case the 12-month expected credit loss method will be used. All non-trivial balances were assessed as low risk.

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

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

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

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

Liquidity Risk

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

	31 March 2024	31 March 2023
	£000	£000
Less than 1 year	20,519	12,519
Between 1 and 2 years	12,143	20,519
Between 2 and 5 years	70,581	67,103
Between 5 and 10 years	120,159	109,012
Between 10 and 15 years	78,518	96,467
Between 15 and 20 years	42,239	36,466
More than 20 years	242,851	257,442
Total Cost of Loans Over Their Life	587,010	599,528
This total consists of:		
Principal Amount of Loans	355,365	355,554
Future Interest Element	231,645	243,974
Total Cost of Loans Over Their Life	587,010	599,528

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

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

Market Risk

Interest rate risk

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

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

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

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

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

According to this assessment strategy, at 31 March 2024, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£000
Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable rate investments	(1,370)
Increase in government grant receivable for financing costs	0
Impact on Surplus or Deficit on the Provision of Services	(1,370)
Share of overall impact debited to the HRA	(488)
Decrease in fair value of fixed rate investment assets	0
Impact on Other Comprehensive Income and Expenditure	0
Decrease in fair value of fixed rated borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	(26,928)

Price Risk

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

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

Foreign Exchange Risk

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

Notes Supporting the Cash Flow Statement

Note 39. Cash Flow Statement - Interest Paid and Received

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

	2023/24	2022/23
	£000	£000
Interest paid	12,281	12,560
Interest received	(5,834)	(3,255)
Net Cash Flows from Interest Paid and Received	6,447	9,305

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

Note 40. Cash Flow Statement – Non-Cash Movements

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

	2023/24	2022/23
	£000	£000
Depreciation of Non-Current Assets	(21,088)	(24,661)
Downward Revaluation and Impairment Losses on Non-Current Assets	(18,100)	(12,725)
Amortisations	(2,394)	(2,923)
Increase in impairment for provision for bad debts	(1,553)	(1,062)
(Increase)/Decrease in Creditors	3,313	34,244
Decrease in Debtors	(8,731)	(7,199)
Increase/(Decrease) in Inventories	1	14
Net retirement benefits per IAS19	7,513	(17,762)
Carrying amount of assets disposed/sold	(14,738)	(3,533)
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	(1,472)	(240)
Movements in the value of investment properties	(585)	254
Removal of Council Tax and Business Rates Agency Adjustments from Comprehensive Income and Expenditure Statement	1,684	9,392
Other	0	1
Net Cash Flow Adjustments	(56,150)	(26,200)

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

	2023/24	2022/23
	£000	£000
Capital Grants credited to deficit on the provision of services	16,265	20,132
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	4,220	4,338
Proceeds from short-term and long-term investments	1,254	783
Net Cash Flow Adjustments	21,739	25,253

Note 42. Cash Flow Statement - Investing Activities

	2023/24	2022/23
	£000	£000
Purchase of property, plant and equipment, investment property and intangible assets	38,886	46,331
Purchase of short-term and long-term investments	22,500	30,000
Proceeds from the sale of property, plant and equipment, investment properties and intangible assets	(4,220)	(4,338)
Proceeds from short-term and long-term investments	(20,405)	(70,623)
Other receipts from investing activities	(16,265)	(20,132)
Net Cash Flow from Investing Activities	20,496	(18,762)

Note 43. Cash Flow Statement - Financing Activities

	2023/24	2022/23
	£000	£000
Cash payments for the reduction of the outstanding liabilities relating to finance leases	268	269
Repayments of short and long-term borrowing	189	167
Council Tax and Non-Domestic Rates agency adjustments	(1,684)	(9,392)
Repayments of ECC transferred debt	427	426
Net Cash Flow from Financing Activities	(800)	(8,530)

Other Notes

Note 44. Related Parties

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

Central UK Government

Central UK government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments, and other areas of the public sector, used in 2023/24 and those received but not yet applied as at 31 March 2024 are set out in Note 18.

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

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2023/24 is shown in Note 14.

Two members acted as Board members to one of the Council's joint ventures – Southend-on-Sea Forum Management Limited.

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

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

Officers

One officer acted as Board member to the Council's wholly owned subsidiary - Southend Housing Limited which had yet to trade as at the balance sheet date. Two officers acted as Board members to LHCS and Southend Travel Partnership Limited. The officers do not hold any pecuniary stake in the companies, nor take any director fee.

Three officers acted as Board members to two of the Council's joint ventures – Porters Place Southend-on-Sea LLP and Airport Business Park Southend Management Ltd.

Entities Controlled or Significantly Influenced by the Council

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

Under IAS19 South Essex Homes Limited must account for the net surplus or deficit arising from its share of the pension assets and liabilities in respect of its employees who are members of the Essex County Council Pension Fund. As at 31 March 2024 there was a net surplus of £20.893M (*net surplus of £15.327M at 31 March 2023*) in respect of South Essex Homes Limited's pension assets. The pension assets for South Essex Homes Limited have been recognised to the extent that they are considered recoverable and have been disclosed as nil. As at 31 March 2024 South Essex Homes Limited had a retained surplus of £3.969M (*retained surplus of £3.317M at 31 March 2023*) in respect of its Profit and Loss reserve. Southend-on-Sea City Council undertakes to provide continuing financial support to enable the financial statements of South Essex Homes Limited to be prepared on a going concern basis.

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

Under IAS19 Southend Care Ltd must account for the net surplus or deficit arising from its share of the pension assets and liabilities in respect of its employees who are members of the Essex County Council Pension Fund. As at 31 March 2024 there was a

net surplus of £5.208M (*net surplus of £3.368M as at 31 March 2023*) in respect of Southend Care Limited's pension assets. The pension assets for Southend Care Ltd have been recognised to the extent that they are considered recoverable and have been disclosed as nil. As at 31 March 2024 Southend Care Ltd also had a retained surplus of £1.599M (*retained surplus of £0.738M at 31 March 2023*) in respect of its Profit and Loss reserve. Southend-on-Sea City Council undertakes to provide continuing financial support to enable the financial statements of Southend Care Ltd to be prepared on a going concern basis.

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

Note 45. Contingent Liabilities

The Council has no contingent liabilities.

HOUSING REVENUE ACCOUNT

HRA Income and Expenditure Statement

2022/23		2023/24
£000		£000
	Income	
(27,659)	Dwelling Rents (Gross)	(29,759)
(1,595)	Non Dwelling Rents (Gross)	(1,447)
(589)	Charges for Services and Facilities	(1,322)
(321)	Revaluation Gains (to reverse previous impairment charges)	(50)
(30,164)	Total Income	(32,578)
	Expenditure	
6,097	Repairs and Maintenance	6,880
8,539	Supervision and Management	8,446
792	Rents, Rates, Taxes and other Charges	895
293	Provision for Bad and Doubtful Debts	566
9,287	Depreciation and impairment on Council Dwellings <i>(HRA Note 3)</i>	20,773
205	Depreciation and impairment on Other Assets <i>(HRA Note 3)</i>	255
27	Debt Management Expenses	23
25,240	Total Expenditure	37,838
(4,924)	Net cost of HRA services as included in the whole authority Comprehensive Income and Expenditure Account	5,260
204	HRA services share of Corporate and Democratic Core	204
(4,720)	Net Cost of HRA Services	5,464
(871)	Profit on Sale of HRA Long Term Assets	(239)
3,536	Interest Payable and Similar Charges	4,363
(700)	General Grants	(2,138)
(933)	Interest Receivable	(2,249)
(3,688)	Surplus for the year on HRA services	5,201

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.

2022/23		2023/24
£000		£000
(3,688)	Surplus for the year on the Housing Revenue Account Income And Expenditure Account	5,201
4,011	Net additional amount required by statute to be debited/(credited) to the HRA Balance for the year	(4,918)
(323)	Transfer to/(from) Earmarked Reserves	(283)
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

2022/23		2023/24
£000		£000
	Amounts included in the HRA Income And Expenditure Account but required by statute to be excluded when determining the Movement on the HRA Balance for the year	
871	Profit on Sale of HRA Long Term Assets	239
876	General Grants / Service Grants	2,593
	Amounts not included in the HRA Income And Expenditure Account but required to be included by statute when determining the Movement on the HRA Balance for the year	
(1,489)	Transfer to/(from) Capital Adjustment Account - Revaluations	(12,980)
(352)	Transfer from Capital Adjustment Account - REFCUS	(101)
4,105	Revenue Contribution to Capital	5,331
(323)	Transfer to/(from) Earmarked Reserves	(283)
3,688	Net Additional Amount required to be credited to the Housing Revenue Account Balance for the year	(5,201)

Notes to the HRA

HRA Note 1. Analysis of Housing Stock

	Number of Properties 31 March 2024	Number of Properties 31 March 2023
Houses And Bungalows	2,102	2,089
Flats	3,862	3,853
Total Houses and Flats	5,964	5,942
Homelessness Hostel Bedsits - Room only	125	125
	6,089	6,067

HRA Note 2. Major Repairs Reserve

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

	2023/24 £000	2022/23 £000
Balance at 1 April	9,916	8,395
Transfers In	7,997	7,682
Used To Fund Capital (Council Dwellings)	(7,377)	(6,161)
Balance at 31 March	10,536	9,916

HRA Note 3. Depreciation

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

	2023/24	2022/23
	£000	£000
Item 8 Debit		
<u>Depreciation</u>		
Council Dwellings	7,837	7,477
Other Assets	160	205
<u>Impairment</u>		
Council Dwellings	12,936	1,810
Other Assets	94	0
Total Depreciation and Impairment	21,027	9,492
Debt Management Expenses	23	27
Loan Interest Payable	4,363	3,536
Item 8 Credit		
Interest Receivable	(2,249)	(933)
<u>Revaluation Gains</u>		
Council Dwellings	0	(190)
Other Assets	50	(131)
Appropriation To/(From) Capital Adjustment Account - Revaluations	(12,980)	(1,489)
Appropriation From Capital Adjustment Account - REFCUS	(101)	(352)
Net Effect On HRA	10,133	9,960

HRA Note 4. Property, Plant and Equipment

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

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

The Open Market Value (OMV) of council dwellings at 1 April 2023 amounted to £708.4M. It should be noted that the difference between the vacant possession value, or the OMV above, and the balance sheet value of dwellings within the HRA show the economic cost to Government of providing council housing at less than market value.

	Council Dwellings	Other Land & Buildings	Assets Under Construction	Non-Operational Investment Properties	Total
	£000	£000	£000	£000	£000
Gross Book Value as at 31 March 2023	475,971	11,113	339	1,044	488,467
Accumulated Depreciation as at 31 March 2023	(20,085)	(511)	0	0	(20,596)
Net Book Value as at 31 March 2023	455,886	10,602	339	1,044	467,871
Additions	15,633	0	1,065	0	16,698
Disposals	(488)	0	0	0	(488)
Revaluations via Revaluation Reserve	(15,097)	0	0	0	(15,097)
Revaluations recognised in I&E	(12,936)	0	(90)	46	(12,980)
<u>Depreciation</u>					
For Current Year	(7,837)	(160)	0	0	(7,997)
Disposals	28	0	0	0	28
Gross Book Value as at 31 March 2024	463,083	11,113	1,314	1,090	476,600
Accumulated Depreciation as at 31 March 2024	(27,894)	(671)	0	0	(28,565)
Net Book Value as at 31 March 2024	435,189	10,442	1,314	1,090	448,035

HRA Note 5. Capital Expenditure

	2023/24 £000	2022/23 £000
Purchase, construction or enhancement of Council Dwellings	16,698	12,420
REFCUS	101	352
Total HRA Capital Expenditure	16,799	12,772
<u>Financed by:-</u>		
Usable Capital Receipts	1,643	929
Total Financed By Capital Receipts	1,643	929
<u>Revenue contributions:-</u>		
General Reserves	5,331	4,105
Major Repairs Reserve	7,377	6,161
Third Party	326	736
Capital Grant	1,914	316
Total Revenue Contributions	14,948	11,318
<u>Funded by Borrowing</u>	208	525
Total Capital Expenditure	16,799	12,772

THE COLLECTION FUND

The Collection Fund

2022/23 £000 Council Tax	2022/23 £000 NNDR	2022/23 £000 Total		2023/24 £000 Council Tax	2023/24 £000 NNDR	2023/24 £000 Total	Collection Fund Note
INCOME							
113,107	0	113,107	Income from Council Tax	120,080	0	120,080	1
0	37,998	37,998	Income Collectable from Business Ratepayers adjusted for Transitional Payment Protection payable	0	38,439	38,439	2
113,107	37,998	151,105	Total Income	120,080	38,439	158,519	
EXPENDITURE							
Precepts and Demands							
92,297	0	92,297	Southend-on-Sea City Council	97,961	0	97,961	
12,911	0	12,911	Essex Police Authority	13,948	0	13,948	
4,451	0	4,451	Essex Fire Authority	4,796	0	4,796	
Business Rates							
0	18,565	18,565	Payments to Government	0	20,060	20,060	
0	371	371	Payments to Fire Authority	0	401	401	
0	18,194	18,194	Payments to Southend-on-Sea City Council	0	19,659	19,659	
0	215	215	Costs of Collection	0	214	214	
Doubtful Debt and Appeals Provisions							
1,123	70	1,193	Top-up of Doubtful Debt Provision	853	478	1,331	
0	40	40	Write-off of Debt	0	30	30	
0	2,713	2,713	NNDR Provisions for Appeals	0	3,218	3,218	
0	(2,557)	(2,557)	NNDR Settlement of Appeals	0	(3,696)	(3,696)	
110,782	37,611	148,393	Total Expenditure	117,558	40,364	157,922	
USE OF BALANCES							
Council Tax							
1,500	0	1,500	Southend-on-Sea City Council	2,000	0	2,000	
749	0	749	Council Tax – Essex Police Authority	280	0	280	
266	0	266	Council Tax – Essex Fire Authority	96	0	96	
Business Rates							
0	(6,446)	(6,446)	Government	0	(401)	(401)	
0	(6,318)	(6,318)	Southend-on-Sea City Council	0	(393)	(393)	
0	(129)	(129)	Essex Fire Authority	0	(8)	(8)	
(190)	13,280	13,090	Surplus/(Deficit) for the year	146	(1,123)	(977)	

2022/23 £000 Council Tax	2022/23 £000 NDR	2022/23 £000 Total		2023/24 £000 Council Tax	2023/24 £000 NDR	2023/24 £000 Total
COLLECTION FUND BALANCE						
7,927	(16,500)	(8,573)	Balance brough forward at 1 April	7,737	(3,220)	4,517
(190)	13,280	13,090	(Deficit)/Surplus for the year (as above)	146	(1,123)	(977)
7,737	(3,220)	4,517	Balance Carried Forward at 31 March	7,883	(4,343)	3,540
ALLOCATED TO:						
0	(1,610)	(1,610)	Government	0	(2,171)	(2,171)
920	0	920	Police Authority	946	0	946
317	(32)	285	Fire Authority	319	(44)	275
6,500	(1,578)	4,922	Southend-on-Sea City Council	6,618	(2,128)	4,490
7,737	(3,220)	4,517	Balance Carried Forward at 31 March	7,883	(4,343)	3,540

Notes to the Collection Fund

Collection Fund Note 1 Income from Council Tax

Council Tax derives from charges raised according to the value of residential properties, which have been classified into 8 valuation bands using estimated 1 April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Essex Police Authority, Essex Fire Authority and Southend-on-Sea City Council for the forthcoming year and dividing this by the Council Tax Base. The basic amount for a Band D property (£1,996.20 for the Leigh-on-Sea Town Council area and £1,945.62 for all other parts of the City) is multiplied by the proportion specified for the particular band to give an individual amount due.

The amount per band is as follows:

Valuation Band	Range of Values	Council Tax 2023/24		Ratio to Band D
		Leigh-on-Sea Town Council Area	All other parts of the City	
	£	£	£	
A	Up to and including 40,000	1,330.80	1,297.08	6/9
B	40,001 - 52,000	1,552.60	1,513.26	7/9
C	52,001 - 68,000	1,774.40	1,729.44	8/9
D	68,001 - 88,000	1,996.20	1,945.62	1
E	88,001 - 120,000	2,439.80	2,377.98	11/9
F	120,001 - 160,000	2,883.40	2,810.34	13/9
G	160,001 - 320,000	3,327.00	3,242.70	15/9
H	More than 320,000	3,992.40	3,891.24	18/9
Band D		2022/23	2023/24	Increase
		£	£	%
Southend-on-Sea City Council		1,554.39	1,631.88	4.99
Essex Police Authority		218.52	233.46	6.84
Essex Fire Authority		75.33	80.28	6.57
Total for Other than Leigh-on-Sea Town Council Area		1,848.24	1,945.62	5.27
Leigh-on-Sea Town Council		50.94	50.58	-0.71
Total for Leigh-on-Sea Town Council Area		1,899.18	1,996.20	5.11

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*	3.96	5/9	2.20
Valuation Band - A	10,870.90	6/9	7,247.27
Valuation Band - B	12,406.78	7/9	9,649.72
Valuation Band - C	20,567.16	8/9	18,281.92
Valuation Band - D	11,197.61	9/9	11,197.61
Valuation Band - E	6,153.43	11/9	7,520.85
Valuation Band - F	3,443.48	13/9	4,973.92
Valuation Band - G	1,512.58	15/9	2,520.97
Valuation Band - H	99.75	18/9	199.50
	66,255.65		61,593.96

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.	1,847.82
--	----------

* Reductions For Band A Disabled.

Council Tax Base	59,746.14
-------------------------	------------------

Collection Fund Note 2 Non-Domestic Rates

Non-Domestic Rates are organised on a national basis. The Government specified an amount of 51.2p in 2023/24 (51.2p in 2022/23) with a small business rate of 49.9p in 2023/24 (49.9p in 2022/23) 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 £38,194,641 for 2023/24 (£37,518,537 for 2022/23). The year-end rateable value for the Council's area was £124,805,105 at 31 March 2024 (£119,188,793 at 31 March 2023). This significant movement is due to the Valuation Office Agency's update of rateable values for all business and non-domestic property in England and Wales effective from 1 April 2023.

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

Within the Collection Fund there are the following provisions.

- A provision of £6.917M as at 31 March 2024 for bad and doubtful debts for Council Tax (£6.437M as at 31 March 2023). Under Council Tax Requirement arrangements, 83.95% of this is attributable to the Council.
- A provision of £0.752M as at 31 March 2024 for bad and doubtful debts for NNDR (£0.815M as at 31 March 2023). Under business rate retention arrangements, 49% of this provision is attributable to the Council.
- A provision of £3.256M as at 31 March 2024 for the potential impact of successful appeals by businesses against their rateable values (£3.696M as at 31 March 2023). Under business rate retention arrangements, 49% of this provision is attributable to the Council.

Collection Fund Note 4 Collection Fund Balance

The Community Charge Collection Fund was closed at 31 March 2007 and any income received after this date has been included in the Council Tax Collection Fund. The balance of £7.883M 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 £4.343M 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 2024	31 March 2023
	£000	£000
Council Tax - Southend-on-Sea City Council	6,618	6,500
Council Tax - Essex Police Authority	946	921
Council Tax - Essex Fire Authority	319	317
NNDR - Southend-on-Sea City Council	(2,128)	(1,578)
NNDR – Government	(2,171)	(1,610)
NNDR - Essex Fire Authority	(44)	(32)
Total	3,540	4,517

	31 March 2024	31 March 2023
	£000	£000
Shown on Balance Sheet as:		
Collection Fund Adjustment Account	4,490	4,922
Creditors Falling Due Within One Year	(950)	(405)
Total	3,540	4,517

Collection Fund Note 5 Impact of Business Rates Multiplier Cap on Collection Fund

An integral part of the Government's fiscal response, initially to the pandemic and more recently to the impact of the prevailing economic conditions, was to provide support (via Councils) to local businesses in the form of not increasing the Business Rates Multiplier. Local businesses pay rates that are calculated by multiplying their rateable value by that amount.

This national policy response restricted the increase in the value of business rate income available to be collected at a local level. This meant that the level of business rate income collectable within the Council's Collection Fund was lower than it would otherwise have been. To compensate the Council for this reduction an equivalent value of Section 31 grant was received from the Government into the General Fund.

THE GROUP ACCOUNTS

Introduction

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

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

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

Wholly Owned Companies

As at 31 March 2024, 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 Care Ltd
- Southend Housing Limited, and
- LHCS and Southend Travel Partnership Ltd

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

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

Southend Housing Limited has yet to trade.

LHCS and Southend Travel Partnership Limited was incorporated on 5th July 2019 and has been established as a vehicle through which the Council can provide passenger transport. The company commenced trading on 1 March 2020. The company was a partnership between Southend-on-Sea City Council and London Hire Community Services Ltd and the Council had a 49% holding. On 12 May 2023 the Council became the 100% shareholder of the company.

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

Joint Ventures

As at 31 March 2024 the Council participated in three joint ventures, where it has a significant level of control. These are:

- Porters Place Southend-on-Sea LLP
- Southend-on-Sea Forum Management Limited
- Airport Business Park Southend Management Ltd

Porters Place Southend-on-Sea LLP is one of the joint ventures in which the Council participates, with the purpose to regenerate the Queensway Estate and surrounding environs. It was a 30-year partnership with Swan Housing Association and their wholly owned subsidiary Swan BQ Limited. Following the business combination with the housing association Sanctuary towards the end of 2022/23, Sanctuary then commenced a period of review and due diligence of all Swan Housing Association's development commitments. On 10 August 2023 Sanctuary Housing Association

confirmed its intention to withdraw involvement from the Better Queensway project so that it could prioritise investment and commitment to existing homes and communities and focus on the delivery of schemes where construction had already started. Following the signing of the settlement agreement by all relevant parties, Swan BQ Limited exited as a member of Porters Place Southend-on-Sea LLP on 28 November 2023.

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

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

For all three joint ventures, the Council's proportions of net assets are immaterial to the accounts and therefore have not been consolidated into the group accounts.

Trust Funds

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

At the 31 March 2024, the Council was sole trustee of eight trust funds. Although the Council would require the agreement of the Charity Commission to alter the aims and objectives of the Charities, or indeed to dispose of any charity assets, the Council does have significant control over the day to day operations.

The purpose of each trust fund is set out below:

Beecroft Art Trust

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

Jones Memorial Recreation Ground Trust

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

The Palace Theatre Charity

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

Prittlewell Priory Museum Trust

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

Priory Park Trust

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

The Shrubbery Trust

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

Victory Sports Ground Trust

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

Youth Commemoration Ground Trust

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

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

Group Accounting Policies

South Essex Homes Limited, Southend Care Limited and the Trust Fund accounting policies are consistent with the Group accounting policies with the following exceptions:

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

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

Group Comprehensive Income and Expenditure Statement

2022/23			2023/24			
Gross Expenditure £000	Restated Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
42,580	(23,384)	19,196	Leader: Special Educational Needs & Disability and Constitutional Affairs	49,314	(29,426)	19,888
25,760	(2,853)	22,907	Deputy Leader: Environment	22,222	(1,142)	21,080
15,199	(1,784)	13,415	Arts, Culture, Heritage and Leisure	13,887	(2,642)	11,245
106,817	(62,926)	43,891	Children's Services, Education and Learning	101,993	(57,846)	44,147
7,433	(4,736)	2,697	Community Safety and Public Protection	10,711	(7,958)	2,753
6,010	(4,847)	1,163	Economic Growth and Investment	2,487	(990)	1,497
23,821	(13,032)	10,789	Highways, Transport and Parking	79,875	(70,385)	9,490
74,776	(65,677)	9,099	Housing and Planning	24,284	(16,403)	7,881
98,399	(40,016)	58,383	Public Health and Adult Social Care	106,467	(47,553)	58,914
16,411	(6,400)	10,011	Regulatory Services	10,108	(6,247)	3,861
417,206	(225,655)	191,551	Net Cost of General Fund Services	421,348	(240,592)	180,756
27,181	(34,735)	(7,554)	Local Authority Housing (HRA)	32,854	(27,557)	5,297
27,181	(34,735)	(7,554)	Net Cost of Housing Revenue Account Services	32,854	(27,557)	5,297
444,387	(260,390)	183,997	Cost of Services	454,202	(268,149)	186,053
		383	Other Operating Expenditure			11,677
		17,111	Financing and Investment Income and Expenditure			1,415
		(162,364)	Taxation and Non-Specific Grant Income			(175,938)
		39,127	Deficit on Provision of Services			23,207
		0	Tax Expenses of Subsidiary			0
		39,127	Group Deficit			23,207
		(21,506)	Surplus on Revaluation of Property, Plant and Equipment Assets			6,844
		(259,391)	Actuarial gains/losses on Pension Assets/Liabilities			134,470
		(280,897)	Other Comprehensive Income and Expenditure			141,314
		(241,770)	Total Comprehensive Income and Expenditure			164,521

Group Movement in Reserves

	Usable Reserves £000	Unusable Reserves £000	Total Group Reserves £000
Balance at 31 March 2022	211,011	451,783	662,794
Movement in Reserves during 2022/23			
Deficit on the Provision of Services	(39,127)	0	(39,127)
Other Comprehensive Income and Expenditure	0	280,897	280,897
Total Comprehensive Income and Expenditure	(39,127)	280,897	241,770
Adjustments between accounting basis and funding basis under regulations	35,670	(35,670)	0
Net Increase before Transfers to reserves	(3,457)	245,227	241,770
Transfers to / from Earmarked Reserves	0	0	0
Increase in 2022/23	(3,457)	245,227	241,770
Balance at 31 March 2023	207,554	697,010	904,564
Movement in Reserves during 2023/24			
Deficit on the Provision of Services	(23,207)	0	(23,207)
Other Comprehensive Income and Expenditure	0	(141,314)	(141,314)
Total Comprehensive Income and Expenditure	(23,207)	(141,314)	(164,521)
Adjustments between accounting basis and funding basis under regulations	19,094	(19,094)	0
Net Increase before Transfers to reserves	(4,113)	(160,408)	(164,521)
Transfers to / from Earmarked Reserves	0	(18,943)	(18,943)
Increase in 2023/24	(4,113)	(179,351)	(183,464)
Balance at 31 March 2024	203,441	517,659	721,100

Group Balance Sheet

31 March 2023 £000		31 March 2024 £000
	Property, Plant & Equipment (excluding infrastructure assets)	
785,322		758,449
137,486	Infrastructure Assets	139,050
36,020	Heritage Assets	36,574
38,709	Investment Property	39,416
7,902	Intangible Assets	7,325
30,517	Long Term Investments	28,355
4,318	Long Term Debtors	2,381
141,226	Other Long Term Assets - Pensions	0
1,181,500	Long Term Assets	1,011,550
52,298	Short term Investments	57,479
0	Assets Held for Sale	0
201	Inventories	202
46,738	Short Term Debtors	38,221
52,328	Cash and Cash Equivalents	39,245
151,565	Current Assets	135,147
(1,825)	Short Term Borrowings	(9,844)
(55,231)	Short Term Creditors	(48,831)
(4,733)	Provisions	(6,205)
(61,789)	Current Liabilities	(64,880)
(2,131)	Long Term Creditors	(1,683)
(355,365)	Long Term Borrowing	(346,824)
	Other Long Term Liabilities -	
0	Pensions	(3,422)
(9,216)	Other Long Term Liabilities - Other	(8,788)
(366,712)	Long Term Liabilities	(360,717)
904,564	Net Assets	721,100
207,554	Usable Reserves	203,441
697,010	Unusable Reserves	517,659
904,564	Total Reserves	721,100

Group Cash Flow Statement

2022/23		2023/24
£000		£000
39,127	Net Deficit on the Provision of Services	23,207
(31,749)	Adjustments to Net Surplus or Deficit on the Provision of Services for non-cash Movements	(51,031)
25,138	Adjustments for items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	21,605
<u>32,516</u>	Net cash flows from Operating Activities	<u>(6,219)</u>
(18,687)	Investing Activities	19,694
<u>(8,530)</u>	Financing Activities	<u>(392)</u>
5,299	Net (Increase)/Decrease in Cash and Cash Equivalents	13,083
(57,627)	Cash and Cash Equivalents at the beginning of the Reporting Period	(52,328)
(52,328)	Cash and Cash Equivalents at the end of the Reporting Period	(39,245)

Notes to the Group Accounts

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

Group Note 1 Details of Subsidiary Companies

South Essex Homes Limited – Company registration number 05453601

Southend Care Limited – Company registration number 10138562

Group Note 2 Financial Performance

Subsidiary Companies

	2023/24			2022/23		
	South Essex Homes Ltd	Southend Care Ltd	Total	South Essex Homes Ltd	Southend Care Ltd	Total
	£000	£000	£000	£000	£000	£000
Income	(18,851)	(11,318)	(30,169)	(15,243)	(10,133)	(25,376)
Expenditure	17,179	10,225	27,404	15,872	11,069	26,941
Long Term Assets	0	3,961	3,961	15,327	3,368	18,695
Current Assets	9,279	5,076	14,355	11,625	5,003	16,628
Current Liabilities	(5,310)	(4,018)	(9,328)	(8,308)	(4,015)	(12,323)
Long Term Liabilities	0	(3,420)	(3,420)	0	(250)	(250)
Net Assets	3,969	1,599	5,568	18,644	4,106	22,750
Usable Reserves	3,969	1,599	5,568	3,317	738	4,055
Unusable Reserves	0	0	0	15,327	3,368	18,695
Total Reserves	3,969	1,599	5,568	18,644	4,106	22,750

Trust Funds

2023/24	Beecroft Art Gallery	Jones Memorial Trust	Palace Theatre Charity	Prittlevell Priory Museum Trust	Priory Park Trust	The Shrubbery Trust	Victory Sports Ground Trust	Youth Commemoration Ground Trust	Total Trusts
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Income	(197)	(67)	(50)	(100)	(245)	(73)	(47)	(473)	(1,252)
Expenditure	197	60	66	248	282	8	47	201	1,109
Property, Plant and Equipment	0	22	1,258	370	516	0	10	12,721	14,897
Heritage Assets	1,969	0	0	1,812	0	0	0	0	3,781
Investment Property	0	0	0	0	84	482	0	0	566
Other Current Assets	1,288	141	1	6	1	629	1	3,985	6,052
Other Liabilities	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(4)	(11)
Net Assets	3,256	162	1,258	2,187	600	1,110	10	16,702	25,285
Usable Reserves	0	140	0	495	0	628	0	3,981	5,244
Unusable Reserves	3,256	22	1,258	1,692	600	482	10	12,721	20,041
Total Reserves	3,256	162	1,258	2,187	600	1,110	10	16,702	25,285

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

Group Note 3 Intercompany transactions

South Essex Homes Limited

The Council paid fees of £7.192M to South Essex Homes Limited for the management of its housing stock, £6.052M as service charges, together with £0.428M in respect of other services.

The Council provides several services for its subsidiary for which South Essex Homes Limited paid £1.456M. These transactions have been removed from the Group Comprehensive Income and Expenditure Statement.

Southend Care Limited

The Council paid fees of £9.556M to Southend Care Limited for the provision of adult social care services.

The Council provides several services for its subsidiary for which Southend Care Limited paid £0.131M. These transactions have been removed from the Group Comprehensive Income and Expenditure Statement.

Trust Accounts

The Trusts generate little or no income in their own right. As such the Council provides either free services or a direct operating subsidy, by way of a grant. In addition, the Council paid interest on cash balances held. In total the Council supported the operation of the Trusts by £2.366M in 2023/24. These transactions have been removed from the Group Comprehensive Income and Expenditure Statement

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

Group Note 4 Property, Plant and Equipment

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

Movements in 2023/24	Other Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000
Cost or Valuation as at 1 April 2023	300,423	29,421
Additions	4,443	1,026
Revaluations via Revaluation Reserve	4,983	144
Revaluations recognised in the CIES	(3,980)	(355)
Disposals	(10,224)	(6,033)
Transfers	2,051	0
Gross Book Value as at 31 March 2024	297,696	24,203
Accumulated Depreciation as at 1 April 2023	(7,986)	(16,237)
Depreciation	(4,771)	(1,469)
Written out to Revaluation Reserve	737	361
Written out to the CIES	121	0
On Disposals	418	5,060
On Transfers	11	0
Accumulated Depreciation as at 31 March 2024	(11,470)	(12,285)
Net Book Value as at 31 March 2023	292,437	13,184
Net Book Value as at 31 March 2024	286,226	11,918

Movements in 2022/23	Other Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000
Cost or Valuation as at 1 April 2022	285,092	29,563
Additions	6,576	1,609
Revaluations via Revaluation Reserve	11,292	0
Revaluations recognised in the CIES	(11,187)	(431)
Disposals	(598)	(1,320)
Transfers	9,248	0
Gross Book Value as at 31 March 2023	300,423	29,421
Accumulated Depreciation as at 1 April 2022	(6,266)	(12,469)
Depreciation	(4,732)	(5,051)
Written out to Revaluation Reserve	2,118	0
Written out to the CIES	666	0
On Disposals	22	1,283
On Transfers	206	0
Accumulated Depreciation as at 31 March 2023	(7,986)	(16,237)
Net Book Value as at 31 March 2022	278,826	17,094
Net Book Value as at 31 March 2023	292,437	13,184

Group Note 5 Heritage Assets

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

	Historic Seaside Assets	Heritage Land & Buildings	Antiques & Collectables	Museum Collections	Total Heritage Assets
Movements in 2023/24	£000	£000	£000	£000	£000
Cost or Valuation as at 1 April 2023	30,753	4,857	2,865	1,557	40,032
Additions	1,742	37	0	0	1,779
Revaluations via Revaluation Reserve	0	0	0	0	0
Revaluations recognised in the CIES	(541)	(37)	0	0	(578)
Gross Book Value as at 31 March 2024	31,954	4,857	2,865	1,557	41,233
Accumulated Depreciation as at 1 April 2023	(2,088)	(1,924)	0	0	(4,012)
Depreciation	(615)	(153)	0	0	(768)
Written out to Revaluation Reserve	0	0	0	0	0
Written out to the CIES	0	0	0	0	0
Accumulated Depreciation as at 31 March 2024	(2,703)	(2,077)	0	0	(4,780)
Net Book Value as at 31 March 2023	28,665	2,933	2,865	1,557	36,020
Net Book Value as at 31 March 2024	29,251	2,780	2,865	1,557	36,453

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

Group Note 6 Defined Benefit Pension Schemes

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

Transactions relating to post-employment benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. The following transactions have been made in the Group Comprehensive Income and Expenditure Statement and the Statement of Funds / General Fund Balance via the Movement in Reserves Statement during the year:

	2023/24 £000	2022/23 £000
Comprehensive Income and Expenditure Statement		
Cost of Services		
Current Service Cost	12,830	29,353
(Gain) / Loss from Settlement	87	0
Cost of Curtailments	269	445
Administration Expense	488	405
Financing and Investment Income and Expenditure		
Net Interest Expense	(7,132)	2,412
Total post-employment benefit charged to the surplus or deficit on the provision of services	6,542	32,615
Other post-employment benefit charged to the comprehensive income and expenditure statement		
Return on plan assets in excess of interest	(52,629)	15,798
Other actuarial gains on assets	0	286
Change in financial assumptions	(5,184)	(336,960)
Change in demographic assumptions	(7,770)	(1,729)
Experience (gain)/loss on defined benefit obligation	1,775	63,214
Remeasurements and Other Comprehensive Income and Expenditure	(63,808)	(259,391)
Total post-employment benefit (credited) / charged to the Comprehensive Income and Expenditure Statement	(57,266)	(226,776)
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	57,266	226,776
Actual amount charged against the General Fund Balance for Pensions in the year		
Employer's contributions payable to scheme	15,059	13,861

Pension Assets and Liabilities recognised in the Balance Sheet

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

Actuarial Gains/(Losses)	2023/24 £000	2022/23 £000
Present Value of the defined benefit obligation	571,148	562,727
Fair Value of Plan Assets	(784,699)	(703,953)
Impact of Asset Ceiling	216,973	0
Net (Asset)/Liability arising from defined benefit obligation	3,422	(141,226)

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

	2023/24 £000	2022/23 £000
Opening Balance at 1 April	562,727	804,338
Current Service Cost	12,830	29,353
Interest Cost	26,565	20,704
Contributions by Scheme Participants	4,730	4,599
Remeasurement Gains and Losses		
Actuarial gains arising from changes in demographic assumptions	(7,770)	(1,729)
Actuarial (gains) / losses arising from changes in financial assumptions	(5,184)	(336,960)
Other	1,775	63,214
Losses on Curtailments	269	445
Benefits Paid	(22,959)	(21,237)
Liabilities extinguished on Settlements	(1,835)	0
Closing Balance at 31 March	571,148	562,727

Reconciliation of fair value of the scheme assets

Local Government Pension Scheme assets

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

	2023/24	2022/23
	£000	£000
Opening Balance at 1 April	703,953	704,927
Interest Income	33,697	18,292
The return on plan assets, excluding the amount included in the net interest expense	52,629	(15,798)
Other Actuarial Gains	0	(286)
Employer Contributions	15,059	13,861
Contributions by Scheme Participants	4,730	4,599
Benefits Paid	(22,959)	(21,237)
Payment of Bulk Transfer Value	(1,922)	0
Administrative Expense	(488)	(405)
Closing Balance at 31 March	784,699	703,953

Impact on the Council's Cash Flows

The Group anticipates paying a £15.480M contribution to the scheme in 2024/25.

Group Note 7 Accounts

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

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

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

ADDITIONAL FINANCIAL INFORMATION

Members' Allowances (unaudited)

Councillors' Allowances		Basic Allowances	Special Allowances	Travel & Subsistence	Total
		£	£	£	£
Elected Councillors					
Aylen	S	9,406.45	0	0	9,406.45
Beggs	B	10,343.74	104.36	0	10,448.10
Berry	M	10,343.74	721.7	0	11,065.44
Borton	M	10,310.40	1,061.01	0	11,371.41
Boyd	H	10,343.74	12,316.03	0	22,659.77
Buck	K	10,343.74	12,316.03	0	22,659.77
Buckley	S	10,343.74	0	0	10,343.74
Burton	L	10,335.40	1,910.14	0	12,245.54
Campbell	C	9,406.45	1,208.85	0	10,615.30
Carty	O	9,406.45	0	0	9,406.45
Collins	P	10,343.74	3,718.98	0	14,062.72
Courtenay	J	10,343.74	13,300.16	59.4	23,703.30
Cowan	D	10,343.74	9,020.39	0	19,364.13
Cowdrey	T	10,343.74	6,693.42	0	17,037.16
Cox	T	10,343.74	32,885.49	0	43,229.23
Davidson	M	10,343.74	16,551.81	0	26,895.55
Dear	A	10,343.74	4,967.32	0	15,311.06
Dent	M	10,343.74	328.06	0	10,671.80
Evans	K	937.29	0	0	937.29
Evans	M	10,343.74	2,257.86	0	12,601.60
Folkard	N	10,343.74	2,323.47	0	12,667.21
Garston	D	10,343.74	13,300.16	0	23,643.90
George	S	10,343.74	4,268.41	0	14,612.15
Gilbert	I	10,343.74	1,457.61	0	11,801.35
Habermel	S	10,343.74	14,262.44	0	24,606.18
Harland	J	10,343.74	346.66	0	10,690.40
Hooper	B	937.29	0	0	937.29
Hyde	L	10,343.74	0	0	10,343.74
Jarvis	D	10,343.74	12,316.03	0	22,659.77
Jones	A	10,343.74	2,148.42	0	12,492.16
Jones	D	10,343.74	2,454.04	0	12,797.78
Kelly	M	937.29	0	0	937.29
Lamb	J	10,343.74	12,316.03	0	22,659.77
Leroy	G	9,406.45	0	0	9,406.45
Line	A	10,343.74	0	0	10,343.74
Longstaff	R	9,406.45	0	0	9,406.45
McMullan	R	10,343.74	0	0	10,343.74
Mitchell	K	937.29	1,041.16	0	1,978.45
Moyies	J	10,343.74	10,935.34	0	21,279.08
Mulroney	M	10,310.40	1,907.55	0	12,217.95
Murphy	K	10,343.74	434.18	0	10,777.92
Nelson	D	10,343.74	12,381.64	0	22,725.38
Nevin	C	9,406.45	0	0	9,406.45

O'Connor	M	10,343.74	0	0	10,343.74
Richardson	D	9,406.45	0	0	9,406.45
Robinson	K	10,343.74	1,687.05	0	12,030.79
Sadza	M	10,343.74	0	0	10,343.74
Salter	L	937.29	702.97	0	1,640.26
Shed	I	937.29	0	0	937.29
Stafford	M	10,343.74	2,257.86	0	12,601.60
Terry	M	10,343.74	4,386.90	0	14,730.64
Wakefield	S	10,343.74	8,251.37	0	18,595.11
Walker	C	10,343.74	104.36	0	10,448.10
Ward	N	10,343.74	10,343.74	0	20,687.48
Warren	J	10,343.74	5,484.54	0	15,828.28
Wexham	P	10,343.74	0	0	10,343.74
Woodley	R	10,343.74	6,839.32	144.9	17,327.96
Co-opted Members					
Morgan	J	0	1,292.40	0	1,292.40
Pandya	K	0	1,292.40	0	1,292.40
Tetley	J	0	1,292.40	0	1,292.40
Williams	L	0	307.62	0	307.62
Total		526,518.43	255,497.68	204.3	782,220.41

ABBREVIATIONS and GLOSSARY

Abbreviations

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

Glossary

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

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

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

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

Minimum Revenue Provision (MRP)	This is the amount to be set aside for the repayment of debt. Each local Council has a general duty to make an MRP charge to its revenue account each year, which it considers to be prudent.
National Non-Domestic Rate (NNDR)	A standard rate in the pound set by the Government payable on the assessed rateable value of properties used for business purposes. Also known as Non-Domestic or Business Rates.
Net Expenditure	Gross expenditure less specific service income.
Non-Operational Assets	Fixed assets held by the Council but not directly occupied, used, or consumed in the delivery of services. Examples are investment properties or assets surplus to requirements, pending sale or redevelopment.
Operating Lease	A type of lease, usually of computer equipment, office equipment, furniture, etc. which is like renting and therefore represents a revenue cost. Ownership of the asset remains with the lessor.
Operational Assets	Non-current assets held and occupied, used, or consumed by the Council in the direct delivery of those services for which it has a statutory or discretionary responsibility.
Outturn	Actual income and expenditure in a financial year.
Pension Fund	An employees' pension fund maintained by a Council, or group of authorities, in order to make pension payments on retirement of participants. It is financed from contributions from the employing Council, the employee and investment income.
Precept	The levy made by Precepting authorities on billing authorities, e.g. Southend-on-Sea City Council. The major precepting authorities are Essex Police and Crime Commissioner and Essex Fire Authority. The Leigh-on-Sea Town Council also raise money by means of a precept on the billing authority.
Public Works Loan Board (PWLB)	A central government agency which provides long- and medium-term loans to local authorities at interest rates only slightly higher than those at which the Government itself can borrow. Local authorities can borrow a proportion of their requirements to finance capital spending from this source, subject to them being able to afford the interest and principal repayments.
Provision	An amount set aside for liabilities or losses that are certain to arise but owing to their inherent nature cannot be quantified with absolute certainty.
Prudential Code	The Prudential Code, introduced in April 2004, sets out the arrangements for capital finance in local authorities. It constitutes 'proper accounting practice' and is recognised as such by statute.
Rateable Value	The annual assumed rental value of a property that is used for business purposes.

Revenue Expenditure Financed from Capital under Statute (REFCUS)	Capital expenditure which may be properly treated as such, but which does not result in, or remain matched with, tangible fixed assets. An example of REFCUS would be capital expenditure on improvement grants.
Reserves	The accumulation of surpluses and deficits over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council.
Revenue Support Grant	A grant paid by the Government to Councils, contributing towards the costs of their services, as opposed to specific grants, which may only be used for a specific purpose.
Section 151 Officer	Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs and appoint a S151 Officer, also known as a Chief Finance Officer, to have responsibility for those arrangements.
Section 31 Grants	A grant issued by a Minister of State under Section 31 of the Local Government Act 2003.
Specific Grants	The term used to describe all government grants – including supplementary and special grants – to local authorities that are to be used for a particular purpose, as opposed to non-service specific grants such as revenue support grant.
Subjective Analysis	This is an analysis of income or expenditure according to type. Such expenditure headings are wages and salaries, capital charges, building maintenance, consumable materials. On the income side, the examples are government grant, fees, and charges.
Supplementary Financial Statements	Additional financial statements comprising the Housing Revenue Account and Collection Fund. Together with the Core Financial Statements comprise the Council's Accounting Statements.
Trust Funds	Funds administered by the Council for such purposes as charities and specific projects usually resulting from individual legacies and donations.
Value for Money (VFM)	A term that describes a service or product that demonstrates a good balance between its cost, quality, and usefulness to the customer. A VFM audit considers the economy, efficiency, effectiveness and equity of a Council service, function, or activity.

ANNUAL GOVERNANCE STATEMENT

Annual Governance Statement for the Year Ended 31 March 2024

Introduction

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

In discharging this overall responsibility, the Council is responsible for ensuring the proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk, are in place. This responsibility extends to satisfying itself that there are robust governance arrangements between the Council and its subsidiaries.

Southend's Local Code of Governance was reviewed in 2023/24 and the format has been updated to reflect the seven principles of the CIPFA / SOLACE framework "Delivering Good Governance in Local Government 2016". A copy of the Council's Local Code of Governance is part of the council's Constitution and is available on the Council's website or can be obtained from the Corporate Strategy Group, Civic Centre, Victoria Avenue, SS2 6ER.

This Annual Governance Statement explains how the Council has complied with its Local Code of Governance, and meets the requirements of Section 6 of the [Accounts and Audit Regulations 2015](#) in relation to the production and publication of an Annual Governance Statement.

The Purpose Of The Annual Governance Statement

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

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

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

The Governance Framework

The Council's Governance Framework is reviewed annually to ensure its continuing effectiveness regarding the seven CIPFA / SOLACE principles of delivering good governance.

Key highlights from the Governance Framework in place are shown against each of the seven principles below. Further evidence of compliance with the principles can be found in the Local Code of Governance contained in the Council's Constitution.

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

The Council's Monitoring Officer is recognised as a key role within the Council and sits within the Corporate Leadership Team (CLT) where their advice and expertise can oversee and inform all issues of strategic importance. The role is responsible for the maintenance of the Constitution and for reviewing its relevance and effectiveness, ensuring that it is always fit for purpose. Extensive changes to the Constitution are approved by Full Council; minor changes can be made to the Constitution by the Chief Executive in consultation with the Group Leaders and the Monitoring Officer. The Constitution is reviewed regularly, and a full refresh will be undertaken in 2024/25.

The Council's financial management arrangements conform to the governance requirements of the [CIPFA "Statement on the Role of the Chief Financial Officer in Local Government"](#) (2016). The Chief Financial Officer (CFO) occupies a key position in managing the Council's finances and ensuring that resources are used wisely to secure positive results and desired outcomes. He has statutory responsibility for the proper management of the Council's finances and is a key member of the Corporate Leadership Team.

The Chief Finance Officer is responsible for ensuring that the annual Statement of Accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in The United Kingdom.

Due to well documented resourcing and capacity challenges that external auditors have experienced over the last few years, the independent external audits of the 2020/21 and 2021/22 Statement of Accounts were completed in April 2023 and December 2023 respectively. Although the 2022/23 external audit is substantially complete, external auditors have not yet signed the 2022/23 Statement of Accounts. Once the signed accounts are published the backlog of unaudited accounts will have been cleared.

Whilst this is not a reflection on the effectiveness of the Council's governance arrangements or on the quality of the draft Statement of Accounts, it does mean that the Council, its partners, and its stakeholders do not yet have the assurances they seek from a fully audited and unqualified signed set of accounts for 2022/23. New external auditors have been appointed to deliver the audit of the 2023/24 statement of accounts, which is due to start in summer 2024.

The Council's cross-party Standards Committee promotes and maintains ethical standards of conduct for elected and co-opted committee members, helping to oversee the Councillors' Code of Conduct and to monitor the effectiveness of the Councillors' Code of Conduct whilst also dealing with formal complaints against councillors. This year, the Monitoring Officer resolved all Code of Conduct complaints in line with the Constitution without need for escalation to the Standards Committee.

Policies and procedures on councillor and officer declarations of interests and of gifts and hospitality are publicly available, with interests remaining a standing item on all Committee, Cabinet and Full Council meeting agendas. Regular prompts are sent to councillors regarding

maintaining formal declarations to form an accurate Register of Interests and the Monitoring Officer maintains the Register, which is [published](#) on the website.

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

A complaints procedure and a whistleblowing policy are in place and made available to members of the public, employees, partners and contractors. They are kept under review to enable issues to be raised by public, staff, councillors, and co-opted councillors, when they feel appropriate standards have not been met. Staff are made aware of the policies as part of the induction process. Complaints received and investigated effectively under the policy show good awareness of an effective policy and appropriate investigations.

A report analysing complaints, comments and compliments is submitted to Audit Committee annually. Within the report the Monitoring Officer also reports on the Council's annual feedback from the Local Government and Social Care Ombudsman and the outcome of investigations during the year by the Ombudsman where fault was found. Should an investigation reveal fault of a serious nature (as defined by the Ombudsman) it would be reported separately to the Audit Committee.

In addition to the annual report, Audit Committee receives updates and supplementary reports by request. For example, following the 2022/23 report, additional assurance was requested by Audit Committee concerning action being taken to improve performance in addressing complaints.

The Corporate Finance and Performance Board (CFPB) received a monthly complaints performance report, with overdue complaints reported to CLT Business meeting should their assistance with resolution be required. The general complaints process will need to be reviewed in 2024/25 as the Ombudsman has issued a new complaint handling code which must be complied with by April 2026.

Over the past year the Council has worked hard to significantly improve its assurance in several areas of activity including data security, complaints handling and FOI / SARS information requests. The Information Governance Update and Senior Information Risk Owner (SIRO) Annual Report 2023/24 provides a summary of the Council's key actions in regard to information governance and information risk management during 2023/24.

The Council was notified in October 2023 that personal data relating to past and present Council employees had been published on a website which supports people in making requests under the Freedom of Information Act. Upon investigation, a report was made to the Information Commissioner (ICO) along with a second similar potential breach of a less serious nature. The Council has been able to learn from this process and implement additional controls to prevent a similar potential breach; existing structures in place to manage information lawfully have been strengthened. Training and awareness tools are available to officers and councillors, however participation and attendance needs strengthening and to be given the full support of all officers and councillors.

A determination by the ICO concerning any regulatory action they may take regarding the primary breach is awaited. No further action is being taken by the ICO regarding the second breach.

Following a consistently poor level of performance in terms of its response times to requests made under the Freedom of Information Act (FOIA), in December 2023 the ICO reached the view that the Council's request handling practices did not conform with part 4 of section 45 of the Freedom of Information Code of Practice.

A Task and Finish group has been in operation since December 2023 focusing on FOI performance, and the required improvement by the ICO to 90% or more of requests being responded to on time has been achieved.

The Council has thoroughly reviewed its practice with regard to the fulfilment of FOIA requests and made changes which have improved performance to the required standard. Whilst practice recommendations are not 'closed' as such, the ICO has confirmed that they do not need anything further at this time and the next step will be to sustain the reported improvements while the ICO monitors compliance from the Council's published statistics, and then to review and further improve our processes. Senior managers will continue to monitor performance closely to ensure improvement is maintained.

The Council also did not meet its obligations to process Data Subject Access Requests (SAR) within the timescales prescribed by the Data Protection Act during 2023/24, particularly those relating to Children's Services.

The Task and Finish Group has also been looking at this issue with a view to what can be done to improve. All options will again be explored to identify the best way forward and the resourcing required to improve to the required standard within a reasonable timeframe.

Principle B: Ensuring openness and comprehensive stakeholder engagement

The Council's Communications Strategy aims to communicate clearly, honestly and persuasively with residents and other stakeholders in the Council's complex local environment. Key principles include anticipating, enabling, engaging, informing, and celebrating. The strategy will be updated in 2024 to align with the Council's vision and priorities.

The Council follows a media protocol, which has due regard for the national Publicity Code and the Council's own Constitution and ensures fair and objective communication. Sign-off processes for proactive media release and reactive media enquiries involve senior officers and cabinet members, with exceptions during pre-election periods where cabinet members may be briefed or updated if appropriate.

A vast array of information is accessible to the public via the Council's website in an understandable style appropriate to the intended audience.

The Council has an FOI publication scheme on its website and also [publishes certain information in line with the Local Government Transparency Code 2015](#). The Council's [Annual Statement of Accounts](#) is published online. Current accessibility issues with some website content are being reviewed and addressed.

Council, Cabinet and committee meetings are open to the public and guidance on attending and speaking at public meetings is available in the Constitution. A [calendar of meetings](#) ensures that timely reports are submitted to, published by, and distributed by Legal and Democratic Services to ensure councillors' information needs, and relevant statutory deadlines, are met. Meetings are [webcast](#) and committee reports are published on the Council's [Democracy platform](#), through the website. Notices of Key Decisions, Executive Decisions and Urgent Decisions are also issued in advance/made available on this platform (as appropriate).

The Corporate Plan 2023-27 sets out our priority to "engage and empower our communities and residents through co-design and co-production, where service providers and users work together to reach a collective outcome.

The [Co-production Framework 2023](#) uses the ladder of participation to explain different approaches which can be considered when engaging with residents depending on the topic. It encourages staff to consider how they can move their approach up the ladder towards co-design and co-production.

We run consultations on the Council's engagement platform, [Your Say Southend](#), once concluded the results, analysis, accompanying report and decision is published on the democracy site as a pack for decision makers and is available to the public.

The dates of public meetings and major decisions are communicated via the Council newsletter and press releases. Once the decision is taken a link to the Democracy site and short summary are included on the consultation platform with the project and on the dedicated "Together We Did" subpage with additional details for actions which have been informed by the feedback. For projects where registration was required the system updates participants using the details they provided with updates to the project.

This year we ran a successful consultation campaign on changing the Council's election cycle.

The Boundary Commission for England's [Ward Boundary review](#), which began in February 2024, requires a decision on the Council's election cycle as part of that review. The LGA Peers recognised this opportunity following their Corporate Peer Challenge in October 2022, and made a recommendation for the Council to consider a change. The consultation was designed to ensure a

broad engagement by providing multiple response options and targeted engagement and assistance for certain groups, in line with best practice, across the full range of in-person and digital channels. As a result, the consultation received over 1,900 responses and the collated details of all comments made will be presented to Full Council in 2024/25 to support an informed decision.

We have plans to review the online engagement platform, 'Your Say Southend', and develop a consistent approach for working with communities and residents; reaching out to voices seldom heard; and involving residents in the design and delivery of services to help increase the capacity for communities to come together to enhance their environment. The review will ensure the platform aligns to the new website policy, which aims to improve the ability of search engines to find data; facilitates standard security measures; and ensures that accessibility standards are applied consistently. Understanding the knowledge and experiences that people gain in their lives is crucial to co-producing local solutions. We will build trust and relationships with residents and communities, work jointly on challenges, provide support and training, and where possible, share power and resources".

The Council has continued engaging with a group of statutory, community and business partners to form a Partnership Steering Group and to refresh the city Vision by October 2024 with the aim of aligning individual organisational strategies to enable better collaboration between partners and more effective use of resource for agreed strategic goals to benefit Southend's residents.

In September 2023, Southend Adult Community College received a 'Good' Ofsted rating and recognised the effective partnership between the Council, governors, and staff, citing 'Governors have a comprehensive understanding of the strengths and weaknesses of the college. They challenge leaders' decisions appropriately on the quality of education and training and have ensured that the programmes and qualifications provided continue to meet the evolving needs of the local community.' This success has followed enhanced governance arrangements over several years to regularly review and check its effectiveness which includes the Council's Director of Education acting as Chair. The Council's role is to provide, direct and oversee various college functions including strategy, financial planning, and performance management.

Following the successful allocation of the first of three delivery years of UK Shared Prosperity Funds (UKSPF) in 2022 the Council followed the same successful format of using an Assessment Panel made up of local partners, in 2023 and 2024. For 2023/24 £467,914 of UKSPF funding was allocated across nine projects, which will deliver volunteering opportunities and business development. The fund was oversubscribed and the ability to work with partners to take a wider and community-based view of scoring and allocating funds has allowed the Council to ensure the outcomes of its decision making is sustainable.

In Autumn 2023 the Government confirmed that "Greater Essex" – i.e., the upper tier local authorities of Essex, Southend and Thurrock - would work towards a Level 2 devolution deal.

Reservations from some Essex MPs about the deal meant that consensus could not be reached and in September 2023 the Minister for Levelling Up gave formal notification that efforts to pursue a deal would be on hold until after a general election in 2024 or 2025. The Council has since continued to work closely with Essex and Thurrock councils on shared priorities across the Greater Essex area, including efforts to integrate SELEP to drive growth and jobs, and continued to actively participate in South Essex Councils (SEC) workstreams as well as taking on the Treasurer role from Thurrock Council.

In August 2023, the Department for Levelling up Housing and Communities (DLUHC) and the Department for Business and Trade announced that the Government's sponsorship and funding of Local Enterprise Partnerships would end by March 31, 2024. In alignment with this decision, the

Strategic Board of SELEP resolved to integrate all its functions into alternative upper tier local authorities or Functional Economic Areas by the same deadline. Starting from April 1, 2024, Essex County Council will no longer serve as the Accountable Body for SELEP; instead, the responsibility for legacy projects will transfer to each upper tier authority, including the Council. The Accountability Board, Strategic Board, and other SELEP boards will dissolve as SELEP shuts down. Southend and other upper tier authorities will monitor and report on project delivery in accordance with the agreed terms. Essex has agreed to continue administering the Growth Hubs on behalf of Essex, Southend and Thurrock Councils, pending clarification on future funding. The Transition Agreement outlines the Council's duties, roles, and responsibilities related to LEP functions for legacy projects, while also releasing Essex County Council from its role as the Accountable Body. Additionally, a separate agreement will be necessary to establish arrangements for a successor to the LEP, involving Southend, Essex, and Thurrock Councils as the upper tier local authorities in Greater Essex.

From April 2024, as agreed with the Southend Health and Wellbeing Board, the Southend Health Protection Board will only meet when required. All health protection matters are managed jointly with the UK Health Security Agency (UKHSA) and assurance is provided to the Public Health Senior Management Team (via a fortnightly report which highlights key data points, initiative approaches, risks and emerging issues) this information allows for an assessment to establish if escalation is required and channelled through to the Corporate Leadership Team and Cabinet member for Public Health.

Any case where a local health protection outbreak is declared will result in the Health Protection Board being convened and an assurance report provided by the Director of Public Health to the Southend Health and Wellbeing Board. All East of England UTLAs have adopted a Memorandum of Understanding with the UKHSA which describes when UKHSA will call an outbreak. This consistency of embedding a framework means that all involved better understanding the expectations of individuals and organisations and the process required.

The Council had established a long-term joint venture partnership (Porters Place Southend-on-Sea LLP) to deliver the Better Queensway development in central Southend. The partnership was between the Council and Swan BQ, a subsidiary of Swan Housing Association. Following lengthy negotiations, Swan Housing Association was acquired by Sanctuary Housing who, it was hoped, would step in to Swan's role to work with the Council to deliver the Better Queensway regeneration project.

Unfortunately, following a period of due diligence by Sanctuary Housing, they decided to focus on managing their new and existing tenants and on developments which were already on-site. They therefore declared that they wished to step away from Better Queensway and the partnership with the Council.

Officers have worked hard with key stakeholders such as Homes England to maintain investment whilst negotiating and completing the exit arrangements with Sanctuary. Following the conclusion of the joint venture, the Council has worked to re-plan the development, focussing in particular on the proposed Phase 1a to see if a viable scheme can be delivered in this phase to start the regeneration moving. Consideration of alternative highways options and changes and to building regulations, particularly relating to double staircases, have meant that approaches to the first development phase are currently being reconfigured. This work is progressing.

From a company perspective, the Council intends to bring Southend Housing Ltd alongside the Council as the other joint venture partner within the LLP to ensure that the LLP remains compliant with company law.

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

The council has a [Corporate Plan](#) which sets out four strategic priorities for the council. These priorities set out the council's high-level ambitions for sustainable economic, social and environmental benefits.

The council embeds these objectives through an approach described as the 'golden thread', where goals are articulated throughout onward plans. Service plans, reintroduced in April 2023, set out service area objectives, how services contribute to the delivery of the Corporate Plan, and how success will be measured. The purpose of the plans is to provide robust management of service areas; help services to plan, organise and increase coordination and consistency across the council; and provide the council with the information and assurances required for good governance. Individual performance agreements complete the golden thread, linking individual performance to service tactics and organisational strategy.

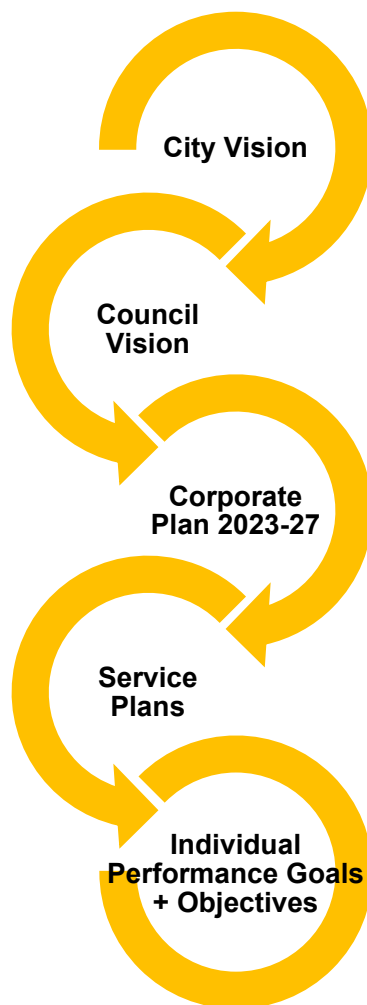


Figure 18 The council's Golden Thread

In 2024 work is underway to develop and launch a vision for the council. This will sit above the council's Corporate Plan and will provide a clear statement articulating the council's aspirations, target operating model and values and behaviours.

Additionally, strategic partners from across the city are coming together to review and refresh the city Vision, led by a Partnership Steering Group. Once complete these visions will guide partners and the council to deliver the priorities for the city.

A sustainable Capital Programme is achieved by regular integrated financial monitoring reports covering both revenue and capital projects that provide analysis and explanations of any significant variances from approved budgets. The Investment Board has a particular focus on capital expenditure and reviews and challenges business cases.

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

Two rounds of capital challenge sessions were held with the Leader of the council in 2023/24. A round in early October 2023 related to all schemes, and an early December 2023 session targeted key areas where further progress needed to be made.

The council seeks to ensure that its services are planned to be sustainable and achieve the right economic, social and environmental benefits by consulting with the council's service users to understand more about their needs - see [Principle B](#).

An example from December 2023, the council ran a seven-week consultation asking residents and families to help shape the future service of Family Centres within Southend, to underpin an aim to bid for Family Hubs in the next wave of funding. The consultation and its results have increased understanding about what a sustainable Family Centres offer would look like and has informed decision making about trade-offs and priorities for the service. The consultation included the publication of a detailed pack representing the nuanced circumstances of service users and their requirements, this supported more comprehensive engagement on the topic. Virtual and in-person consultation sessions were offered, alongside an online and paper-based survey, in order to enable as many residents as possible to participate.

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

The Corporate Leadership Team (CLT) comprises of the Chief Executive, Executive Directors and Director of Legal Services (Monitoring Officer). This executive management function provides strategic oversight and leadership across the whole council.

CLT meets weekly with a clear framework which puts in place strong governance and assurance. The framework operates over a monthly cycle, with standing bi-monthly and quarterly items which include risk management, internal audit & fraud, ICT & Digital (including information and cyber security), policy horizon scanning and employee networks. CLT convenes monthly as the Transformation Board.

CLT also forms the CFPB, made up of CLT members and other key officers, which met twice in 2023/24. The CFPB's role is to ensure that the council has a robust method of scrutiny and appraisal to ensure delivery of the council's Corporate Plan and internal business health and intelligence. The Board also considers any other areas identified as a priority for monitoring and intervention across the council; has oversight on the council's finance and resources and

corporate budget monitoring; monitors organisational health; deep dives into performance issues and impacts on service delivery; facilitates the connection with children's and adults in terms of performance as the council's biggest spend areas; and advises Cabinet on the performance arrangements and performance against the delivery of the council's corporate priorities, advising the Members Finance Panel when it is established in May 2024.

The Corporate Strategy service is responsible for the development and oversight of the Policy Register. A review is underway to assess how the register can benefit from technology advancements and provide more comprehensive oversight of expiring policies. This work has recently been aligned to the ICO recommendations and officers are looking at how this project can support more timely FOI request responses and open data sources, which reports to the related ICO FOI Recommendations Task and Finish group.

Resourcing the council's strategic priorities as set out in the Corporate Plan will require tough choices and careful consideration over the coming years. Decisions are underpinned by the Financial Sustainability Strategy and the Medium-Term Financial Strategy, helping to target resources and effectively consider and manage a range of financial impacts.

As described in Figure 1 above, the 'golden thread' provides a mechanism for intended outcomes to be articulated and monitored throughout key plans and strategies, including those which guide the council's departments and staff. These include Service Plans, reported directly to Executive Directors, providing data and intelligence to inform prioritisation activities. They also collate budget, key risks, and KPIs for the service area, informing resource planning. As well as annual Performance and development conversations.

During the past year the council undertook to provide more consistency, focus and assurance for its Transformational activity. Under the leadership of the recently appointed Director of Transformation the key outputs and successes for 2023/24 have included:

- Refreshing the focus and direction of the council's Transformation Board to support the delivery of circa £17m of savings and income generation initiatives as part of the approved budget package for 2024/25 to ensure that council remains financially sustainable.
- Re-energising the council's Service Design function to enhance how the council delivers services and strengthen how Southend's citizens engage with the council; the Service Design team has been collaborating with the Customer Services Team to streamline and enhance the council's 'Front Door', to strengthen the council's engagement processes.
- Scoping and designing the corporate Programme Management Office (PMO) function to strengthen delivery, efficiency and quality assurance across the council's project and programme portfolio that will drive impact and value for money.
- Building a change champion community, with membership drawn from across the council, to act as a point of contact and conduit for the delivery of transformation across the council.

In the coming year the Transformation Director will focus on aligning transformation activity to the council's action plans with its strategic objectives, to ensure that every investment is delivered in a coordinated, efficient, and effective manner that produces better outcomes for the residents of Southend.

This will include:

- A structured and streamlined approach to decision-making supported by a new approach to business cases to make life easier for officers and decision makers.

- Evolving the Transformation Board focus from efficiencies to sustainable impact to ensure that decision making continues to drive strategic aims that contributes to improving the life chances and outcomes for the residents of Southend on Sea.
- Embracing and embedding the beneficiary approach to services established by the Service Design Team to ensure the council's relationship with Southend on Sea residents remains focused on service and delivery in a sustainable and targeted manner.
- Examining what services do and how they do it, to ensure that the ways of working are optimised, making best use of technology to deliver efficient and effective services, focussed on the priorities of the council.
- Development of proposals to establish a permanent transformation focus consisting of the PMO and a flexible Project Management capability, that can deliver the council's highest priority initiatives and support the rest of the council's services in their own initiatives.

The Transformation Board will play a critical role in driving effectiveness and innovation by working across the council.

Digital transformation continues at pace; the focus has shifted to transforming resident facing and key business platforms and applications to improve the experience and bring efficiencies, while ensuring that security and standards remain consistent.

The current digital strategy is focused on improving resident services, empowering officers, and using data, dovetailing neatly with the data strategy.

A new Artificial Intelligence (AI) policy - created this year in response to developments – is intended to ensure that AI adoption is conducted safely and securely. A new website policy has been created to ensure consistency of accessibility, improve the ability of search engines to access data, facilitate standard security measures and will be applied to any new or replacement websites.

An established governance framework escalates digital related issues to the Digital Steering Group as required. Transformational projects are tracked by the Transformation Board to ensure alignment with transformation principles. Further improvement to digital governance will bring representation from other service areas to ensure that all needs are considered as part of decision making.

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

The council experienced significant changes to both political and senior managerial leadership during 2023/24. These included a change in political control in May 2023, which saw the council remain in No Overall Control with a new Conservative-led minority administration, new Leader, and nine new portfolio holders.

The May 2024 local election also returned No Overall Control. The Labour Party, as the largest minority group, consequently formed a new joint administration with the Independent and Liberal Democrat groups, with a new Leader and new portfolio holders.

The annual preparation for election periods continues to present challenges and risks to the sustainability of longer-term service and financial planning, as reported in the Local Government Association's (LGA) Corporate Peer Challenge (CPC) [findings](#) in October 2022. As mentioned above, the council will be taking a decision on the election cycle in 2024/25 following a consultation with resident and local partners.

The staffing changes in 2023/24 involved the departure of the council's then-permanent Chief Executive (Oct 2022-Jul 2023) and the departure of the then-permanent Monitoring Officer, also in July 2023. This was followed by the appointment of an Interim Chief Executive in July 2023 and Interim Monitoring Officer in August 2023, who then both left the authority in early 2024 following the appointment of a new permanent Chief Executive and a new permanent Monitoring Officer in February 2024.

Alongside these appointments, a number of further permanent appointments have been made to the CLT including the appointment of permanent Executive Directors to the posts of Adults & Communities, Strategy & Change, and Environment & Place (with the latter merging two previously interim posts for Growth / Housing and Neighbourhoods / Environment into one permanent post). The Executive Director for Neighbourhoods & Environment left the Authority July 2022. An interim appointment was in place until June 2023, when those areas of responsibility were taken on by the then Interim Executive Director (Environment & Place), who was made permanent in September 2023.

The Executive Director for Strategy, Change & Governance left the authority in July 2023, with a new appointment to the post of Executive Director for Strategy & Change made in September 2023.

These changes now put the council's senior leadership team in a secure and stable position.

The People Vision is the council's vision for all officers and councillors to be healthy, content and work in an environment that is conducive to maintaining their wellbeing. It sets out the strategy for delivering the Corporate Plan and for creating the workforce conditions to successfully deliver the transformation required. It is shaped by the council's experiences during the pandemic and is structured to reflect the employee life cycle model. Each of the eight core components contain detailed plans to fulfil core deliverables over the next three years, and its framework structure enables each service area to shape its workforce plans according to locally specific strategic priorities, recognising that "one size" does not fit all and that service areas need to develop specific recruitment and targeted development programmes to achieve their priorities.

A core part of the People Vision is the implementation of the councils Equality Diversity and Inclusion strategy, which includes [a set of commitments](#) to work towards between 2023-2026 (published 9 April 2024.)

The council currently has eight employee networks, which give officers an opportunity to support each other, share ideas and make friends in a safe environment, as well as playing a valuable role in consulting on and shaping council policies and guiding a range of matters.

The People Vision also has an ambition to enhance the council's leadership capability, creating an infrastructure that enables officers and councillors to develop the skills of 21st Century Councillors and Public Servants. A core focus was the development and implementation of leadership capabilities for inclusion in 2023/24's performance reviews, to support development and implementation of a leadership pathway to include investment in apprenticeships and the roll out of a comprehensive mandatory learning programme.

A comprehensive induction and training programme has been implemented for 2024/25 to support the induction of the council's councillors and officers showing the council's clear commitment to developing capacity and capability.

In support of developing a high-performance culture within the council's approach to performance for 2024/25, there has been a renewed emphasis to the standards and capabilities required of all staff with strong emphasis on goal setting and completion of Annual Conversations by the end of

June 2025. For 2023/24 the level of completions increased from 56% to an overall completion level of 77%.

A mapping exercise followed in September 2023 to ensure that all Cabinet Portfolio and Shadow Portfolio councillors were provided with regular briefing opportunities from key officers across the relevant departments. This work was reported to CLT and formed part of a wider commitment to continue with group leader meetings held by the Chief Executive following the LGA CPC, noting their value in building trusting and effective working relationships between councillors and officers.

In July 2023 a review of all Outside Bodies on which councillors sit was undertaken. One of the objects was to improve the understanding of capacity required to perform the role and disengage from activity which was no longer required or added value. The result has reduced the number of outside bodies that councillors are appointed to, increased capacity considerations, and commitment to review the arrangements on an ongoing basis. To support opportunities for more efficient ways of working, appointments to such bodies will align to councillors' personal interests or as part of their ward work.

New Scrutiny Procedure Rules were in operation during 2023/24. Following a presentation to the General Purposes Committee in February 2023 where the Committee reviewed a proposal to adopt new Council Procedure Rule and Overview and Scrutiny Procedure Rules, the Committee were satisfied that all political groups had been consulted. The new rules were implemented for the 2023/24 municipal year, and intended to enable a more effective pre-Cabinet scrutiny system where scrutiny and opposition councillors have opportunities to contribute to and offer advice on key decisions prior to consideration by Cabinet. This is achieved by identifying reports through a pre-published Forward Plan.

To support implementation of the new procedures, training and guidance documents were developed and shared with key groups across the council.

A dedicated webpage on the council's intranet pages support staff to navigate the new system. We are now in a position to assess whether the rules have achieved the planned and desired outcomes. An evaluation will be carried out with recommendations for continuous improvement.

Full Council approved more efficient and democratic practices this year by removing the restriction on Cabinet Members being able to exercise individual decisions, aligning the provisions of the Constitution with the existing statutory powers available to the Executive and replacing the former SO46 procedure.

The Council meeting is a public debate between all councillors. To engage effectively with the public, rules are set out to govern the debate, known as standing orders. The General Purposes Committee [undertook work this year](#) to make changes to those rules to make meetings more effective, to improve debate in the Council Chamber, ensure greater transparency for spending public funds, particularly around contracts, improve engagement regarding the public in councillors' questions and provide general housekeeping of the Constitution.

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

The council recognises that risk management is one of the key principles of effective corporate governance, it is a vital activity that underpins and forms part of the council's vision, values, and strategic objectives. Risk management is a fundamental contributor to a sound internal control environment as monitored and assessed through this Annual Governance Statement.

The Corporate Risk Register sets out the key risks to the successful delivery of the council's priorities and objectives and outlines the key management arrangements in place to mitigate and

reduce the likelihood of the risks crystallising or maximise the likelihood of the opportunities being achieved. Updates to the Corporate Risk Register are discussed with Executive Directors, Directors, Heads of Service and Managers, reported to CLT and the summary position is reported to Cabinet twice a year in July and January. Project risk and departmental risk registers are reviewed by service area departmental management teams.

Following adoption of the new refreshed Corporate Plan, the Corporate Risk Register was refreshed in late 2023/24 to reflect the updated priorities. In 2024/25, a review and refresh of the council's risk management framework and register, will include a programme of training for senior leaders and councillors. This will be supported by Zurich (one of the council's insurers) using accumulated risk funds.

The Internal Audit Annual Report to Audit Committee confirms that an effective internal audit service is resourced and maintained and provides an annual opinion on the adequacy of the council's governance, risk management and internal control arrangements. The risk-based Internal Audit Plan is aligned to the Corporate Plan priorities and the council's corporate risks.

The Senior Information Risk Officer (SIRO) is responsible for overseeing the strategic management of information related risks and ensuring alignment with business objectives. This is a multifaceted role, which encompasses risk management, data protection and adherence to regulatory standards such as the Caldicott principles. The SIRO identifies, assesses, and mitigates where possible, potential threats to information security and integrity.

As the data strategy evolves, the risk of using data, while keeping it secure is growing and for this reason the SIRO, together with the Data Protection Officer are creating a workplan to ensure that improvements to all data processes continue to move forwards, and that aligned to the take-up of data use, there is an improvement in the controls, policies and procedures related to data and its management.

The Data Protection by Design and Default Policy provides for risks related to the processing of personal data to be assessed with the help of the Data Protection Risk support service. Those matters which are considered high risk are reviewed before being signed off by the Senior Information Risk Owner or Caldicott Guardian.

Performance reports are either published internally only or made available on the council's website alongside Scrutiny Committee reports. The council is using Microsoft PowerBI to produce and visualise performance reports, enabling senior leaders to monitor the council's performance on a self-serve basis.

The council's performance is monitored by the following mechanisms:

- Live PowerBI dashboards provide self-serve access for CFPB to real-time corporate performance data.
- The Corporate Plan Performance Dashboard and Annual Report reporting schedule is reported to the CFPB, bringing focus and ownership for Executive Directors, improving target setting processes and ensuring consistency and accuracy. Detail about the role of CFPB is provided under [Principle D](#) above.
- The Corporate Plan Performance Report is reported to Scrutiny Committees and to Cabinet quarterly.
- The People dashboard is reported to the CFPB quarterly.
- Management Dashboards are scrutinised at Departmental Management Team level.

- The Annual Report, showing year end measures for key activities, is reported to Scrutiny Committees and Cabinet.

The People dashboard provides oversight, scrutiny and assurance of the health of the council. It provides detailed data on relevant employee related data, including:

- Mandatory training compliance.
- Sickness absence.
- Grievance, capability, disciplinary.
- Health and safety - number of incidents and near misses.
- Gender / ethnicity per pay range.
- Turnover and reasons for leaving.

The Information Management Strategy is due to be reviewed and will be aligned to existing policies and procedures as well as aligned to the data strategy, and a new Information Risk Policy to ensure that the further use of data will have robust information risk and governance processes in place. Controls around the use of data are being reviewed and policies and procedures will be adjusted where necessary. A combined workplan for the SIRO and Information Governance team this year will be used to manage and measure progress and success.

Sampling of the arrangements in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data will be performed in 2024/25. The council's Data Protection Policy and its supporting policies and procedures provide instruction concerning the correct handling and processing of personal data.

Effective arrangements are in place and operating effectively when sharing data with other bodies. Formal Information Sharing Agreements or similar are entered into where required, with support provided by the Data Protection Risk support service. Information sharing arrangements which otherwise would be considered high risk are signed off by the Senior Information Risk Owner or Caldicott Guardian.

The council's [Financial Procedure Rules](#) are set out in Part 4(f) of the Constitution available on the council's website.

The council undertook its annual self-assessment against the six core principles and 17 standards contained within [CIPFA's Financial Management Code](#) (with results reported to the Audit Committee every April, with a six-monthly update on any resulting action plan between each self-assessment).

Officers reviewed the evidence of the council's current arrangements compared to the Code's expectations and expressed their degree of confidence about how well these arrangements met the Code's expectations.

The findings for 2023/24, reported to Audit Committee in April 2024, reported that the council is self-assessed as achieving overall compliance with the expectations of the CIPFA Financial Management Code.

The council meets the minimum expectations for all 17 standards, with good compliance for 15 standards and demonstrable compliance, but with recognised scope for further improvement, for the remaining two standards.

The budget process for 2024/25 began after the Local Elections in June 2023. Proposed changes were considered, and detailed budget development work took place with individual budget holders.

The Corporate Leadership Team reviewed the changes, and cross-party involvement sought ideas from all councillors. An initial report in October proposed budget changes, and follow-up reports in December approved suggestions that would be taken forward as part of the budget setting process for 2024/25 and future years. Taking early views on the suggestions will permit earlier full year delivery of service changes and consequent savings. Correspondence with Central Government addressed challenges. The draft budget was launched in January, and a balanced budget was approved by Full Council in February and in accordance with statutory timescales.

A cross-party Members Resources Panel will be established in 2024/25, to oversee the Transformation Board's work, undertake analysis on key risk areas of the budget, evaluate financial challenges, and generate ideas for risk mitigation. The Panel will scrutinise financial recovery plans over the medium-term period, initially focusing on 2024/25 and 2025/26 to ensure a balanced and sustainable organisational position. The Panel will be supported by the Corporate Leadership Team and Transformation Board, with outputs fed into budget monitoring and budget setting processes. This will allow for appropriate Member oversight and enable strong and robust governance of the council's financial position.

At the start of the 2023/24 financial year, the council had a capital investment programme budget of £95million, £27million of which was financed by borrowing. Following cross-party capital challenge sessions this was reduced to £56million at February 2024, £19million of which was financed by borrowing. This is a reduction in borrowing of £8million, which resulted in the increase in financing costs for 2024/25 being reduced by £0.6million.

Financial monitoring reports have kept councillors informed of the capital budget variations and the projected outturn position of the council's finances.

The cross-party Shareholder Board, which oversees the governance of the council's companies and joint ventures, is chaired by the Leader and reports to Cabinet. The Board met three times in 2023/24 and received reports on the accounts and business plans of the Airport Business Park, Porters Place LLP, South Essex Homes, Southend Care Ltd., Vecteo and the Forum Management Company. Additionally, it received reports on the dissolution of PSP Southend LLP and updates on the Better Queensway programme.

In November 2023, the council appointed 31ten Consulting to undertake an independent review of two of its wholly owned companies; Southend Care Ltd (SCL) and LHCS & Southend Travel Partnership Ltd (known as 'Vecteo', and which became a wholly owned 100% subsidiary of the council in May 2023).

The review considered and reflected on the findings of this work and evaluated whether the companies are viable entities, capable of providing a financial return to the council and delivering quality services.

The [outcome of the review](#) recommended that the council continue with the wholly owned companies but with significant changes to the governance, operational efficiency, commissioning, contract management and relationship management. The Shareholder Board will monitor progress against the review's resulting action plan.

Due to the changes to Porters Place Southend-on-Sea LLP referenced above, including Sanctuary exiting the LLP, it has not been possible to bring forward a revised business plan for Better Queensway at this stage although the optioneering work on alternative delivery models is progressing.

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

The council's [Publication Scheme](#) contains details of the types of information to which the public have the right of access, ensuring transparency and underpinning accountability. Each category contains direct links to information either on the council's website or elsewhere. The content of the Publication Scheme is being revised to ensure it complies with the model provided by the Information Commissioner's Office. It is intended to publish and link to more policy and procedure documents than at present.

The Corporate Strategy service is responsible for the development and oversight of the Policy Register. A review is underway to assess how this can be improved to provide greater oversight and monitoring of policies.

The council's [Annual Report for 2022/23](#) was endorsed by Cabinet in July 2023 and provides a high-level overview of the successes and achievements leading into 2023/24, setting the context in which we were operating. It aligned with the financial year end-report reports and the Annual Governance Statement, and annual data for the council's corporate performance indicators was presented, grouped by the four corporate priorities. In this way the Annual Report formed part of the council's Golden thread, aligning with 2023's reintroduction of strengthened delivery-detailed service planning by setting out the key activity of each service area, how it contributed to the delivery of the Corporate Plan and how success was to be measured.

This year, the Corporate Performance Report was separated out from the Finance reports it used to be amalgamated with, to enable greater scrutiny on the council's performance.

A new CLT framework was put in place this year. Meeting frequency, schedule and content was reviewed, with items regarding oversight of call-ins about FOIs and complaints; governance, risk, and audit; scheduled for improved oversight. CLT now has full oversight of all Cabinet papers; and one meeting per month is designated to operate as a Transformation Governance Board. Regular performance reporting received by CLT gives oversight and assurance of the health, corporate priorities, and the finances of the council.

LGA peers returned to Southend in December 2023, when they reviewed progress and provided ongoing support for improvement following the [October 2022 Corporate Peer Challenge](#).

The resulting 2023 [Corporate Peer Challenge Review report](#), published on the council's website, acknowledged good progress across all the recommendations with particular emphasis on building a more engaging leadership style through strengthened communications and engagement alongside greater cross-party working; and outlined the financial environment and the work undertaken to address budget gaps. A strong and consistent message arising from the progress review was the need to maintain focus on the delivery of the required savings and medium-term financial resilience. The LGA peers further highlighted the importance of transformation in achieving this.

Developing and tracking activity to progress the opportunities identified by the LGA's recommendations during 2023/24 involved regular monitoring by the CLT with reporting to a cross-party Working Party. Following the LGA's findings and endorsement of the activity as well as its progression, it is recommended that in 2024/25 ongoing work is reported through the normal performance reporting mechanisms so as not to lose momentum and sight of outcomes.

In 2023/24, the Adult Social Care Service's staffing structure was reorganised and undertook both internal and public consultations. The public consultation was undertaken in line with the [LGA guidance: Section 4: Consulting residents | Local Government Association](#). Significant resident engagement with the consultation has resulted in the initial plans being amended with adaptations

taking account of residents’ needs. As part of this process the services have also reviewed, updated and evaluated all Job Descriptions in line with council policies.

The Care Quality Commission (CQC) is the independent regulator of healthcare, adult social care and primary care services in England, with objectives to protect and promote the health, safety and welfare of people who use health and social care services and ensure the efficient and effective use of resources in the provision of health and social care service. The CQC has been given powers under the Health and Care Act 2022 to assess how Local Authorities deliver against key aspects of their duties under Part 1 of the Care Act 2014. The new Assurance Framework will be a similar assessment to Ofsted’s assessment of Childrens Services and will be used to understand the performance of Local Authorities and to gain assurances about the quality of care in an area and whether any improvements may be required.

The council’s practice and data will be reviewed ahead of its CQC assessment, to gain clarity on its strengths and areas where it needs to improve. A [Peer Challenge by the LGA in 2023](#) was an opportunity to test this and focus on where improvements are needed. The key outcomes were:

- Strengths with social work and occupational therapy practice.
- Vibrant private & voluntary services sector.
- Work to understand data to predict and respond to demand.
- Further work to improve communication and engagement with providers, partners and people and carers.

Eleven full Ofsted school inspections were completed during the financial year 2023/24. The overall position is below and shows that 95.7% of children were attending good or outstanding schools as of April 2024 compared to 88.5% in 2023/24.

<i>[#] = 2022/23 figure</i>	Outstanding	Good	Requires Improvement	Inadequate
Primary schools	3 [5]	29 [26]	0 [1]	1 [1]
Secondary Schools	5 [5]	6 [5]	1 [0]	0 [2]
Special schools	1 [1]	3 [3]	1 [1]	N/A
Pupil Referral Unit / alternative provision	0 [0]	1 [1]	1 [1]	N/A

Review of Effectiveness

The council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.

The review of effectiveness is informed by:

- the work of the Senior Leadership Network which has responsibility for the development and maintenance of the governance environment.
- the work of Cabinet and the Committees, including the Audit Committee, Scrutiny Committees.
- the Head of Internal Audit's annual report.
- comments made by external auditors and other external agencies and inspectorates.

The Chief Executive has the responsibility for overseeing the implementation and monitoring of the Local Code of Corporate Governance.

Regular reports to CLT and the Audit Committee set out weaknesses identified in the governance arrangements and any corrective action necessary to resolve concerns identified.

An annual review of the governance framework was undertaken by the Senior Leadership Network, with an annual report following to the CLT and the Audit Committee on the adequacy of governance arrangements.

The council's Local Code of Corporate Governance underwent review in 2023/24.

As well as the annual review, the governance and control frameworks are maintained and reviewed by a series of comprehensive processes throughout the year. These include:

- A robust Internal Audit function where the planned work is based on identified key risk areas.
- The council's Internal Audit Service arrangements conform to Public Sector Internal Audit Standards.
- A risk management process which ensures corporate risks are captured and reported to CLT and councillors.
- A comprehensive budget monitoring process with reporting regularly to CLT and Cabinet.
- An evidenced based self-assessment against each of the 17 standards contained within the CIPFA Financial Management Code (see [Principle F](#)).

The outcome of this review of effectiveness is presented in [Review of Actions](#) below, which detail areas for improvement during 2024/25.

Internal Audit

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

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

Draft Head of Internal Audit Opinion for the year ended 31 March 2024

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

During 2023/24 the council continued to be challenged by the external environment that it operates within, particularly in respect of the ongoing issues with the wider economic situation and the impact of inflation, creating additional financial pressures for the council, residents, the supply chain, and other stakeholders. Significant changes that have occurred to the operations of the council are becoming embedded, including many staff working remotely and the changes implemented to enable that remote working. These changes enabled the council to deliver what was required by the challenges of recent years and focus needs to continue to be applied to the financial challenges that the council is facing, so that the council can address the medium-term budget gap that has arisen and bring the council back into an ongoing financially sustainable position.

The council continued to build on the work that had been undertaken to create the shared ambition for the city, and desired outcomes for its residents, visitors, students, and other stakeholders, through the adoption of a new Corporate Plan that aims to provide the necessary focus on the priorities for the council, so that the council's resources can be applied to the delivery of those priorities. Further updates have been made to refresh the priorities, outcomes being sought and their delivery arrangements to ensure that these remain appropriate given the changed context and circumstances being encountered.

The Transformation programme is beginning to be worked through to provide the focus that will be necessary to make the further changes that are required to transform the culture and the way that the council operates, so that the council shifts to a culture, a focus, a structure, and ways of working that are most appropriate, effective and financially sustainable to deliver the priority outcomes in the changed circumstances that the council is now facing.

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

The council is working to deliver and meet these multiple challenges. As a result, there continues to be updates made to the way the council is operating. The governance arrangements have been reworked during the year and need to become effective and embedded to provide the framework that will drive the delivery of what is required to address the multiple challenges faced. The Transformation and change programme will review ways of working, and therefore there is a need for changes arising to have the opportunity to be established and embedded before assurance can be provided that they are working effectively as intended. Management continues to work in the context of ongoing change and challenges arising from the external environment, which makes it difficult to achieve a period of stability that would assist with implementing and embedding revised arrangements.

With regards to the assurance provided by audit work undertaken in these areas, the results of the work indicate that the design of the council's risk management can be provided with satisfactory assurance, although the Risk Management Policy Statement and Strategy that has been reviewed and refreshed needs to be formally adopted, but partial assurance in respect of operation, as there is a need for further embedding of the arrangements within the services so that there is increased understanding of the need to capture the conversations about risk that are happening, to provide increased visibility, transparency and accountability for decision making around the risks below those on the corporate risk register. This has been partly addressed through the Service Plans for 2024/25 and will be further embedded through a risk management awareness and training programme that will be implemented during 2024/25.

The design and operation of internal control can be provided with satisfactory assurance, but issues have been highlighted in respect of the governance framework as operated for the year indicating that this required the changes that have been introduced during the year to become effective and embedded before it can be considered to be satisfactory overall, therefore partial assurance is provided for the year. Work to further improve the governance framework and arrangements is being undertaken, as reflected in the Annual Governance Statement [action plan](#), and will be reported to councillors later in 2024/25.

The basis for forming this opinion is an assessment of:

- the design and operation of the underpinning governance and assurance framework.
- the range of individual opinions arising from risk based and other audit assignments that have been reported during the year, taking into account the relative significance of these areas.
- whether management properly implement actions arising from audit work completed, to mitigate identified control risks within reasonable timescales.
- observations from advisory and support work undertaken.
- changes to the council's Corporate Plan, management structure and use of technology.
- assurance from other providers including independent regulators and peer reviews.
- the quality and performance of the Internal Audit service and the extent of compliance with the Public Sector Internal Audit Standards.

The Head of Internal Audit has not reviewed all risks and assurances relating to the council's activities in coming to this opinion.

Compliance with Professional Standards, Head of Internal Audit Opinion

I can confirm that I have maintained an appropriate Quality and Improvement Programme (QAIP) during the year for the in-house team and work undertaken by contractors when being managed by the in-house team. As required by the Standards, this consisted of:

- on-going supervision and review of individual audit assignments completed by in-house staff or contractors working to in-house staff.
- reporting on a limited set of performance targets to the Audit Committee (for all work done including that of external suppliers).
- reviewing the independent external assessment of compliance with the Standards which is required at least every five years and updating for the position for this year.

I have received assurance from external suppliers used that where they have undertaken work using their own audit approach, that are also compliant with the Standards.

Issues for the Annual Governance Statement

No issues have come to internal audit's attention this year, other than those already disclosed, that we believe need including in the council's Annual Governance Statement.

Review of actions from the 2022/23 Annual Governance Statement

Ref.	Issue and actions	Lead Officer	Progress made and planned
1-2022/23	<p>Governance and operating model: To progress the recommendations from the LGA CPC to continue with the review of Constitution, consider changing to an all-out election cycle and modernise operating systems with particular focus on those that will support application of the governance framework.</p>	<p>Director of Legal Services Director Digital & ICT Executive Director Strategy & Change</p>	<p>This action was raised in last year's statement and will continue to be progressed in 2024/25.</p> <p>The LGA returned to the council in October 2023 and noted that much progress had been made on their recommendations. The migration of all technology systems to the cloud has now completed, and transformational programmes aimed at key enabling services and the main resident facing portals are in flight.</p> <p>The Transformation programme is continuing to support the modernisation of operations, council agree to consult on the election cycle and will take a decision in June 2024 and the Constitution continues to be enhanced and changes reviewed for effectiveness.</p>
2-2022/23	<p>Risk management: To complete the implementation of the Risk Management Policy Statement and Strategy and then to build on and embed the risk management arrangements that support the delivery of the council's Corporate Plan and Service Plans.</p>	<p>Head of Internal Audit and Counter Fraud</p>	<p>This action was raised in last year's statement and will continue to be progressed in 2024/25.</p> <p>A Risk Management Framework has been drafted and the council's insurance partner, Zurich, has completed a desk top review of the council's processes and management during 2024/25.</p>

3-2022/23	<p>Transformation and financial sustainability: To proceed with the Transformation programme and develop a programme of work that will revise the council's operating model, structure and focus to deliver a modern and financially sustainable council.</p>	Director of Transformation	<p>This action was raised in last year's statement and will continue to be progressed in 2024/25.</p> <p>The progress made against this action is outlined in the main body of this statement.</p>
-----------	--	----------------------------	--

Further actions to strengthen the Council's governance arrangements for 2024/25

Ref.	Area	Action	Date of implementation	Responsible Officer
1-2023/24	Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	Continue with the review of constitution, finalise the decision on whether to change to an all-out election cycle and modernise operating systems with particular focus on those that will support application of the governance framework, including review of the pre-Cabinet scrutiny arrangements, the general complaints process and delivering further improvements to digital governance.	March 2025	Director of Legal Services Director of Digital and ICT Executive Director of Strategy and Change
2-2023/24	Principle F: Managing risks and performance through robust internal control and strong public financial management	Review and refresh of the council's risk management framework and register and deliver a programme of training for senior leaders and councillors, to support embedding the risk management arrangements within services.	March 2025	Head of Internal Audit and Counter Fraud Head of Corporate Strategy

Ref.	Area	Action	Date of implementation	Responsible Officer
3-2023/24	Principle E: Developing the council's capacity, including the capability of its leadership and the individuals within it	Proceed with the Transformation programme of work that will revise the Council's operating model, structure and focus on aligning transformation activity to the council's action plans with its strategic objectives, to ensure that every investment is delivered in a coordinated, efficient, and effective manner that produces better outcomes for the residents of Southend.	March 2025	Director of Transformation, Communities, Culture and Tourism Executive Director of Strategy and Change
4-2023/24	Principle F: Managing risks and performance through robust internal control and strong public financial management	Establish the Members Resources Panel, to oversee the Transformation Board's and Performance & Finance Board work, undertake analysis on key risk areas of the budget, evaluate financial challenges, and generate ideas for risk mitigation, with outputs fed into budget monitoring and budget setting processes.	March 2025	Executive Director of Finance and Resources Director of Financial Services
5-2023/24	Principle F: Managing risks and performance through robust internal control and strong public financial management	Deliver the aims of the People Vision to achieve the desired outcomes to support delivery of the Corporate Plan, effective decision-making, culture shift, a proactive approach to employee wellbeing, and overall creating the workforce conditions, capacity and capability to successfully deliver the Transformation programme and a high performance organisation.	March 2025	Head of People and Organisation Executive Director of Strategy and Change

Ref.	Area	Action	Date of implementation	Responsible Officer
6-2023/24	Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability	Review and coordinate across services the Information Management Strategy, its alignment to the Data Strategy, and the creation of the SIRO and Information Governance joint workplan, and implement the Policy Register to improve transparency, accessibility and accountability of the council's policies, strategies and guidance.		Executive Director Strategy & Change Director of Digital and ICT Director of Legal Services
7-2023/24	Principle F: Managing risks and performance through robust internal control and strong public financial management	Implement the proposed recommendations identified through the independent review of two of the council's wholly owned companies, Southend Care Ltd. and Vecteo, with the Shareholder Board monitoring progress against the recommendations action plan and utilising for the other Council companies as appropriate.		Executive Director Strategy & Change Director of Legal Services

Certification

We have been advised on the result of the review of effectiveness of the governance framework by the Audit Committee and, although the arrangements fundamentally achieve their aims and meet the needs of the council, it is recognised that there is scope for further development to ensure these are as effective as possible. Work is underway to make the necessary improvements, as set out in the action plan for 2024/25.

Signed on Behalf of the Council

**Colin Ansell
Chief Executive &
Town Clerk
17 July 2024**

**Councillor Daniel Cowan
Leader of the Council**

17 July 2024