

Rochford District Council Annual Financial Report 2022/2023



Contents

Narrative Report	3
1. Introduction	
2. Overview of Rochford District Council	
3. Our Councillors	
4. Corporate Risk Register	
5. The Business Plan	
6. 2022/23 Performance and Key Achievements	
7. 2022/23 Financial Summary	
8. Looking Ahead	
9. Statement of Accounts	
10. Annual Governance Statement Overview	
11. Conclusion	
Annual Governance Statement	17
Statement of Responsibilities	46
Statement of Accounts	47
Index	47
Guide to the Financial Statements	48
Primary Financial Statements	50
Notes to the Financial Statements	54
Collection Fund Account and notes	94
Glossary of Terms	98
Auditors Report (available at the conclusion of the audit)	

1 Introduction

I'm pleased to introduce Rochford District Council's Annual Financial Report for 2022/23.

Rochford District Council works closely with Essex County Council, the town and parish councils and other partners to provide a large range of services to the public.

At an Extraordinary Council meeting held on 25th January 2022 it was agreed to approve the creation of a formal strategic partnership between the Council and Brentwood Borough Council (BBC), including the permanent appointment of a joint Chief Executive. A joint savings ambition for the Partnership was estimated at £595,000-£853,000 by 2025/26. The Council's Medium-Term Financial Strategy includes projected savings over the period to 2025/26. Provision has been made within earmarked reserves to fund the Council's share of one-off costs associated with the Transformation Programme required to deliver these ongoing savings.

The Council's Business Plan 2020-2023 sets out its vision for the district and how it intends to help its residents, businesses and service users, as outlined in its four strategic priorities:

- 1. Being Financially Sustainable**
- 2. Early Intervention**
- 3. Maximise our Assets**
- 4. Enable Communities**

This report and the accompanying financial statements set out how the council's resources have been used during 2022/23 to help deliver the outcomes set out in its Business Plan.

The district is settling into a 'new normal' but this won't necessarily mean a return to pre-pandemic levels of activity in all areas. The Council will continue to face challenging financial times for the foreseeable future, compounded by ongoing pressures on local government funding, inflationary costs and increasing demand for services; the council's reserves will therefore remain an important tool to help it manage these longer term risks.

Tim Willis

Section 151 Officer



2 Overview of Rochford District Council

Rochford in 2023

Rochford is a district that is home to around 86,000 people across a mix of urban and rural settlements. Our population has grown around 3% over the last 10 years and is projected to grow by a further 12% over the next 20 years. This would make our population around 96,000 people by 2040. Over the same period, the age structure in Rochford is expected to

shift notably towards an older population. By 2040, we expect there to be a 46% increase in over 70s, with the number of people living into their 90s expected to almost double compared to current levels. There are also likely to be slightly more children than currently however the number of economically active individuals is likely to decrease with fewer residents of Rochford being between the ages of 18 and 70 than currently. Whilst general standards of health within elder populations is consistently improving, a large dependent population relative to economically active people does present challenges locally in generating economic growth and will mean a likely a shift in demand for certain local facilities and services.

Rochford is currently one of the least deprived areas in the country, with only five out of 53 local neighbourhoods falling into the top 40% most deprived in the UK and 28 falling into the top 20% least deprived. There remain however small pockets of deprivation where income, education and healthcare outcomes are notably worse than the rest of the district.

The functions of Rochford District Council include: -

Assets and Investment: Asset Management, Facilities Management, Parking, Health & Safety, Council Companies, Capital Programme & Regeneration, Asset Delivery Programme, Oversee leisure contract management

People and Governance: Democratic Services, Civic, Elections, Legal Services, People Services, DPA/FOI, Support Services, Leadership Support Team

Place: Economic Development & Inward Investment, Tourism & Visitor Economy, Planning (DM & Enforcement), Planning Policy & Strategy

Environmental Services: Waste & Recycling, Public Realm, Open Spaces, Country Parks, Building Control, Climate Change, Street Scene

Resources: Finance including Accountancy, Payments and Income, Revenues and Benefits, Audit & Fraud, Procurement

Housing: Housing Options, Homelessness, HRA Stock Management, Housing Strategy & Partnerships, Strategic Housing Delivery Programme

Policy & Delivery: Policy Development & Innovation, Grants and funding, Research & Service Design, #OneTeam Transformation, Communications & Digital Engagement

Customer and Data Insight: Performance & Data Insight, ICT & Data Protection, Connect Programme, Customer & information Services

Communities & Health: Communities & Partnerships, Leisure (sports and health improvements /initiatives), Culture and Health, Public Health, Community Safety, Licensing, Safeguarding, Environmental Health, Emergency planning & business continuity, RIPA

Political Make-up of the Council

Rochford District Council currently comprises 12 Conservatives, 9 Liberal Democrats, 7 Rochford District Residents, 5 Independent & Green, 3 Rochford District Independents, 2 Independent Conservatives and 1 Non-Group Member. The elected Councillors at the end of the financial year 2022/23 (i.e., 31st March 2023) are shown on the next page.

3 Rochford District Councillors (on 31st March 2023)

Downhall & Rawreth
Clr J E Cripps
Clr J E Newport
Clr C M Stanley

Foulness & The Wakering Ward
Clr D S Efde
Clr G W Myers
Clr Mrs J E McPherson

Hawkwell East
Clr Mrs L A Butcher
Clr Mrs D P Squires-Coleman
Clr M J Webb

Hawkwell West
Clr Mrs J R Gooding
Clr Mrs C M Mason
Clr Mrs T L Carter

Hockley & Ashingdon
Clr M R Carter
Clr Mrs D L Belton

Hockley
Clr A H Eves
Clr J R F Mason
Clr Mrs E P Gadsdon

Hullbridge
Clr M Hoy
Clr S A Wilson

Lodge
Clr R Milne
Clr R Lambourne
Clr I H Ward

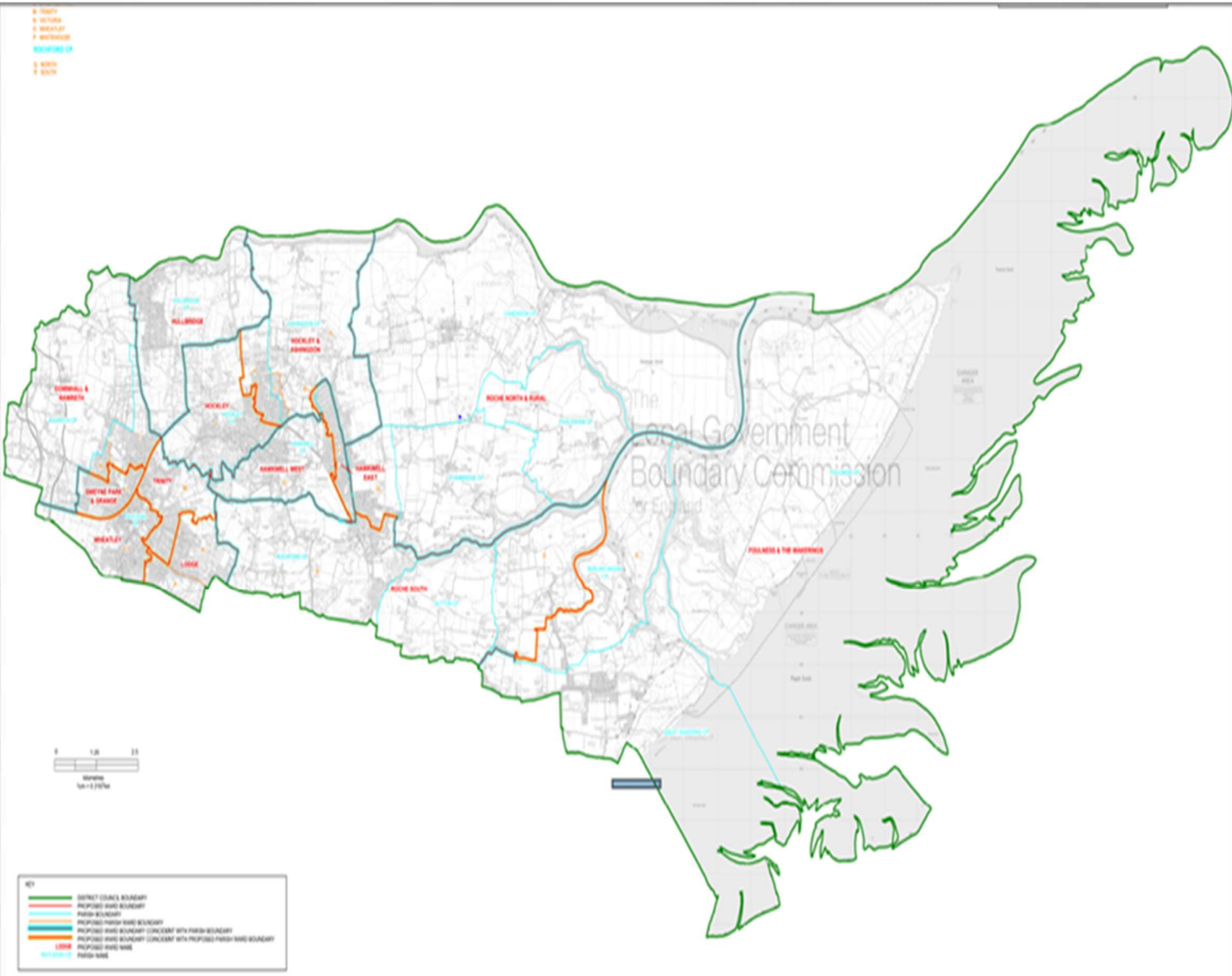
Roche North & Rural
Clr I A Foster
Clr Mrs L Shaw
Clr S E Wootton

Roche South
Clr J N Gooding
Clr M J Steptoe
Clr A L Williams

Sweyne Park & Grange
Clr Mrs L J Newport
Clr Mrs J R Lumley
Clr Mrs V A Wilson

Trinity
Clr D W Sharp
Clr Mrs C E Roe
D J Sperring

Wheatley
Clr J L Lawmon
Clr A G Cross
Clr M G Wilkinson



5 Rochford District Council Corporate Risk Register

Corporate Risks	Potential Impacts													Likelihood	Impact	Residual Risk
	Safeguarding	Reputational Damage	Service Disruption	Impaired Performance	Ineffective partnerships	Health and Safety	Staff Morale	Missed Opportunities	Financial costs / losses	Asset loss or damage	Contract breaches	Ineffective leadership	External Intervention			
1 – We fail to deliver the objectives of the Council’s Business Plan in terms of measurable outcomes.		✓	✓	✓			✓	✓	✓			✓	✓	2	3	M
2 – There is a failure to safeguard children and adults with care and support needs from abuse and / or neglect in line with the Council’s legal responsibilities.	✓	✓					✓						✓	2	4	M
3a – There is a serious Food, Environmental or other incident for which the Council is culpable / liable.		✓	✓						✓	✓			✓	2	4	M
3b – There is a serious Health and Safety incident for which the Council is culpable / liable		✓	✓			✓			✓	✓			✓	3	4	H
4 – We fail to respond to, or provide, relevant services in the event of an incident or disaster.		✓	✓										✓	3	3	M
5 – Council held data is lost, disclosed, or misused to detriment of individuals or organisations as result of inadequate protection.		✓	✓	✓					✓		✓		✓	3	3	M
7 – Failure to engage with stakeholders to understand and communicate what the Council should be trying to achieve.		✓			✓		✓	✓	✓			✓		2	3	M
8 – Failure to innovate and develop new ways of meeting customer needs and expectations.		✓	✓	✓			✓	✓				✓	✓	2	3	M
9 – Failure to ensure financial sustainability for the Council..		✓		✓			✓	✓	✓		✓		✓	3	4	H
10 – Inability to recruit, retain, develop, and manage appropriately skilled staff to deliver the Council’s priority outcomes.	✓	✓	✓	✓			✓		✓					4	4	H
11 – Failure to enter into and manage effective contractual relationships and partnerships for the delivery of services and outcomes.		✓	✓	✓	✓						✓			3	3	M
12 – The Council could fail to provide consistent Value for Money (VFM) across its existing services or when procuring new services.		✓	✓	✓					✓		✓			2	3	M
13 – Failure to ensure good governance of the Council’s activities and delivery of its priority outcomes.		✓					✓		✓	✓		✓	✓	2	3	M
14 – Failure to ensure Rochford’s ICT Estate supports achievement of Business Objectives.		✓	✓	✓			✓	✓	✓		✓			4	3	M
15 – The Council fails to ensure compliance with the General Data Protection Regulations (GDPR) and is unable to demonstrate consistent application of information standards, controls, and statutory compliance.		✓					✓		✓					2	4	M
16 –The partnership between Rochford District Council and Brentwood Borough Council fails to bring about the project benefits.		✓	✓	✓	✓		✓		✓					3	3	M
NEW RISK 17 - The partnership between Rochford District Council and Brentwood Borough Council fails to bring about the project benefits.		✓	✓	✓	✓		✓		✓							

6 Rochford District Council Business Plan

Rochford has four key priorities for the years 2020 to 2023.



Our Key Priorities



Financially sustainable

We are continuing our transformation into a modern, accessible and financially sustainable council



Early intervention

We are working with partners through early intervention; we are facilitating safe, healthy and active communities



Maximise our Assets

We are playing our part to develop a thriving economy, enhancing skills and employment opportunities and maximising use of the Council's own assets



Enable Communities

We are working with communities to protect, enhance and promote our district

7 Performance and Key Achievements 2022/23

The Council's current basket of Key Performance Indicators (KPIs) and associated targets for 2022/23 are shown in the table at the end of this section, with comparative data for 2021/22.

The Annual Review of performance against the Council's Business Plan priorities during 2022/23 can be found here.

www.rochford.gov.uk/AnnualReview

Rochford District Council – Annual Financial Report 2022/23

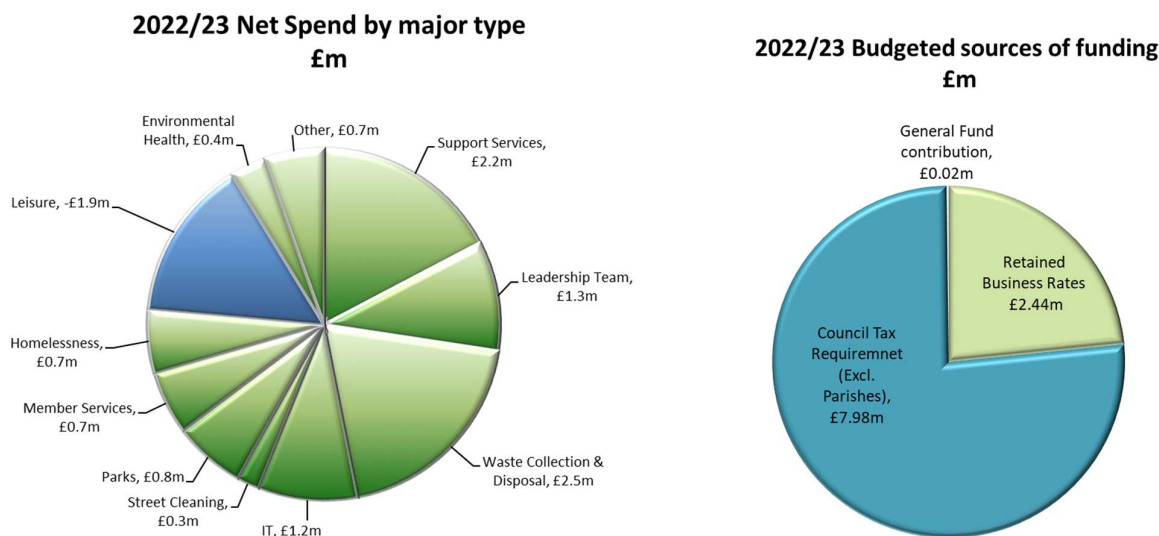
Key Performance Indicators (* represents provisional 2021/2022 data)	Polarity	Performance 2021/2022	Target 2022/2023	Performance 2022/2023	2022/2023 vs. 2021/2022	DOT
Average number of days to process new benefit claims (DISCONTINUED MEASURE)	Low is Good	24.8	-	-	-	-
Average number of days to process benefit changes in circumstances (DISCONTINUED MEASURE)	Low is Good	9.3	-	-	-	-
New claims: Council Tax Support (working age) (NEW MEASURE FOR 2022/2023)	Low is Good	-	-	1.69	-	-
Change of Circumstances claims: Council Tax Support (working age) (NEW MEASURE FOR 2022/2023)	Low is Good	-	-	0.45	-	-
New claims: Council Tax Support (pension age) & Housing Benefit (NEW MEASURE FOR 2022/2023)	Low is Good	-	-	13.73	-	-
Change of Circumstances claims: Council Tax Support (pension age) & Housing Benefit (NEW MEASURE FOR 2022/2023)	Low is Good	-	-	7.82	-	-
Number of Out of Work Benefit Claimants: Actively Seeking Work	Low is Good	1,255	800	1,055	-200	👍
The number of working days lost to the Local Authority due to sickness absence per Full Time Equivalent (FTE)	Low is Good	7.4	7.5	9.54	2.14	👎
Number of Employees (FTE)	N/A	144.73	N/A	140	-4.73	👎
Percentage of Collectible Council Tax Collected (Cumulative)	High is Good	98.6%	98.2%	98.6%	0.0%	➡️
Percentage of Collectible Business Rates Collected (Cumulative)	High is Good	99.0%	99.1%	98.3%	-0.7%	👎
Percentage of invoices paid in 30 days	High is Good	88.5%	98.0%	90.0%	1.5%	👍
Percentage of invoices for commercial goods and services paid by the Authority within 10 days of receipt to Local Suppliers	High is Good	73.3%	90.0%	85.0%	11.7%	👍
Residual waste, kilograms per household	Low is Good	334	310	289	-45	👍
Percentage of waste recycled or composted	High is Good	62.1%	66.0%	58.2%	-3.9%	👎
Percentage of missed bins vs. total collected	Low is Good	0.0020%	0.0100%	N/A	N/A	N/A
Percentage of Major planning applications determined in 13 weeks	High is Good	66.7%	75.0%	13.0%	-53.7%	👎
Percentage of Major planning applications determined within an agreed Extension of Time	High is Good	88.9%	75.0%	100.0%	11.1%	👍
Percentage of remaining (Non Major) planning applications determined in 8 weeks	High is Good	72.9%	75.0%	64.5%	-8.4%	👎
Percentage of remaining (Non Major) planning applications determined within an agreed Extension of Time	High is Good	79.1%	75.0%	91.4%	12.3%	👍
Percentage of planning appeals allowed	Low is Good	35.1%	30.0%	45.0%	9.9%	👎
Planning enforcement: Percentage of initial site visits conducted within target time	High is Good	90.0%	60.0%	90.0%	0.0%	➡️
Planning enforcement: Cases being investigated including appeals	Low is Good	206	372	315	109	👎
Number of dwellings improved (occupied by vulnerable households – housing hazards reduced)	High is Good	72	70	93	21	👍
Number of food businesses made safer (cumulative)	High is Good	168	168	139	-29	👎

8 2022/23 Financial Summary

8.1 Revenue Position

A balanced budget was agreed for the provision of services in 2022/23, although this continued to be a challenging process due to funding constraints, compounded by inflationary pressures and an increasing demand for services..

In 2022/23 the Council collected 98.34% of Business Rates and 98.6% of Council Tax due for the year. These compares to 99% and 98.6% respectively in 2021/22.



The Net Spend chart above shows the breakdown of the Council's total spend (on an accounting basis) in 2022/23 of £8.9m, which is as per the Comprehensive Income and Expenditure total in the Financial Statements. The blue segment indicates net income rather than net expenditure, this is as a result of a revaluation gain on the Council Leisure assets.

The Expenditure and Funding Analysis table within the Statement of Accounts (Note 1) reconciles the figures on the accounting basis shown within the Financial Statements to the management figures presented in the final outturn position set out below.

The Council set an original 2022/23 budget of £10.435m for its net cost of services, excluding a planned contribution to reserves funded from New Homes Bonus of £0.660m, Services Grant of £0.080m and Lower Tiers Grant of £0.120m. There was a final outturn position of £9.187m, which after transfers to/from reserves and carry forwards, gives an underspend of £0.873m as set out in the table below.

Final Revenue Outturn Position 2022/23

Portfolio	2022/23 Latest budget	Actual 2022/23 £'s	Variance (Underspen d)/ Overspend £'s	Earmarked and Pre approved use of reserves £'s	Carry Forward into 2022/23 £'s	Underlying Variance £'s	Salary related Variance £'s	Other Variances £'s
Leader/ Deputy Leader	1,412,781	1,615,128	202,347	(868,484)	1,004,620	338,483	242,875	95,607
Finance, Economy and Climate	1,409,447	184,374	(1,225,073)	(122,492)	614,193	(733,372)	30,184	(763,556)
Strategic Planning & Assets	1,102,380	1,436,684	334,304	(390,382)	180,909	124,831	(10,884)	135,715
Environment	2,351,440	2,005,808	(345,632)	(353,119)	215,762	(482,989)	(2,105)	(480,884)
Customer Services, Legal & IT	2,867,150	2,669,869	(197,281)	(107,741)	183,030	(121,993)	(87,858)	(34,135)
Communities, Housing & Health	1,492,164	1,275,211	(216,953)	(112,307)	131,674	(197,587)	(72,534)	(125,053)
Salary Saving	(200,000)	0	200,000	0	0	200,000	200,000	0
Total	10,435,362	9,187,073	(£1,248,289)	(£1,954,526)	2,330,188	(£872,627)	£299,679	(£1,172,306)

8.2 Final Capital Outturn Position

A 2022/23 Capital Programme totalling £5,659,330 was approved at Full Council on 22 February 2022. Executive further agreed carry forwards of budget, and there have been in year additions to give a final capital 2022/23 budget of **£6,451,908**. The provisional outturn position was £3,836,315. Of the variance to budget; £1,776,512 was underspend mainly due to the Asset Development Programme works being delayed, and £1,090,170 was due to a delay of completion of works during 2022/23, this was driven by resourcing, and delays in requirements for vehicle programmes. There was also £262,089 of overspend, however £261,680 of this is funded from grant therefore not true overspend, Amounts relating to slippage will be added to the 2023/24 capital programme.

8.3 Going Concern Considerations and Reserves Position

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

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

The Council will continue to face challenging financial times for the foreseeable future, with the impact of pressures on local government funding, inflationary pressures and increasing demand.

However, the Council has a credible track record of delivery of savings on which to weather such challenge and holds reserves and contingencies to help mitigate against risks and uncertainties, as well as to support specific projects and grant funded work. The continued provision of adequate reserves is essential. Without these, it may be necessary to take

Rochford District Council – Annual Financial Report 2022/23

remedial urgent action in-year to mitigate challenges that arise, which could lead to longer term consequences.

There are three major categories of reserves – earmarked, carried forward budget and grant funding. The Council also holds an amount in its general balance which allows it to deal with unexpected events or costs at short notice. It is planned to maintain the General Balance at a minimum of 10% of the Council's net revenue budget.

Reserves Summary

Earmarked Reserves	Opening balance 2022/23 £'s	Transferred Out £'s	Transferred In £'s	Projected Opening balance 2023/24 £'s	Forecast Mov't In Year £'s	Estimated Closing Balance 2024/25 £'s
Transformation Reserve	(152,650)	135,295	(239,831)	(257,186)	139,563	(117,623)
Pension Reserve	(484,416)	484,416	-	-	-	-
Waste Provision Reserve	(391,259)	349,666	(300,000)	(341,592)	341,592	-
Legal/Insurance Reserve	(278,133)	62,316	(32,760)	(248,576)	-	(248,576)
Elections Reserve	(52,015)	29,122	(14,751)	(37,644)	-	(37,644)
Housing Reserve	(214,068)	-	-	(214,068)	-	(214,068)
Hard / Soft Infrastructure Reserve	(1,939,993)	684,953	(95,776)	(1,350,816)	-	(1,350,816)
Business Rates Smoothing Reserve	(2,279,295)	737,560	(125,000)	(1,666,735)	389,703	(1,277,032)
Housing Benefit Equalisation Reserve	-	-	(312,727)	(312,727)	94,199	(218,528)
Leisure Smoothing Reserve	(143,034)	125,811	(116,163)	(133,385)	(28,455)	(161,840)
Investment Fund	(4,407,161)	2,260,607	(1,400,879)	(3,547,433)	1,847,190	(1,700,243)
Connect Reserve	(125,949)	26,199	-	(99,751)	99,751	-
COVID 19 Smoothing Reserve	(483,725)	416,689	-	(67,036)	67,036	-
Connect - Invest to Save	(463,497)	128,231	-	(335,266)	335,266	-
Total Earmarked Reserve	(11,415,194)	5,440,866	(2,637,887)	(8,612,215)	3,285,845	(5,326,371)
Carry Forwards from 2019/20						
Corporate	(1,330,316)	378,030	(1,488,864)	(2,441,150)	446,000	(1,995,150)
Project	(21,957)	-	(417,482)	(439,440)	250,000	(189,440)
IT	(83,193)	5,392	(80,000)	(157,801)	74,608	(83,193)
Housing	-	-	-	-	-	-
Total Carry forward	(1,435,467)	383,423	(1,986,347)	(3,038,391)	770,608	(2,267,783)
Grant Funded / Ring Fenced Reserve						
Corporate	(25,436)	15,566	-	(9,870)	-	(9,870)
Project	(791,218)	164,105	(286,929)	(914,042)	-	(914,042)
Housing	(670,766)	62,529	(167,738)	(775,974)	(143,459)	(919,433)
Total Grant Funded Reserve	(1,487,420)	242,200	(454,666)	(1,699,886)	(143,459)	(1,843,345)
Grand Total	(14,338,080)	6,066,489	(5,078,900)	(13,350,491)	3,912,994	(9,437,498)

8.4 Cashflow Position

Collection rates for Council Tax and Business Rates have remained fairly stable for 2022/23, Business Rates has reduced slightly which was anticipated as business owners have had to find additional funds to pay annual bills that have been assisted with Reliefs during the pandemic. With COVID grants now finished, and unspent monies returned, cashflow levels have reduced to pre pandemic levels.

The Council does not currently undertake any external borrowing in order to manage the cash flow of its capital expenditure programme. It manages its cash flows through cash backed resources which have been set aside for longer term purposes (such as funds set aside in reserves and balances) and working capital balances that can either be invested or temporarily utilised to defer the need for external borrowing.

The Treasury Management Strategy is agreed by Full Council and progress against the Strategy is reported to the Audit Committee throughout the year.

8.5 Pension Liability

The Council participates in the Local Government Pension Scheme (LGPS) which is administered by the Essex Pension Fund. The majority of Rochford District Council staff participate in the scheme. The net estimated pension liability for Rochford District Council is £9.582m asset as at 31st March 2023 compared with £21.223 liability as at 31st March 2022. Estimation of this liability is based on a number of actuarial assumptions including the discount rate used and projections of future salary increases, retirement age, longevity, interest rates, inflation as well as the expected returns on assets.

A firm of actuaries is engaged by the Essex Pension Fund, who carry out a full valuation every three years. The last full valuation was carried out as at 31st March 2022.

8.6 Write Offs and Arrears

In 2022/23 the following amounts were written off compared to 2021/22

Amounts Written Off	2021/22 £	2022/23 £
Council Tax	45,243	70,323
Business Rates	214,317	13,042
Housing Benefits	49,660	6,188

As at 31st March 2023 the level of arrears has changed from 2021/22 as follows:

Total Arrears	2021/22 £	2022/23 £
Council Tax	2,589,489	2,778,508
Business Rates	292,748	373,301
Housing Benefits	1,379,342	1,337,327

Please note that arrears in respect of Council Tax and Business Rates above include amounts owed to Central Government and Precepting Authorities. The Debtors note to the Statement of Accounts reflects amounts owed purely to Rochford District Council.

8.7 Partnership Working with Brentwood Borough Council

At an Extraordinary Council meeting held on 25th January 2022 it was agreed to approve the creation of a formal strategic partnership between the Council and Brentwood Borough Council (BBC), including the permanent appointment of a joint Chief Executive. A joint savings ambition for the Partnership was estimated at £595,000-£853,000 by 2025/26. The Council's Medium-Term Financial Strategy includes projected savings over the period to 2025/26. Provision has been made within earmarked reserves to fund the Council's share of one-off costs associated with the Transformation Programme required to deliver these ongoing savings.

8.8 Interest in Subsidiaries

Green Gateway Trading Ltd (GGT) is a wholly owned subsidiary of the Council which was incorporated on 1st September 2016 and commenced trading in December 2016, providing grounds maintenance services. Services were terminated from 1 December 2021, however its future is still to be determined. The company has generated a deficit of £6,307 in 2022/23.

The Council as sole shareholder is not currently anticipating any realisation of profit via dividend pay-outs in its budget. More details on GGT's financial position are provided within the Statement of Accounts and its financial statements have been consolidated into the Group Financial Statements on a line-by-line basis, after eliminating inter-company transactions.

The future status of Green Gateway Trading Ltd (GGT) and the parent company will be considered by the Council during the 2023/24 financial year.

8.9 Other Strategic Partnerships

Rochford District Council (RDC) commenced a joint venture partnership with Norse Group for the collection of waste and recycling and carrying out street cleansing operations from 1st July 2022.

This is being delivered through a LATCo which will be a separate legal entity from the Council and from Norse Commercial Services Ltd and the whole of the Norse Group. The newly created private limited company is registered as 'Rochford Norse Ltd.' and is limited by shares.

The final outturn includes a £0.101m saving on this contract due to unrequired contingency and savings through fuel and labour, and £0.029m for the share of the profit and loss of the company.

8.10 Asset Delivery Programme

The Council has agreed an Asset Delivery Programme to maximise use of the Council's key strategic sites to deliver the objectives set out in its Asset Strategy. Following a number of changes in recent years and work on the initial preferred option of developing the Freight House, it has been determined that the project needs to be reviewed to ensure fit for purpose. There is still a capital allocation in the 2023-26 capital programme which will be reallocated dependent on the outcome of reviews in the new financial year.

9 Looking ahead

The 2023/24 budget has been prepared with some key savings assumptions. The increase in the Bank of England Interest Rate will generate additional investment income, savings from the OneTeam partnership, and savings from the Materials Recycling Facility Contract. However the latter has seen an increase in rates payable due to increased gate fees and a dip in the recycling market. Therefore monies have been set aside at the end of 2022/23 to help balance this position.

There still remains significant uncertainty about the future of local government finance. So assumptions have been made within the MTFs on the level of grant funding that will be received.

Potential changes to the Business Rates Retention Scheme and a Fair Funding Review have been delayed again until after the next General Election, meaning that the future allocation of

funding within local government also remains unclear pending consultation with sector and further detail on the government's 'Levelling Up' agenda. This uncertain funding position makes it difficult to plan for the long term.

In addition, there remains budgetary risks linked to:

- Growth in services through demographic changes and increased service need
- Increasing inflationary pressures related to cost of living and major contracts

The Medium-Term Financial Strategy (MTFS) reflects a balanced budget position to 2025/26. There are however several unknowns which could increase the budget gap, most notably a significant risk that cost inflation will continue to rise beyond budgeted levels and that demand pressures could be higher than estimated based on current intelligence. The Council will need to continue to look for recurrent baseline savings to this value to support the MTFS beyond this time.

Delivery of further measures to balance the budget from 2026/27 and beyond are being explored and will, to a certain extent, be dependent on the successful implementation of the plans set out for 2023/24. The Council will therefore need to continue with its transformation ambition as set out in the Business Plan and supported by the #OneTeam Transformation and 'Connect' Programmes, to identify further savings in future years.

10 Statement of Accounts

The Council is required by statute to prepare a Statement of Accounts in accordance with proper practices in relation to accounts, defined to include the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.

The Statement of Accounts for 2022/23 is presented on the Rochford District Council website.

The key aim of the Statement of Accounts is to provide a 'true and fair' view of the Council's financial position on 31st March 2023 and of its income and expenditure for the 2022/23 financial year.

The Statement of Accounts forms an essential part of public accountability, reporting on the Council's use of funds raised from the public and provided by central government and confirming the availability of balances and reserves for future use.

The presentation of the Statement of Accounts is largely defined by the CIPFA Code and other proper practices. Whilst this results in a common pattern of presentation across local authorities, it does mean that the presentation within the Statement of Accounts differs from the basis on which the Council takes operational financial decisions and the format in which it monitors its financial performance during the year.

The Statement of Accounts is centred upon the Financial Statements, with other information provided to aid interpretation and add further context on the financial performance of the Council during 2022/23.

The main Financial Statements are comprised of:

- **Comprehensive Income and Expenditure Statement** which presents information on resources generated and consumed during the year, based on generally accepted accounting practice.

- **Balance Sheet** which summarises the financial position of the Council at 31st March 2023 including the net assets it has available after settling its liabilities, and its reserves; and
- **Movement in Reserves Statement** which presents the financial resources available to the Council to support future service delivery and cope with unexpected events.
- **Cash Flow Statement** which shows the changes in cash and cash equivalents during 2022/23.

In addition to the main statements there are a number of supporting notes setting out more detail, including an **Expenditure and Funding Analysis** that shows how the Comprehensive Income and Expenditure Statement compares to the financial position reported in the Council's management accounts.

11 Annual Governance Statement

Rochford District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded, properly accounted for, and is used economically, efficiently, and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to continually review and improve the way in which its functions are exercised, while at the same time offering value for money and an effective and efficient service.

To meet this overall responsibility the Council has put in place proper arrangements for overseeing what is done (this is what is meant by governance), to ensure that its functions are carried out in the right way, in good time and in an open, honest, and accountable way

The Chief Audit Executive provides assurance that the controls within the key financial systems remain adequately designed and operating satisfactorily. Similarly, that the arrangements to request, receive and act upon officers and members declarations of interest and gifts and hospitality are designed adequately and operating satisfactorily.

The full 2022/23 Annual Governance Statement will be included within this Annual Financial Report once approved, and will be subject to review until the audit of the financial statements is complete.

12 Conclusion

Through careful management and fiduciary care, Rochford District Council has been able to close its 2022/23 accounts showing a robust position, which will support the Council in meeting the financial challenges of 2023/24 and beyond. The MTFs projections indicate a balance between the Council's expected funding streams and its planned expenditure; however combined with ongoing inflationary pressures in 2023/24 it remains essential that the Council continues its drive to transform itself to ensure it remains financially sustainable. A key driver of this transformation work will be the OneTeam Partnership arrangements with Brentwood Borough Council, as well as the ongoing Connect programme.

The draft Statement of Accounts presented on the Rochford District Council website is unaudited and may therefore be subject to change during the audit period. The final audited Statement of Accounts will be presented to Audit Committee for approval prior to publication.

**PAGES 17 – 45 Reserved for the AGS
once approved**

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority 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. For the year 2021/22, the responsible officer was the Section 151 Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve and publish a Statement of Accounts.

The Section 151 Officer's Responsibilities

The Section 151 Officer is responsible for the preparation of the Authority'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.

In preparing this Statement of Accounts, the Section 151 Officer has:


- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the local authority Code

The Section 151 Officer has also:

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

Certificate

The pre-audit Statement of Accounts gives a true and fair view of the financial position of Rochford District Council at 31 March 2023, and its income and expenditure for the year then ended.

Signed: 
Section 151 Officer

The Chairman's Approval

I confirm that these accounts were approved by the Audit Committee at its meeting on xxxxxxx.

Signed: _____
Chairman of the Audit Committee

Date: _____

ROCHFORD DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2022/23

Index to the Statement of Accounts

	Page
Guide to the Financial Statements	48
Primary Financial Statements	
♦ Comprehensive Income and Expenditure Statement	50
♦ Balance Sheet	51
♦ Movement in Reserves Statement	52
♦ Cash Flow Statement	53
Notes to the Financial Statements	
1 Expenditure and Funding Analysis	54
2 Accounting Policies	55
3 Accounting Standards issued, not adopted	62
4 Critical Judgements in Applying Accounting Policies	62
5 Material Items of Income and Expenditure	62
6 Events after the Balance Sheet date	62
7 Assumptions made about the future and other major sources of estimation uncertainty	63
8 Note to the Expenditure and Funding Analysis	64
9 Adjustments between Accounting Basis and Funding Basis under Regulations	66
10 Expenditure and Income By Nature	68
11 Transfers to / from Earmarked Reserves	69
12 Other Operating Expenditure	69
13 Financing and Investment Income and Expenditure	69
14 Taxation and Non Specific Grant Incomes	69
15 Property, Plant and Equipment	70
16 Leases	72
17 Trust & Agent Funds	73
18 Intangible Assets	73
19 Financial Instruments	74
20 Short Term Debtors	76
21 Cash and Cash Equivalents	77
22 Short Term Creditors	77
23 Provisions	77
24 Reserves	78
25 Cash Flow Statement - Operating Activities	81
26 Cash Flow Statement - Investing and Financing Activities	81
27 Members Allowances	82
28 Officers Remuneration	83
29 External Audit Costs	86
30 Grant Income	86
31 Related Parties	87
32 Capital Expenditure and Capital Financing	87
33 Capital Commitments	87
34 Interests in Subsidiaries & Joint Ventures	88
35 Defined Benefit Pension Schemes	90
36 Contingent Liabilities	92
37 Prior Period Adjustment	98
Supplementary Statement and notes	
♦ Collection Fund Income and Expenditure Account	104
♦ Notes to the Collection Fund	105

GUIDE TO THE FINANCIAL STATEMENTS

Authority's Published Accounts

The Statement of Accounts (comprising the primary financial statements and notes to the accounts) is part of a wider financial report (called the Annual Financial Report), which also includes the Annual Governance Statement, the Narrative Report and the Auditors Report, which is given at the conclusion of the audit. The responsible financial officer's true and fair certification in the Statement of Responsibilities covers the Financial Statements and notes as does the Auditor's report.

The Financial Statements within this document have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code), which defines proper accounting practices for local authorities. The Code requires that the core financial statements and notes be prepared consistently with International Financial Reporting Standards (IFRS) as adopted for use in local government.

Going Concern

The accounts have been prepared on a going concern basis. This means that the Authority will continue to operate its services for the foreseeable future, usually considered to be for the duration of the Authority's planning period, which is for the next five years. This conclusion is based on the Authority's ability to accommodate major funding changes introduced by the Government, the level of reserves that the Authority holds and its successful track record of service delivery.

The Council's Auditor for 2022/23 is EY LLP.

The Primary Financial Statements

It has been necessary to round some of the figures with the Statements and notes to ensure that all Statements agree to each other and, where applicable, figures equal the detailed notes.

Comprehensive Income and Expenditure Statement (CIES)

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

For 2022/23, there is an overall increase, after movements to Earmarked Reserves, in the General Fund balance of £30,438

Balance Sheet

The Balance Sheet shows the value of the assets and liabilities recognised by the Authority as at 31 March 2023. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are useable reserves, i.e. those reserves that the Authority 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 may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Authority is not able to use to provide services. This category includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets 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'.

As at 31 March 2023 the Authority has seen a net increase in its assets of £39.964m compared to the same time in the previous year. This comprises of an increase in Non-Current Assets of £9.089m and an decrease in Current Assets of £5.430m, an decrease in the value of Current Liabilities of £5.650m and a decrease in the long term liabilities of £30.657m.

Movement in Reserves Statement.

This shows the movement in the year on the different reserves held by the Authority, analysed into 'useable reserves' and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the cost of providing the Authority'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 for Council Tax setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves.

Cash Flow Statement

The Cash Flow Statement shows the movement in cash and cash equivalents of the Authority during the reporting period. Cash inflows are money received by the Authority and can be from various sources such as Council Tax and Business Rates, fees and charges and government grants. Cash outflows are the money paid out by the Authority, and include payments to suppliers and grants to third parties.

As at 31 March 2023, the Authority's cash balances had decreased by £4.988m since 31 March 2022.

Earmarked Reserves

The earmarked reserves are set aside for the purposes detailed below:

Corporate - To provide financial support on corporate objectives and service delivery. There are currently allocations for business rate smoothing, and funds to enable forward funding of the pension deficit if approved by members.

Housing - To provide financial support for Housing Specific issues

IT Strategy - To provide an Investment fund for future IT development.

Projects - To provide financial support for key projects in the Authority, the majority of this reserve is currently earmarked for the Asset Delivery Programme.

The Collection Fund Income and Expenditure Account and Associated Notes

This Authority is a billing authority and this means that it bills and collects Council Tax and National Non Domestic Rates on behalf of other precepting authorities (e.g. the County Council) and Central Government. A statement of Income and Expenditure of the Collection Fund administered by Rochford District Council and the associated notes is shown after the notes to the Primary Financial Statements.

2021/22 RESTATED*					
Council			Group		
Gross Exp. £000s	Gross Inc. £000s	Net Exp. £000s	Gross Exp. £000s	Gross Inc. £000s	Net Exp. £000s
2,052	(7)	2,045	2,052	(7)	2,045
13,311	(12,132)	1,179	13,311	(12,132)	1,179
5,816	(3,165)	2,651	5,816	(3,165)	2,651
3,287	(252)	3,035	3,330	(212)	3,118
2,829	(1,676)	1,153	2,829	(1,676)	1,153
7,031	(3,250)	3,781	7,031	(3,250)	3,781
<u>34,326</u>	<u>(20,482)</u>	<u>13,844</u>	<u>34,369</u>	<u>(20,442)</u>	<u>13,927</u>
	1,474			1,474	
	516			517	
	(13,501)			(13,501)	
	<u>2,333</u>			<u>2,417</u>	
				(12)	
				<u>2,405</u>	
	(1,409)			(1,409)	
	2,784			2,784	
	(7,985)			(7,985)	
	<u>(6,610)</u>			<u>(6,610)</u>	
	<u>(4,277)</u>			<u>(4,205)</u>	

* see note 37 for restatement

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2022/23			
Council			
Gross Exp. £000s	Gross Inc. £000s	Net Exp. £000s	
Continuing Operations			
Leader/ Deputy Leader	2,763	(1,000)	1,763
Finance, Economy & Climate	12,373	(11,353)	1,020
Strategic Planning & Assets	527	(1,124)	(597)
Environment	5,841	(3,667)	2,174
Customer Services, Legal & IT	3,333	(271)	3,062
Communities, Housing & Health	3,297	(1,784)	1,513
Cost of Services	<u>28,134</u>	<u>(19,200)</u>	<u>8,935</u>
Other Operating Expenditure (Note 12)			1,336
Financing and Investment Income and Expenditure (Note 13)			(16)
Taxation and Non-Specific Grant Income (Note 14)			(13,621)
(Surplus) or Deficit on Provision of Services			<u>(3,366)</u>
Taxation of Group Entities			
Group (Surplus) or Deficit on Provision of Services			
Surplus or deficit on revaluation of non current assets			
Revaluation gains			(4,320)
Revaluation losses (chargeable to revaluation reserve)			381
Remeasurements of the net defined benefit liability/(assets) (Note 35)			(32,659)
Other Comprehensive Income and Expenditure			<u>(36,598)</u>
Total Comprehensive Income and Expenditure			<u>(39,963)</u>

Balance Sheet as at 31 March 2023

31 March 2022		31 March 2023
Council £000s	Group £000s	Council £000s
44,459	44,459	53,647
	Property, Plant & Equipment (Note 15)	
312	312	213
	Intangible Assets (Note 18)	
44,771	44,771	53,860
	Long Term Assets	
6,002	6,002	6,088
	Short Term Investments (Note 19)	
3,705	3,730	3,176
	Short Term Debtors (Note 20)	
20,431	20,444	15,443
	Cash and Cash Equivalents (Note 21)	
30,138	30,176	24,707
	Current Assets	
(6,886)	(6,890)	(5,882)
	Short Term Creditors (Note 22)	
(5,352)	(5,352)	(548)
	Grants Received in advance (Note 30)	
(1,100)	(1,100)	(1,258)
	Provisions (Note 23)	
(13,338)	(13,342)	(7,688)
	Current Liabilities	
	Other Long Term Liabilities	
(21,223)	(21,223)	9,582
	Net pensions liability (Note 35)	
(1,426)	(1,426)	(1,574)
	Grants Receipts In Advance (Note 30)	
(22,649)	(22,649)	8,008
	Long Term Liabilities	
38,922	38,955	78,887
	Net Assets	
(17,869)	(17,902)	(16,740)
	Useable Reserves	
(21,053)	(21,053)	(62,146)
	Unuseable Reserves (Note 24)	
(38,922)	(38,955)	(78,887)
	Total Reserves	

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

Signed:

Section 151 Officer

Dated:

15 June 2023

Movement In Reserves Statement for year ending 31 March 2022 and 31 March 2023

	General Fund	Earmarked GF	Capital Receipts	Capital Grants	Total useable	Unuseable	Total Authority
	Balance	Reserve	Reserve	Unapplied	Reserves	Reserves (Note 24)	Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 31 March 2021	1,464	14,456	1,537	337	17,794	16,850	34,644
Movement in reserves during 2021/22							
Surplus or (Deficit) on provision of services	(2,332)				(2,332)		(2,332)
Other Comprehensive Income & Expenditure						6,610	6,610
Total Comprehensive Income & Expenditure	(2,332)	-	-	-	(2,332)	6,610	4,278
Adjustments between accounting & funding basis under regulations (Note 9)	2,557		(162)	5	2,400	(2,400)	-
Net Increase/Decrease before transfers to Earmarked Reserves	225	-	(162)	5	68	4,210	4,278
Transfers to/from Earmarked Reserves (Note 11)	118	(118)	-	-	-	-	-
Increase/(Decrease) Movement in Year	343	(118)	(162)	5	68	4,210	4,278
Balance at 31 March 2022	1,807	14,338	1,375	342	17,862	21,060	38,922
Movement in reserves during 2022/23							
Surplus or (Deficit) on provision of services	3,366	-	-	-	3,366	-	3,366
Other Comprehensive Income & Expenditure	-	-	-	-	-	36,598	36,598
Total Comprehensive Income & Expenditure	3,366	-	-	-	3,366	36,598	39,963
Adjustments between accounting & funding basis under regulations (Note 9)	(4,323)	-	(141)	(31)	(4,495)	4,495	-
Net Increase/(Decrease) before transfers to Earmarked Reserves	(957)	-	(141)	(31)	(1,130)	41,093	39,963
Transfers to/from Earmarked Reserves (Note 11)	988	(988)	-	-	-	-	-
Increase/(Decrease) Movement in Year	30	(988)	(141)	(31)	(1,130)	41,093	39,963
Balance at 31 March 2023 carried forward	1,837	13,350	1,234	311	16,732	62,153	78,885

Cash Flow Statement for year ending 31 March 2023

<u>2021/22</u>			<u>2022/23</u>
Council	Group		Council
£000s	£000s		£000s
(2,332)	(2,404)	Net surplus or (deficit) on the provision of services	3,366
6,371	6,304	Adjust net surplus or deficit on the provision of services for non cash movements	(3,367)
(823)	(823)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(1,308)
<u>3,216</u>	<u>3,077</u>	Net (Outflow)/ Inflow from Operating Activities (Note 25)	<u>(1,309)</u>
3,516	3,516	Investing Activities (Note 26)	(2,029)
3,811	3,811	Financing Activities (Note 26)	(1,650)
<u>10,543</u>	<u>10,404</u>	<u>Net increase or (decrease) in cash and cash equivalents</u>	<u>(4,988)</u>
9,888	10,040	Cash and cash equivalents at the beginning of the reporting period	20,431
20,431	20,444	Cash and cash equivalents at the end of the reporting period	15,443

2. ACCOUNTING POLICIES

2.1 GENERAL PRINCIPLES

The Financial Statements summarises the Authority's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require the Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, supported by the International Financial Reporting Standards (IFRS).

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.

2.2 ACCRUALS FOR INCOME AND EXPENDITURE

The revenue accounts of the Authority are maintained on an accruals basis. This means that sums due to or from the Authority relating to the year are included whether or not the cash has actually been received or paid. A sum becomes due when a contractual obligation has taken place.

Where income and expenditure have been recognised in the Comprehensive Income and Expenditure Statement (CIES), but cash has not been received or paid, a debtor or creditor is raised for the relevant amount in the Balance Sheet.

A provision for doubtful debts is included in the balance sheet item, and any changes to this provision are charged through the Finance and Investment Income and Expenditure on the CIES.

2.3 PROVISIONS AND CONTINGENT ASSETS /LIABILITIES

Provisions are made where an event has taken place that gives the Authority an obligation that will probably require settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation, but where the timing of the transfer is uncertain.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation, based on the best estimate at the balance sheet date of the likely settlement. 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 settlement is required (or a lower settlement than estimated is made) the provision is reversed and credited back to the relevant service.

In the event that a possible liability (or asset) arises which may require settlement by a transfer of economic benefits, but the timing and amount of the transfer is uncertain and the obligation will only be confirmed by occurrence or otherwise of a future event, then this will not be recognised in the Balance Sheet, but will be shown in a note to the accounts as a contingent asset or liability

2.4 ACCOUNTING FOR COUNCIL TAX

While the Council Tax income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and transferred to the Council's General Fund, or paid out to the major preceptors. The amount credited to the General Fund under statute is the Council's demand for the year plus or minus the Council's share of the surplus or deficit on the Collection Fund for the previous year.

The Council Tax income included in the Comprehensive Income and Expenditure Statement is the Council's share of the Collection Fund's accrued income for the year. The difference between this value and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account via the Movement in Reserves Statement. Revenue relating to Council Tax shall be measured at the full amount receivable (net of any impairment losses) as the transactions are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

The cash collected by the Council from Council Tax payers belongs proportionately to the Council and the major preceptors. The difference between the amounts collected on behalf of the major preceptors and the payments made to them is reflected as a debtor or creditor balance as appropriate.

2.5 ACCOUNTING FOR NON DOMESTIC RATES (NDR)

While the NDR income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and transferred to the Authority's General Fund, or paid out to the precepting authorities and the Government. The amount credited to the General Fund under statute is the Authority's share of NDR for the year specified in the National Non Domestic Rates NNDR1 return.

The NDR income included in the Comprehensive Income and Expenditure Statement is the Authority's share of the Collection Fund's accrued income for the year and is as set out in the NNDR3 return. The difference between this value and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account via the Movement in Reserves Statement. Revenue relating to NDR shall be measured at the full amount receivable (net of any impairment losses) as these transactions are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

The cash collected by the Authority from NDR payers belongs proportionately to the Billing Authority, the precepting authorities and Government. The difference between the amounts collected on behalf of the precepting authorities and Government and the payments made to them is reflected as a debtor or creditor balance as appropriate.

Provisions for NDR Appeals

The way that local government is funded was changed by the Government with effect from 1 April 2013 with the introduction of the Rates Retention Scheme. As part of the scheme, the Authority has to make a provision for the outcome of appeals against rating valuations; this is a risk that has been transferred to local authorities. Whilst it is difficult to accurately predict the outcome of appeals a provision is estimated based on past successful appeals and their monetary impact on collectable business rates.

2.6 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature within 3 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 Cash Flow Statement, cash and cash equivalents are shown that are repayable on demand and form an integral part of the Authority's cash management.

2.7 CHARGES TO REVENUE FOR NON CURRENT ASSETS

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

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

The Authority is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. Therefore these transactions are adjusted in the General Fund balance by a transaction between the Capital Adjustment Account and the Movement in Reserves Statement.

2.8 EMPLOYEE BENEFITS

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements and flexi leave earned by employees but not taken before the year-end which employees can carry forward in to the next financial year. This accrual is charged to the relevant service, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs, but there is no impact on the amount chargeable to Council Tax.

Termination Benefits

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

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

The Authority's policy on termination benefits does not involve additional pension contributions or enhancements for employees retiring early, other than what is required under Local Government Pension Regulations for employees that are made redundant after the age of 55 who are members of the scheme. For such employees made redundant, they shall receive the value of their pension on the date of redundancy without any actuarial reduction. This usually requires the Authority to pay a financial strain payment to the pension fund.

Post Employment Benefits

Local Government Pension Scheme (LGPS):

The Authority is a member of the LGPS which is a defined benefit scheme based on length of service and salary, administered on behalf of the Authority by Essex County Council.

Liabilities in the scheme that are attributed to the Authority 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 e.g. mortality rates, employee turnover rates and projections of future earnings for current employees.

Liabilities are discounted to their value at current prices using a discount rate appropriate for the scheme, based on the indicative rate of return on AA rated corporate bonds that reflect the duration of the pension liabilities.

Assets in the scheme attributed to the Authority are included in the Balance Sheet at their fair value, using either current bid price, professional estimate or market value for property.

Actuarial gains and losses are recognised immediately in the Comprehensive Income and Expenditure Statement (CIES), in line with the Actuary's treatment, these are then reversed out to affect the net pension liability. Note 30 provides the details of the transactions that have been made in the CIES and the General Fund via the Movement in Reserves Statement during the year.

The change in net pension 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 CIES to the services for which the employees worked;

- Past Service Cost - the increase in liabilities arising from current year decisions whose effect relates to years of Service earned in earlier years, e.g. benefits to a member such as added years. - debited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non Distributed Costs.

- Net Interest on the Defined Liability – comprising interest income on the assets and interest expenses on the liabilities, which are both calculated by applying the discount rate used to measure the defined benefit liability - charged to the Financing and Investment Income and Expenditure line of the CIES.

- Remeasurements comprising:

- the return on plan assets - excluding amounts included in net interest on the net defined benefit liability - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;

- actuarial gains and losses - changes to 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 Pension Fund – cash paid as employers' contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

Statutory provisions limit the amount chargeable to Council Tax for pensions to the sums certified by the actuary as employer contributions for the year. In the Movement in Reserves Statement there are appropriations to and from the Pension 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 any amounts payable to the Fund but unpaid at year-end.

2.9 FINANCIAL INSTRUMENTS

Financial Assets

Financial assets are classified into three types:

- Amortised Cost - held solely for payments of income and principal and the business model for holding them is to collect contractual cash.
- Fair Value through Other Comprehensive Income - held solely for payments of income and principal, and the business model for holding them is to collect contractual cash and sell assets,
- Fair Value through Profit or Loss - this includes all other instruments that are not covered by the above. There is currently a statutory override that allows pooled funds to be reversed through the Movement in Reserves Statement.

The Authority has investments classed as Amortised Cost, and Fair Value Through Profit or Loss. It has no borrowing.

Investments are recognised on the Balance Sheet when the Authority enters into the contractual arrangements for the financial instrument. The amount represented in the Balance Sheet is the outstanding principle receivable plus accrued interest, and interest credited to the Comprehensive Income and Expenditure Statement (CIES) is the amount receivable for the year in the agreement. For Fair Value through Profit and Loss, any difference between Fair Value and the carrying value in the accounts is also taken through the CIES.

The Authority holds funds in Money Markets that are available on instant withdrawal, all other investments are short term (less than 365 days) fixed period cash deposits made in the United Kingdom and are shown at the cash value of the investment including any interest due.

2.10 GOVERNMENT GRANTS

Regardless of method of payment, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

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

Where a grant or contribution has a condition attached amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until the conditions have been satisfied. Conditions are terms of the financing that specify that the grant will be required to be returned to the transferor if they are not met.

Where conditions are not yet satisfied, monies are carried as creditors in the Balance Sheet. When they are satisfied, it is then credited to the relevant service area in the Comprehensive Income and Expenditure Statement if a specific revenue grant, or if it is a non-ringfenced revenue grant or a capital grant to Taxation and Non Specific Grant income.

As per the Code of Practice any unringfenced grant received by the Authority is recognised as it is received.

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.

2.11 INTANGIBLE ASSETS

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

These are recorded in the Balance Sheet at historical cost. The balance is then amortised to the relevant service revenue account over the economic life of the asset (considered to be 5 years).

It is not permitted for the revenue charges to have an impact on the General Fund Balance, therefore they are reversed out in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

2.12 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 building, 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.

2.13 PROPERTY, PLANT & EQUIPMENT

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

Recognition

Expenditure on the acquisition or enhancement of Property, Plant & Equipment has been capitalised on an accruals basis in the Balance Sheet. Expenditure that maintains (repairs and maintenance) but does not enhance an asset is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising the purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to operate.

In line with the Code of Practice land and buildings are re-valued at least every five years, unless evidence suggests that this would lead to a significant difference between the true valuation and the balance sheet value, in which case valuations are carried out more frequently as required. If there is evidence to suggest that there has been a general uplift in a particular class of assets a percentage uplift may be applied across all assets in that class, without undertaking individual revaluations of each asset. Valuations and market reviews are provided by Wilks Head & Eve LLP which is a member of the Royal Institute of Chartered Surveyors.

Fixed assets consist principally of the Authority's land and buildings. Assets are generally included in the Balance Sheet on the following basis:

- Operational assets have been included in the Balance Sheet at market value for existing use or depreciated replacement cost for specialist properties.
- Community Assets are recorded at Historic Cost. A valuation is obtained where this is not available.
- Fee-charging car parks have been valued taking into account all costs attributable to the running of the car parks.

The Authority's fixed asset register also contains vehicles used to provide the services under the Waste Collection, Street Cleansing and Grounds Maintenance Contracts.

Following a revaluation, increases are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement (CIES) where they arise from the reversal of a loss previously charged to a service. Decreases in the valuation of individual assets are written back against the revaluation reserve for those assets, if the decrease exceeds the reserve the balance of the decrease is charged to the CIES.

Impairment

Where there is indication that an asset has been impaired during the course of the Financial Year an estimate is made of the amount of impairment and this is set against the revaluation reserve for that asset. If the reserve is insufficient the balance of the amount of the impairment is charged to the CIES.

Depreciation

Depreciation is charged to the Comprehensive Income and Expenditure Statement on all operational assets. Depreciation rates are determined according to the life expectancy of individual assets. Depreciation is not charged for Community Assets.

Depreciation is charged on a straight line basis and the useful economic life for Operational Assets as follows:

- 20-50 years for buildings
- 5-18 years for vehicles
- 5-10 years for furniture and equipment.

Car park land is not depreciated. The value of the surfacing and fencing is generally not significant and therefore does not need to be depreciated.

Componentisation

The Authority have made the decision not to componentise assets on the grounds of materiality.

Disposals

Where a non-current asset is disposed of the profit or loss on disposal is reported against the appropriate service line in the CIES and the value of the asset is removed from the balance sheet. Any balance on the revaluation reserve is written off to the Capital Adjustment Account.

Generally there are statutory restrictions over the use of capital receipts. Sale proceeds other than the profit / loss on disposal are reserved for new capital investment or for the reduction in an authority's indebtedness.

Assets Held for Sale

If it is decided to sell an asset and it is highly likely that through actions already taken the sale will take place within a year the asset is reclassified as an Asset Held for Sale. Such assets are revalued before reclassification.

2.14 RESERVES

The Authority sets aside specific amounts as Earmarked reserves for future policy purposes or to cover contingencies. Earmarked reserves are created by moving funds from General Fund Balances in to 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 for inclusion in the surplus/deficit on the provision of services, the reserve is then moved back into the General Fund Balance so that there is no net charge against Council Tax for Expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, council tax and business rates, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority.

2.15 REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)

Capital Expenditure, which does not give rise to a tangible non-current asset or where the economic benefit of the asset cannot be controlled by the Authority, is classified as Revenue Expenditure Funded from Capital Under Statute. These sums are written out of the accounts in the year they are incurred.

2.16 VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable.

2.17 EXCEPTIONAL ITEMS

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

2.18 PRIOR PERIOD ADJUSTMENTS

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

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

Where a change is made, it is applied retrospectively (unless stated otherwise e.g. on grounds of materiality) 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.

Should any of the above instances arise, the appropriate disclosures will be made within the accounts.

2.19 GOING CONCERN

These accounts have been prepared on a going concern basis to 31 March 2024 in line with the assumption that the Authority's functions and services will continue in operational existence for the foreseeable future.

The provisions in the 2022/23 Code of Practice on Local Authority Accounting in the UK ('the Code') in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting. Local authorities carry out functions essential to the local community and are revenue-raising bodies (with limits on their revenue-raising powers set at the discretion of central government). If an authority were in financial difficulty and unable to provide its essential functions, possible options of last resort are that alternative arrangements might be made by central government for the continuation of the services it provides, or for additional financial assistance/ flexibilities to be offered to enable the local authority to continue to operate e.g. to allow recovery of any deficit over more than one financial year. As a result, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a going concern basis. Accounts drawn up under the Code, therefore, assume that a local authority's services will continue to operate for the foreseeable future.

	2022/23 Year End (£)	2023/24 Year End Projection (£)	2024/25 Year End Projection (£)
Earmarked Reserves	13,350,411	10,937,549	8,943,631
General Balance	1,837,438	1,787,438	1,765,438

Within the 31 March 2023 Earmarked Reserves balance there is a Business Rates Smoothing Reserve of £1,666,735.

It is planned to maintain the target level of General Balance at a minimum of 10% of the Council's net revenue budget, to allow the Council to deal with unexpected events or costs at short notice.

The Council will continue to face challenging financial times for the foreseeable future, with the ongoing impact of continued pressures on local government funding, significant inflationary pressures emerging over 2022/23 and increasing demand for services; however, we remain satisfied that there is no material uncertainty relating to going concern. However the Council needs to continue with its transformation ambition set out in its Business Plan and key projects such as the Asset Delivery Programme and OneTeam Transformation Programme to help manage these pressures.

Considering the income and expenditure pressures in conjunction with the cash and cash equivalent balances held by the authority, there are no concerns over cashflow over the coming 12 months. At the end of 2022/23 balances held in the bank and in investments were £21.530m.

3. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET ADOPTED

The following are the accounting standards that have been issued but not yet adopted by the Authority as at the Balance Sheet date. Under the Code of Practice on Local Authority Accounting, disclosure of the impact of accounting standards issued but not adopted is required. Following a review of the relevant standards it has been determined that there would be no material changes to the accounts if these were to have been adopted. The applicable changes for 2022/23 are as follows:

Annual Improvements to IFRS standards 2018-2020. These are not dealt with in detail in the 2022/23 Code and are not envisaged to have a significant effect on the financial statements.

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

IFRS 16 Leases was originally required for accounting periods beginning on or after 1 January 2020. This has now been further deferred to 1 April 2024. The Authority continues to review its leases in light of this new standard, but currently the impact on the Financial Statements is not known.

4. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 2, the Authority has had to make certain judgments about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the 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.
- Depreciation is calculated based on the Useful Economic Life of an asset. When calculating these each year there is an assumption that there will not be major changes to the conditions of the assets or the market values.
- Each year Pension transactions are determined by the actuary. These are subject to triennial revaluations and accounting assumptions. The accounts are produced annually assuming that the assumptions used in that year will be in place going forward.
- The Authority assume the liability for refunding ratepayers who successfully appeal against the rateable value of their properties. The Authority has made provision for potential successful appeals to 31 March 2023.

5. MATERIAL ITEMS OF INCOME AND EXPENDITURE

There are no material items of income or expenditure which are not disclosed within the CIES or its notes.

However there are large revaluation movements within the Strategic Planning & Assets Portfolio. This is an abnormal transaction compared to other years, and is due to the Freight House and Mill Hall having restrictions on use removed in 2022/23.

6. EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was authorised for issue by the Section 151 Officer on 14 June 2023. Events taking place after this date up until the date of Committee approval are not reflected in the Financial Statements or notes. Where events take place before this date provided information about conditions existed at 31 March 2023, the figures in the Financial Statements and notes have been adjusted in all material respects to reflect the impact of this information.

7. 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 Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. This continues to be relevant for 2022/23 due to the ongoing unknown impact of the Coronavirus pandemic.

The items in the Authority's Balance Sheet at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:-

Item	Uncertainties	Effect if Actual Results differ from Assumptions
Depreciation	The annual charge made is based on Useful Economic Lives (UEL), which are only an estimation of the period of time over which an asset will continue to be of economic benefit to the Authority.	If the UEL changes significantly, then there potentially could be a significant change to the charge to service expenditure. This item however is reversed out of General Fund Balances so wouldn't impact on the level of reserves. However in 22/23, a large proportion of significant value assets were revalued at year end therefore the annual depreciation charge for buildings would only increase by £58,246 for every year that useful lives had to be reduced.
Land and Building Valuations	Land and Building non-current assets are valued on a five year basis and so the potential exists for variations in value and changes in useful life.	A variation in the value of these assets will impact the Balance Sheet Property Plant and Equipment and Revaluation Reserves. A net book value variation of 1% equates to £459,000.
Pensions Liability	Estimation of 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 actuaries is engaged to provide the authority with expert advice about the assumptions applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £0.913m. Details of Pensions Assets and Liabilities Recognised in the Balance Sheet are shown in Note 35.
Bad Debt Provision	The provision is primarily based on a calculation of previous years' outstanding debts and is therefore mostly based on historical information.	The amount of revenue recognised in the accounts will be incorrect and the level of assets recorded in the balance sheet will be incorrect. A movement in the level of the provision of 5% equates to approximately £75,000.
Business Rates Appeals Provision	The provision is based on past successful appeals and their monetary impact on collectable business rates. Provision for the reduction on rateable value are made for known appeals outstanding. The provision of £3.144m was based on historical trends of successful appeals of which RDC's share is £1.3m.	Any increase in the liability of this provision would be shared between Rochford DC, Government, Essex County and Fire Authority on the same basis as collectable funds get distributed. Rochford's share of the increase in liability will reduce funds available for the delivery of services. A 5% movement in the closing provision equates to approximately £63,000 for Rochford District Council.

Note 8 - Note to the Expenditure and Funding Analysis

This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Fund to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments between Funding and Accounting Basis 2022/23				Total Adjustments
	Adjustments for Capital Purposes *	Net change for the Pensions Adjustments **	Other Differences ***		
	£000	£000	£000	£000	£000
Leader & Deputy Leader	-	164	(16)		148
Finance, Economy & Climate	-	277	558		835
Strategic Planning & Assets	(2,341)	309	(3)		(2,035)
Environment	31	138	-		169
Customer Services, Legal & IT	132	257	3		392
Communities, Housing & Health	60	171	7		238
Net Cost of Services	- 2,118	1,316	549		(253)
Other income and expenditure from the Expenditure and Funding Analysis	(2,864)	539	(1,746)		(4,071)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit	(4,982)	1,855	(1,197)		(4,324)

*Adjustments for Capital purposes:

- Depreciation, impairments and revaluation gains and losses are added in the service lines
- Capital grants, expenditure and receipts reserve movements are shown within Other Income and Expenditure

**Net change for pension adjustments:

- Employer contributions made by the Council are reversed from the service lines and replaced with current and past service costs as per IAS19
- The net interest on the defined benefit liability is shown within Other Income and Expenditure

***Other:

- Timing differences for Council tax and Business rate income and charges for unpaid staff absences
- Adjustment for items not reported to Members as part of the outturn (eg. Investment interest that is reported under the financial services portfolio in the provisional outturn report but is not included in the service areas within the financial statements.).

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Sub Note 1)	Adjustments between Funding and Accounting Basis		Total Adjustments
		2021/22	RESTATED *	
	£000	Net change for the Pensions Adjustments (Sub Note 2) £000	Other Differences (Sub Note 3) £000	£000
Leader & Deputy Leader	0	241	13	254
Finance, Economy & Climate	-	258	33	291
Strategic Planning & Assets	2,357	309	(4)	2,662
Environment	593	109	3	705
Customer Services, Legal & IT	141	294	(5)	430
Communities, Housing & Health	64	187	(2)	249
Net Cost of Services	3,155	1,398	38	4,591
Other income and expenditure from the Expenditure and Funding Analysis	(399)	535	(2,173)	(2,037)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit	2,756	1,933	(2,135)	2,554

1. Adjustments for Capital purposes:

- Depreciation, impairments and revaluation gains and losses are added in the service lines
- Capital grants, expenditure and receipts reserve movements are shown within Other Income and Expenditure

2. Net change for pension adjustments:

- Employer contributions made by the Council are reversed from the service lines and replaced with current and past service costs as per IAS19
- The net interest on the defined benefit liability is shown within Other Income and Expenditure

3. Other:

- Timing differences for Council tax and Business rate income and charges for unpaid staff absences
- Adjustment for items not reported to Members as part of the outturn (eg. Investment interest that is reported under the financial services portfolio in the provisional outturn report but is not included in the service areas within the financial statements.).

* See Note 37 for details of the restatement

9. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

2022/23	Useable Reserves			Movement in Unusable Reserves
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	
Adjustments primarily involving the Capital Adjustment Account:	£000s	£000s	£000s	£000s
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement:				
Charges for depreciation of non current assets and amortisation of intangible assets.	(379)			379
Revaluation gains / (losses) on Property, Plant and Equipment	2,516			(2,516)
Movements in market value of Investment Properties				
Impairment of non-current assets	-			
Capital grants and contributions applied	883			(883)
Movement in Donated Assets Account				
Revenue expenditure funded from capital under statute	(820)			820
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	-			-
Insertion of items not debited or credited to the Comprehensive Income & Expenditure Statement:				
Capital Expenditure charged against the General Fund balances	2,357			(2,357)
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied and credited to the Comprehensive Income & Expenditure Statement	-	-	31	(31)
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	50	(50)		-
Use of Capital Receipts Reserve to finance new capital expenditure		566		(566)
Contribution to the Capital Receipts Reserve for Unattached Capital Receipts	375	(375)		-
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(1,854)			1,854
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which Council Tax & NNDR income credited to the Comprehensive Income & Expenditure Statement is different from Council Tax & NNDR income calculated for the year in accordance with statutory requirements	1,191			(1,191)
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	4			(4)
Total Adjustments:	4,323	141	31	(4,495)

2021/22 RESTATED*	Useable Reserves			Movement in Unusable Reserves
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	
Adjustments primarily involving the Capital Adjustment Account:	£000s	£000s	£000s	£000s
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement:				
Charges for depreciation of non current assets and amortisation of intangible assets.	(784)			784
Revaluation losses on Property, Plant and Equipment	(2,348)			2,348
Capital grants and contributions applied	617			(617)
Revenue expenditure funded from capital under statute	(574)			574
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	-			-
Capital Expenditure charged against the General Fund balances	126			(126)
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied and credited to the Comprehensive Income & Expenditure Statement	5		(5)	-
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	8	(8)		-
Use of Capital Receipts Reserve to finance new capital expenditure		363		(363)
Contribution to the Capital Receipts Reserve for Unattached Capital Receipts	193	(193)		-
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(1,935)			1,935
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which Council Tax & NNDR income credited to the Comprehensive Income & Expenditure Statement is different from Council Tax & NNDR income calculated for the year in accordance with statutory requirements	2,138			(2,138)
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(3)			3
Total Adjustments:	(2,557)	162	(5)	2,400

*See note 37 for details of the restatement

Note 10 Expenditure and Income Analysed By Nature

2022/23

	Total £000's
Fees, Charges & other service income	(7,492)
Interest and Investment income	(555)
Taxation and Non Specific Grant Income	(13,620)
Government grants and contributions	<u>(11,575)</u>
Total Income	<u>(33,242)</u>
Employee Expenses	9,005
Other service expenses	11,560
Housing Benefit	10,109
Support Service recharges	-
Gain on Disposal of Fixed Asset	-
Depreciation, amortisation and impairment	(425)
Precepts & Levies	(2,134)
Interest Payment	1,761
Total Expenditure	<u>29,876</u>
(Surplus) or deficit on the provision of services	<u>(3,366)</u>

2021/22

	Total £000's
Fees, Charges & other service income	(6,329)
Interest and Investment income	(31)
Taxation and Non Specific Grant Income	(13,502)
Gain on Recognition of Donated Assets	-
Government grants and contributions	<u>(12,076)</u>
Total Income	<u>(31,938)</u>
Employee Expenses	7,866
Other service expenses	10,228
Housing Benefit	11,025
Support Service recharges	-
Gain on Disposal of Fixed Asset	(201)
Depreciation, amortisation and impairment	3,130
Precepts & Levies	1,675
Payments to Housing Capital Receipts Pool	
Interest Payment	547
Total Expenditure	<u>34,270</u>
(Surplus) or deficit on the provision of services	<u>2,332</u>

See note 37 for details of the restatement

11. TRANSFERS TO/FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2022/23

	Balance at 31 March 2021 £000s	Transfer Out 2021/22 £000s	Transfer In 2021/22 £000s	Balance at 31 March 2022 £000s	Transfer Out 2022/23 £000s	Transfer In 2022/23 £000s	Balance at 31 March 2023 £000s
General Fund:							
Corporate	10,052	(5,926)	5,944	10,069	(4,665)	3,491	8,895
Housing	980	(233)	138	885	(63)	168	990
IT Strategy	210	(103)	80	187	(5)	80	262
Projects	3,214	(875)	857	3,197	(1,334)	1,340	3,203
Total	14,456	(7,137)	7,019	14,338	(6,067)	5,079	13,350

12. OTHER OPERATING EXPENDITURE

2021/22 £000s		2022/23 £000s
1,675	Parish council precepts	1,761
(201)	(Gains) from other capital receipts	(425)
1,474	Total	1,336

13. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2021/22			2022/23	
Council £000s	Group £000s		Council £000s	Group £000s
11	11	Interest payable and similar charges	-	-
535	535	Pensions - net interest on defined liability (Note 35)	539	539
(31)	(31)	Interest receivable and similar income	(543)	(544)
1	1	Amortisation of Financial Instruments	(12)	(12)
516	516	Total	(16)	(17)

14. TAXATION AND NON SPECIFIC GRANT INCOMES

2021/22 £000s		2022/23 £000s
(9,538)	Council tax income	(9,786)
(2,799)	Non domestic rates income and expenditure	(2,895)
(1,092)	Non-ring fenced government grants	(859)
(72)	Capital grants and non service specific grants	(81)
(13,501)	Total	(13,621)

15. PROPERTY, PLANT & EQUIPMENT

Movement in Balances

2022/23	Operational				Total £000s
	Other Land & Buildings £000s	Community Asset £000s	Vehicles, Plant, Furniture & Equipment £000s	Available for sale £000s	
Balance at 1 April 2022	39,377	4,188	1,623	-	45,188
Additions	239	146	2,626	-	3,011
Write back from Asset Register	-	-	(250)	-	(250)
Revaluation gain (Revaluation Reserve)	4,320	-	-	-	4,320
Revaluation loss (Revaluation Reserve)	(381)	-	-	-	(381)
Revaluation Gain (CIES)	2,810	-	-	-	2,810
Revaluation loss (CIES)	(295)	-	-	-	(295)
Gross book value as 31 March 2023	46,070	4,334	3,999	-	54,403
Depreciation					
Accumulated depreciation	(163)	-	(561)	-	(724)
Depreciation for year	(52)	-	(224)	-	(276)
Depreciation written back on disposal & revaluation	-	-	250	-	250
Balance at 31 March 2023	(215)	-	(535)	-	(750)
Net book value of assets at 31 March 2023	45,855	4,334	3,464	-	53,653
This balance is made up of:					
Gross book value	39,377	4,188	1,623	-	45,188
Movement	6,693	146	2,376	-	9,215
Accumulated depreciation	(215)	-	(535)	-	(750)
	45,855	4,334	3,464	-	53,653

Depreciation

The bases used in the calculation of depreciation are documented in Note 2 to these Statements.

Effects of Changes in estimates

For properties that have been revalued, the UEL is also reviewed. If amended, this affects the annual depreciation charge for these assets.

Comparative Figures for 2021/22	Operational				Total £000s
	Other Land & Buildings	Community Assets	Vehicles, Plant, Furniture & Equipment	Available for sale	
	£000s	£000s	£000s	£000s	
Balance at 1 April 2021	43,280	4,186	3,971	-	51,437
Additions	188	2	312	-	502
Disposals	-	-	-	-	-
Write back from Asset Register	(30)	-	(2,660)	-	(2,690)
Revaluation Gain (Revaluation Reserve)	1,070	-	-	-	1,070
Revaluation loss (Revaluation Reserve)	(2,784)	-	-	-	(2,784)
Revaluation Gain (CI&E)	32	-	-	-	32
Revaluation loss (CI&E)	(2,379)	-	-	-	(2,379)
Gross book value as 31 March 2022	39,377	4,188	1,623	-	45,188
Depreciation					-
Accumulated depreciation	(483)	-	(2,601)	-	(3,084)
Depreciation for year	(49)	-	(620)	-	(669)
Depreciation written back on disposal & revaluation	369	-	2,660	-	3,029
Balance at 31 March 2022	(163)	-	(561)	-	(724)
Net book value of assets at 31 March 2022	39,214	4,188	1,062	-	44,464
This balance is made up of:					
Gross book value	43,280	4,186	3,971	-	51,437
Movement	(3,903)	2	(2,348)	-	(6,249)
Accumulated depreciation	(163)	-	(561)	-	(724)
	39,214	4,188	1,062	-	44,465

Regularity of Valuations

The Code of Practice on Local Authority Accounting specifies that for assets that are required to be carried at fair value, revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. The Code requires that assets must be revalued every five years as a minimum, but must be revalued more regularly where a five-yearly valuation is insufficient to keep pace with material changes in fair value.

An external body, Wilks Head & Eve, members of the Royal Institute of Chartered Surveyors, carried out asset valuations on land and buildings due for revaluation within the five year cycle. The date of valuation was 31st December 2022. They also supplied the Authority with a Market Review of its properties as at 31st March 2023. The Market Review informed the Authority that buildings valued at Depreciated Replacement Cost (DRC) had increased in value. Rochford applied the percentage increases of 6% to those assets valued at DRC.

The table below shows the total of the revaluations over the five year cycle. The basis for measurement is shown in the Accounting Policy note 2.13.

	Other Land & Buildings £000s	Community Assets £000s	Vehicles, Plant, Furniture & Equipment £000s	Assets held for Sale £000s	Total £000s
Carried at historical cost	159	3,300	3,998	-	7,457
Valued at current value as at:					
31 March 2023	41,426	-	-	-	41,426
31 March 2022	25	-	-	-	25
31 March 2021	3,722	-	-	-	3,722
31 March 2020	615	-	-	-	615
31 March 2019	124	1,036	-	-	1,160
31 March 2018	4	-	-	-	4
Total Cost or Valuation	46,075	4,336	3,998	-	54,409

16. LEASED PROPERTIES

Authority as Lessee (Operating Leases)

The authority has acquired a residential property to accommodate homeless residents. This lease will expire in 2027. The future minimum lease payments due under non cancellable leases in future years are:-

	31 March 2022 £'000s	31 March 2023 £'000s
Not later than one year	187	187
Later than one year and not later than five years	748	686
Later than five years	45	80
Total	980	953

Authority as Lessor (Operating Leases)

Rochford District Council holds leases on several of its properties with local organisations such as Parish Councils, sports clubs and welfare associations. These are often for a peppercorn rent to reflect the benefit to the community.

The authority leases out property and equipment under operating leases for the provision of community services.

	31 March 2022 £'000s	31 March 2023 £'000s
Not later than one year	32	51
Later than one year and not later than five years	90	160
Later than five years	229	242
Total	351	453

The minimum Lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2022/23 £11,072 contingent rents were receivable by the authority (2021/22 £11,846.08.)

The Authority also leases its Depot to the waste disposal contractor for a peppercorn rent. Also waste vehicles owned by the Council include an embedded lease arrangement whereby the waste disposal contractor will use them. These arrangements are due to continue for the duration of the waste contract.

17. TRUST & AGENT FUNDS

The Authority administers three small Trust Funds. These are Dutch Cottage Trust, King George Playing Field Trust, and the Finchfield Trust. The King Georges does not have any transactions for disclosure for 2022/23. The current outturn for the other two trusts are shown below. The Authority is the Custodian Trustees of the fixed assets and consequently these are not included on our Balance Sheet .

2022/23

Trust	Income £000s	Expenditure £000s	Assets £000s	Liabilities £000s
Dutch Cottage	6	6	357	7
Finchfield	74	60	3,034	30

The figures above are only draft as the accounts for these trusts have not yet been audited.

2021/22

Trust	Income £000s	Expenditure £000s	Assets £000s	Liabilities £000s
Dutch Cottage	5	1	358	0
Finchfield	64	48	3,035	2

18. INTANGIBLE ASSETS

This relates to the purchase of software licences. The cost of Intangible Assets is written off to the IT service revenue account over a period of 5 years on a straight line basis, and then absorbed as an overhead across all the service headings in the Net Expenditure of Services.

It is not possible to quantify exactly how much of the amortisation is attributable to each individual service heading.

Movement in Intangible Fixed Assets:

	2021/22 £000s	2022/23 £000s
Purchased Software Licences		
Accumulated Cost*	708	614
Amortisations to 1 April	(311)	(302)
Balance at 1 April	397	312
Expenditure in year	30	5
Assets written back	(124)	(7)
Amortisation	(115)	(104)
Amortisation written off in year	124	7
Balance at 31 March	312	213
Comprising:		
Accumulated Cost	614	612
Amortisations to 31 March	(302)	(399)

19. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

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

Financial Assets

	Current				Total 31 March 2023 £000
	Investments		Debtors		
	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	
Fair Value through profit or loss	10,007	14,085	-	-	14,085
Amortised Cost	16,426	7,445	2,697	2,839	10,283
Total Financial Assets	26,433	21,530	2,697	2,839	24,368

Breakdown of Financial Assets - Investments

	31 March 2022 £000	31 March 2023 £000
Short Term Investments	6,002	6,088
Cash & Cash Equivalents	20,431	15,443
Total	26,433	21,530

Note - the investments comprise cash and cash equivalents and debtors exclude Council Tax and Business Rates debtors as these do not meet the definition of a financial asset within Financial Instruments

Financial Liabilities

	Current	
	Creditors	
	31 March 2022 £000	31 March 2023 £000
Amortised Cost	2,623	2,786
Total Financial liabilities	2,623	2,786

Note - creditors exclude Council Tax and Business rates creditors as these do not meet the definition of a financial liability within Financial Instruments

Amortised Costs

The investments held in the Balance Sheet in this category are all under 365 days; therefore the carrying amount is a reasonable approximation of the fair value.

Financial Instruments designated at Fair Value through Profit or Loss

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers.

The risk is minimised through the Annual Treasury Management Strategy, which sets out the criteria such as credit ratings to be applied before depositing with a bank and limits on how much can be deposited with one institution.

The following analysis summarises the Authority'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. This amount is not considered material, and therefore has not been used to amend the fair value in the balance sheet.

	Amount at 31 March 2023 £000s	Historical experience adjusted for market conditions at 31 March 2023	Estimated maximum exposure to default and uncollectability at 31 March 2023 £000s
Fair Value through Profit and Loss investments	14,085	0.04%	6
		Total	6

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

The investments included in this category are instant access, and therefore the value included in the accounts, is the current value including accrued interest, this is considered a fair representation for fair value.

Income, Expense, Gains and Losses

Interest Revenue	Surplus or Deficit on the provision of Services 2021/22 £000s	Surplus or Deficit on the provision of Services 2022/23 £000s
Financial Assets measured at fair value through profit and loss	7	248
Financial Assets measured at Amortised Cost	26	295
Total Income in Surplus/Deficit on the provision of services	33	543
Net gain/(loss) for the year	33	543

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

The Authority does not generally allow extended credit for customers. The breakdown of amounts overdue can be analysed by age as follows:

	31 March 2022 £000s	31 March 2023 £000s
Less than 43 days	586	633
43-63 days	9	125
64-84 days	5	70
Greater than 84 days	340	255
Total	940	1,083

Amounts not yet due are £33,941 for 2022/23 (£154,769 for 2021/22)

Liquidity Risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Authority would be able to draw on resources held within the money market funds and other investment instruments and for longer term requirements; access borrowings from the Public Works Loans Board, however this would be subject to prior approval within the Councils Treasury Management Strategy. There is no significant risk that it will be unable to raise finance to meet its commitments.

All trade and other payables are due to be paid in less than one year. The Authority remained debt free in 2022/23

Market Risk

Interest Rate Risk

All investments held in the Balance Sheet are short term fixed rate investments. Therefore interest risk is minimal.

The treasury management team assesses interest rates and this 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 Authority only undertake fixed rate investments therefore changes in interest rates during an investment, would not have affected the interest on these investments.

Following the impact of COVID-19 on the economy, there has been a reduction to interest rates, however these are starting to see an increase, providing an upward risk on investment interest returns.

20. SHORT TERM DEBTORS COMPRISE:

	2021/22 Council £000s	2021/22 Group £000s	2022/23 Council £000s
Trade Receivables	789	814	864
Prepayments	88	88	56
Other receivable amounts	2,828	2,828	2,256
Total	3,705	3,730	3,176

Debtors for local taxation

The non impaired amounts included in the above for local taxation arrears is:-

	31 March 2022 £000	31 March 2023 £000
Less than 12 Months	213	268
Greater than 12 months	367	369
Total	580	637

21. CASH AND CASH EQUIVALENTS

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

31 March 2022		31 March 2023	
Council £000s	Group £000s	Council £000s	
1	1	3	Cash held by the Authority
16,007	16,007	14,085	Cash Equivalents
4,423	4,436	1,355	Bank Current Accounts
20,431	20,444	15,443	Total Cash and Cash Equivalents

The Council also hold £755,473.09 in a bank account, relating to S106 monies collected and retained on behalf of the NHS. This is not shown in the above balance as the use of the money is not determined by the Council.

22. SHORT TERM CREDITORS COMPRISE

	2021/22 Council £000s	2021/22 Group £000s	2022/23 Council £000s
Trade Payables	(2,545)	(2,548)	(2,712)
Other Payables	(4,341)	(4,341)	(3,170)
Total	(6,886)	(6,890)	(5,882)

23. PROVISIONS - Business Rates

2021/22 £000		2022/23 £000
869	Balance at 1 April	1,100
231	Net movement for business rate appeals in year	158
1,100	Balance at 31 March	1,258

24. RESERVES

Movement on the Authority's useable reserves is detailed in the Movement in Reserves Statement and Note 7.

Movement in the Authority's unuseable reserves is shown below.

31 March 2022		31 March 2023
£000		£000
(18,364)	Revaluation Reserve	(22,302)
(1,417)	Reserve for Land not previously capitalised	(1,417)
(24,199)	Capital Adjustment Account	(29,352)
21,223	Pensions Reserve	(9,582)
1,625	Collection Fund Adjustment Account	434
79	Accumulated Absences Account	74
<u>(21,053)</u>	Total Unuseable Reserves	<u>(62,144)</u>

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority 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.
- disposed of and the gains are realised.

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

2021/22		2022/23
£000s		£000s
<u>(19,740)</u>	Balance at 1 April	<u>(18,364)</u>
(1,409)	Upward revaluation of assets	(4,320)
<u>2,784</u>	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	<u>381</u>
<u>1,375</u>	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	<u>(3,939)</u>
1	Difference between fair value depreciation and historical cost depreciation	1
<u>-</u>	Accumulated gains on assets sold or scrapped	<u>-</u>
<u>1</u>	Amount written off to the Capital Adjustment Account	<u>1</u>
<u>(18,364)</u>	Balance at 31 March	<u>(22,302)</u>

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

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

2021/22		2022/23
£000s		£000s
<u>(26,798)</u>	Balance at 1 April	<u>(24,200)</u>
669	Charges for depreciation and impairment of non-current assets	276
2,348	Revaluation losses on Property, Plant & Equipment	(2,516)
115	Amortisation of intangible assets	104
574	Revenue expenditure funded from capital under statute	820
-	Amounts of non-current assets written off on the disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	-
<u>(1)</u>	Adjusting amounts written out of the Revaluation Reserve	<u>-</u>
<u>3,706</u>	Net written out amount of the cost of non-current assets consumed in year	<u>(1,316)</u>
	<u>Capital financing applied in the year:</u>	
(363)	Use of the Capital Receipts Reserve to finance new capital expenditure	(566)
(559)	Capital grants and contributions credited to the Comprehensive Income & Expenditure Statement that have been applied to capital financing	-
(59)	Application of grants to capital financing from the Capital Grants Unapplied Account	(913)
-	Statutory provision for the financing of capital investment charged against the General Fund balances	-
(126)	Capital expenditure charged against the General Fund balances	(2,357)
<u>(1,107)</u>		<u>(3,836)</u>
<u><u>(24,200)</u></u>	Balance at 31 March	<u><u>(29,352)</u></u>

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 Authority 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 resource set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2021/22		2022/23
£000s		£000s
27,273	Balance at 1 April	21,223
	Actuarial gains or losses on pensions assets and liabilities	
(7,985)	Remeasurements of the net defined benefit liability	(32,659)
2,927	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement	2,988
(992)	Employer's pensions contributions and direct payments to pensioners payable in the year	(1,134)
21,223	Balance at 31 March	(9,582)

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and Non-Domestic Rates income in the Comprehensive Income and Expenditure Statement (CIES) as it falls due from Council Tax payers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2021/22		2022/23
£000s		£000s
3,764	Balance at 1 April	1,625
110	The authority's share of the Council Tax surplus/deficit on the fund at the preceding year distributed in the year	(43)
3,411	The authority's share of the Non Domestic Rates surplus/deficit on the fund at the preceding year distributed in the year	1,566
(5,659)	Amount by which Council Tax & NDR income credited to the Comprehensive Income & Expenditure Statement is different from Council Tax & NDR income calculated for the year in accordance with statutory requirements	(2,714)
1,625	Balance at 31 March	434

25. CASH FLOW STATEMENT - OPERATING ACTIVITIES

Adjustments to the net surplus / (deficit) on the provision of services

Council	Group		Council	Group
2021/22	2021/22		2022/23	2022/23
£000s	£000s		£000s	£000s
(2,332)	(2,404)	Net Surplus / (deficit) on the Provision of Services	3,366	3,359
		<i>Non Cash movements</i>		
669	669	Depreciation	276	276
2,348	2,348	Downward Valuations	(2,516)	(2,516)
115	115	Amortisation	104	104
972	1,064	Movement in Creditors	(3,340)	(3,328)
2	2	Movement in Interest Debtors	(86)	(86)
100	74	Movement in Debtors	183	185
231	231	Movement in Provisions	158	158
1,935	1,935	Pension Liability	1,854	1,854
-	-	Carrying amount of assets disposed of	-	-
6,372	6,438	TOTAL	(3,367)	(3,353)
		<i>Investing / Financing Activities</i>		
(622)	(622)	Capital Grants credited to the surplus on the Provision of Services	(883)	(883)
(201)	(201)	(Gains) from other capital receipts	(425)	(425)
(823)	(823)	TOTAL	(1,308)	(1,308)
3,217	3,211	Net (Outflow)/ Inflow from Operating Activities	(1,309)	(1,302)

The cash flows for operating activities include the following items relating to interest:

Council	Group		Council	Group
2021/22	2021/22		2022/23	2022/23
£000s	£000s		£000s	£000s
(31)	(31)	Interest Received	(457)	(31)
11	11	Interest Paid	-	11
(20)	(20)	Total	(457)	(20)

26. CASHFLOW STATEMENT - INVESTING & FINANCING ACTIVITIES

The cash flows for investing activities include the following items:

2021/22		2022/23
£000s		£000s
(489)	Purchase of property, plant and equipment, investment property and intangible assets	(3,160)
3,000	Purchase of short-term and long-term investments	-
(100)	Capital Grants repaid	-
201	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	375
904	Other receipts from investing activities	756
3,516	Net cash flows from investing activities	(2,029)

The cash flows for financing activities include the following items:

2021/22		2022/23
£000s		£000s
3,811	Council Tax and NNDR adjustments	(1,650)
3,811	Net cash flows from financing activities	(1,650)

The movement in cashflows due to financing activities is due to the movement of Non-Domestic Rates (NDR) and Council tax related debtors and creditors. This year there has been an inflow of cash, debtors has decreased by £671k and creditors decreased by £2,321k, these totalled £2,992k (Last year debtors decreased by £186k but creditors increased by £972k, the net movement was a cash inflow of £1,158k.)

27. MEMBERS' ALLOWANCES

The total amount paid during the year in respect of Members Allowances (basic allowance and special responsibility allowance) was made up as follows:

	2021/22 £000s	2022/23 £000s
Basic Allowance	194	196
Special Responsibility Allowance	84	81
Expenses	1	2
TOTAL	279	279

The amounts paid to each Member are shown below. All Members received a basic allowance of £5,000 per annum (pro rated if served less than a year) plus the following allowances:

NAME	BASIC ALLOWANCE	Special Allowances £	Travel and Subsistence £	Total including Basic Allowance for 22/23 £	Total including Basic Allowance for 21/22 £
D BELTON	4,530	4,368	-	8,898	1,157
J BURTON	-	-	-	0	937
L BUTCHER	5,000	2,500	-	7,500	7,500
C CANNELL	-	-	-	0	3,111
M CARTER	5,000	-	-	5,000	5,000
T CARTER	5,000	-	-	5,000	5,000
D CONSTABLE	-	-	-	0	500
R CONSTABLE	5,000	-	109	5,109	4,518
J CRIPPS	5,390	-	-	5,390	-
A CROSS	4,530	-	-	4,530	-
R DRAY	538	54	-	592	6,094
D S EFDE	5,000	5,500	-	10,500	10,436
A H EVES	5,000	-	-	5,000	5,000
I FOSTER	5,000	2,184	59	7,243	4,449
E GADSDON	5,000	-	-	5,000	4,449
J N GOODING	5,000	-	35	5,035	4,542
J R GOODING	5,000	632	-	5,632	9,684
B HAZELWOOD	538	-	-	538	5,000
N HOOKWAY	-	-	-	0	551
M HOY	5,000	945	-	5,945	5,329
K HUDSON	-	-	-	0	551
G J IOANNOU	-	-	-	0	551
T KNIGHT	5,000	-	-	5,000	4,449
R LAMBOURNE	4,530	-	-	4,530	-
J LAWMON	5,000	-	-	5,000	4,449
M J LUCAS-GILL	-	-	-	0	551
J R LUMLEY	5,000	441	-	5,441	7,563
C MASON	5,000	2,500	93	7,593	7,500
J R MASON	4,530	-	-	4,530	-
J MCPHERSON	5,000	5,184	-	10,184	7,935
D MERRICK	538	-	-	538	5,066
R MILNE	5,000	-	-	5,000	5,000
G MYERS	5,000	437	-	5,437	4,449
J NEWPORT	5,000	2,500	6	7,506	7,500
L NEWPORT	5,000	-	-	5,000	4,449
C A PAVELIN	538	-	-	538	5,000
C ROE	5,000	7,500	-	12,500	12,500
P SCOTT	-	-	-	0	500
S SHADBOLT	-	-	-	0	500
D SHARP	4,530	-	-	4,530	-
L SHAW	5,000	2,500	-	7,500	7,309
P SHAW	538	54	-	592	5,500
S SMITH	538	591	-	1,129	10,765
D SPERRING	5,000	5,316	-	10,316	11,921
D SQUIRES	4,530	-	-	4,530	-
C M STANLEY	5,000	-	-	5,000	5,000
M STEPTOE	5,000	4,685	29	9,713	7,210
L WALKER	-	-	-	0	66
I WARD	5,000	5,000	-	10,000	10,000
M WEBB	5,000	3,495	-	8,495	10,000
C A WESTON	538	-	-	538	5,350
M WILKINSON	5,000	5,121	-	10,121	7,500
A L WILLIAMS	5,000	5,753	285	11,038	12,402
S A WILSON	5,000	3,500	-	8,500	8,048
V WILSON	4,530	-	-	4,530	-
S WOOTTON	5,000	10,000	955	15,955	15,463
TOTAL	195,866	80,759	1,571	278,196	278,304

28 OFFICERS' REMUNERATION

The number of employees including Senior Officers whose remunerations were £50,000 or more excluding pension contributions in bands of £5,000 is stated below. Salary bands include compensation for loss of office for Senior Officers. Due to non inclusion of pension contributions in this schedule, it's not directly comparable to the remuneration disclosures for Senior Officers below.

Salary Band	Number of employees	
	2021/22	2022/23
£		
50,000 - 54,999	4	6
55,000 - 59,999	1	1
60,000 - 64,999		1
65,000 - 69,999	1	
70,000 - 74,999	4	
75,000 - 79,999	2	1
80,000 - 84,999		1
85,000 - 89,999		
90,000 - 94,999		
95,000 - 99,999		1
100,000 - 104,999	1	1
105,000 - 109,999		
110,000 - 114,999		
115,000 - 119,999		

The number of exit packages with total cost per band and total cost of redundancies are set out in the table below:

Exit package cost band (including special payments)	Number of redundancies agreed		Number of other departures agreed		Total cost of exit packages in each band	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
£0 - £20,000	1	-	-	2	1	28
£20,001-£40,000	1	-	-	-	29	-
£40,001 - £60,000	-	1	-	-	-	45
£150,001 - £200,000	-	1	-	1	-	212
Total cost included in bandings and in the CIES	2	2	0	3	30	285

The following note sets out the remuneration disclosures for Senior Officers of the Council:

Financial Year 2022/23

Job title**	Salary -includes fees & allowances £	Expenses £	Benefits in kind (e.g. car allowance) £	Compensation for Loss of Office***	Pension contribution £	Total Remuneration including pension contributions £
Chief Executive*	85,053	813	-	-	15,117	100,982
Strategic Director - left 31/07/2022	15,739	-	-	-	2,706	18,445
Strategic Director - started 1/4/2022	34,751	-	-	-	6,110	40,861
Strategic Director - started 10/10/2022	28,411	-	-	-	4,916	33,327
Director - Place started 1/8/2023	33,039	193	-	-	5,830	39,061
Director - Environment started 1/8/2023	28,333	-	-	-	5,525	33,858
Director - Assets and Investments started 1/11/2022	19,880	-	-	-	3,532	23,412
Director - Communities & Health started 1/8/2023	32,573	-	-	-	5,830	38,403
Director - Customer and Data Insight started 1/11/2022	19,372	-	-	-	3,434	22,806
Director - Policy and Delivery started 1/8/2023	29,021	-	-	-	5,125	34,146
Below are the posts that were deleted following the joint management team restructure.						
Assistant Director Assets & Commercial - until 29/1/2023	65,305	96	-	-	12,491	77,892
Assistant Director People & Communities - until 31/10/2022	52,705	-	-	25,561	10,048	88,314
Assistant Director Place & Environment until 31/07/2022	24,688	-	-	-	4,814	29,502
Assistant Director Legal & Democratic until 31/12/2022	69,636	53	-	15,269	13,579	98,538
Assistant Director Transformation & Customer until 31/12/2022	55,548	-	-	75,899	10,832	142,279
Assistant Director Resources until 31/12/2022	78,773	48	-	-	15,355	94,176
TOTAL	672,827	1,203	-	116,729	125,242	916,000

In addition to the figures above, the Chief Executive earned £5,007 as the Returning Officer for the District and District By-Elections.

*The Chief Executive is directly employed by Brentwood Borough Council but the post has been shared with Rochford District Council since August 2021. The figures shown for the Chief Executive above represent the share of costs attributable to Rochford District Council, not the full salary costs.

** Rochford District Council and Brentwood Borough Council now employ a joint leadership team, the full team structure was in place from 1 August 2022, the Chief Executive and Strategic Directors were acting across authorities for the full year. All posts are split 50/50 between both authorities, other than a strategic director that is split 70/30 to Brentwood/Rochford.

*** Compensation Costs for loss of office were also shared with Brentwood. In addition to these costs, £101,823 was contributed to Brentwood for exit costs directly incurred as a result of the joint leadership team restructure.

The posts of Directors for Housing; People and Governance; and Resources, were not recruited to in 2022/23 and were filled through Agency contracts and therefore not shown in the table above.

Financial Year 2021/22

Job title	Salary -includes fees & allowances	Expenses	Benefits in kind (e.g. car allowance)	Compensation for Loss of Office	Pension contribution	Total Remuneration including pension contributions
	£	£	£		£	£
Chief Executive*	50,000	663	-	-	9,950	60,613
Strategic Director	103,562	445	-	-	20,195	124,202
Assistant Director Assets & Commercial	75,598	58	-	-	14,742	90,398
Assistant Director People & Communities	72,139	-	-	-	14,067	86,206
Assistant Director Place & Environment	72,239	-	-	-	14,067	86,306
Assistant Director Legal & Democratic	72,139	202	-	-	14,067	86,408
Assistant Director Transformation & Customer	72,139	-	-	-	14,067	86,206
Assistant Director Resources	78,412	747	-	-	15,290	94,449
Total	596,228	2,115	-	-	116,445	714,788

In addition to the figures above, the Strategic Director earned £3,859 as the Returning Officer for the District and District By-Elections.

29. EXTERNAL AUDIT COSTS

The following fees relate to the Audit of the Statement of Accounts and certification of grant claims for the Authority:

	2021/22 £000's	2022/23** £000's
Core Fee paid for External Audit Services	39	38
Additional Fee paid for Audit Services	41	27
Core Fee paid for Certification of Grant Claims and Returns*	7	7
Additional Fee paid for Certification of Grant Claims and Returns	9	9
Total	96	82

* The auditor of the grants work is BDO LLP

** Provisional figures

30. GRANT INCOME

The Authority credited the following grants, contributions and donations to Comprehensive Income & Expenditure:

	2021/22 £000's	2022/23 £000's
Credited to Taxation and Non Specific Grant Income		
NDR funding	2,799	2,895
New Homes Bonus	584	859
Lower Tier Grant	-	80
Services Grant	-	120
S106 Grant	32	404
COVID Support Grant	341	-
Capital grants		
Play space Match Funding	25	5
Locality Funding	2	-
Air Quality Grant	8	-
Total	3,791	4,363
Credited to services		
Disabled Facilities Grant	524	802
Council Tax Annex Grant	17	18
NNDR - New Burdens Grants	345	29
Discretionary Housing Payments New Burdens	9	10
Domestic Abuse Grant	33	37
LCTS Admin Set up Funding	64	62
Housing Benefit Subsidy	10,679	9,968
Housing Benefit Administration Subsidy	131	128
Housing Benefit / UC New Burdens	9	18
Verify Earnings and Pension Alerts Grant	11	10
Discretionary Housing Payments	123	79
Business Rates pool Admin Grant	96	100
Local Digital Cyber Fund	-	75
COVID Election Funding	29	-
Biodiversity Net Gain Grant	10	27
Audit Fee	26	-
Cold Weather Fund	2	-
Electoral Integrity New Burdens	-	15
National Leisure Recovery Fund	-	-
Homelessness Prevention Grant	339	280
Transparency Code - New Burdens	8	8
UK Prosperity Fund	-	95
Woodlands Improvement Grant	2	2
Community Hub Funding	100	-
Temporary Pavement Licensing Grant	13	3
The Food Information	2	-
Rough Sleeper Initiative	5	-
Support for Ukraine	-	30
Additional Restrictions Grants Funding	2,006	-
Community Initiative Funding	-	1,000
Clinically Extremely Vulnerable COVID support	-	-
Night Time economy funding	-	-
Contain Outbreak Management Fund (COMF)	88	-
Reopening High Streets safely/ Welcome Back grant	96	-
Sales Fees and Charges Compensation	68	-
SEPP income	-	160
Council Tax Support Grant	93	93
Air Quality Grant (revenue element)	26	-
Total	14,954	13,050

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver if the conditions are not met. The balances as at the year-end are as follows:

	2021/22 Restated	2022/23
	£000s	£000s
Grants Receipts in Advance		
Individual Electoral Registration Grant	2	2
Individual Electoral Registration H'ware fund	11	11
DCLG Recycling reward grant	35	35
Air Quality Grant	35	35
SEAT Legacy Funding	3	3
S106	431	834
Disabled Facilities Grant	761	506
Empty Homes Grant	148	148
TOTAL INCLUDED IN LONG TERM LIABILITIES	1,426	1,574
Energy Payment Support	-	420
Biodiversity	-	27
Homelessness Prevention Grant	-	22
UK Prosperity Fund	-	36
COVID-19 Grant	5,352	45
TOTAL INCLUDED IN CURRENT LIABILITIES	5,352	548
Total	6,778	2,122

31. RELATED PARTIES

The Authority is required to disclose details of material transactions with related parties, bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. A related party transaction is the transfer of assets or liabilities or the performance of services by, or for another (related) party irrespective of whether a charge is made. Disclosure of these transactions allows readers to assess the extent to which the Authority 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 Authority.

UK Government - UK Government has effective control over the general operations of the Authority as it is responsible for setting the statutory framework within which the Authority operates, provides the majority of its funding and prescribes the terms of many of the Council's transactions, for example, housing benefits.

Members - Members of the Authority have direct control over the Authority's financial and operating policies. Several of the members are also members of neighbouring Parish / Town / County Councils with which Rochford District Council transacts. The total of members' allowances paid in 2022/23 is shown in Note 22. During the year Rochford District Council made grants to charitable / voluntary organisations some of which have members of the authority within their management or membership. Included within these grants was a payment of £20,000 to Rayleigh, Rochford and District Association for Voluntary Service, and warm space grant, and £1,000 grant to Wyvern Community transport, both of which Councillor Lumley is a Trustee, and £900 payment to Memory Lane Cafe for Jubilee and voluntary grant payments, in which Cllr Gadson and Cllr Foster are involved. All grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the grants.

As part of their duties, Members are appointed to sit on the Board for various bodies and will be involved in decision making. A current example is NORSE who provide the Waste Collection and Street Cleansing Functions for the Authority. However as their position is to represent the interest of Rochford District Council, it is not deemed a related party and therefore any transactions are not shown in this 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 required 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 Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

	2021-22	2022-23
	£000's	£000's
Opening Capital Financing Requirement	777	777
Capital Investment		
Property, Plant and Equipment		
Intangible Assets	30	5
Other Land & Buildings	188	239
Vehicles, Plant, Equipment & Furniture	312	2,626
Community Assets	2	146
Revenue expenditure funded by capital	573	819
Total Capital Expenditure	1,106	3,836
Financed by:		
Useable Capital Receipts	363	566
Government & Other Grants	617	913
Revenue Contributions	126	2,357
Total Financing	1,106	3,836
Increase in underlying need to borrowing (unsupported by government financial	-	-
Increase/(Decrease) in Capital Financing Requirement	-	-

33. CAPITAL COMMITMENTS

At 31 March 2022, the Authority has committed to make £333k of capital expenditure through its purchase order system (£276k in 2021/22).

Note 34 **INTERESTS IN SUBSIDIARIES & JOINT VENTURES**

Green Gateway Trading (GM) Ltd (the trading company) is a local authority trading company owned indirectly by Rochford District Council via a holding company, Green Gateway Trading Ltd (the holding company), which is a wholly owned subsidiary of the Council. The trading company was incorporated on 1st September 2016 and commenced trading on 1st December 2016. Trading ceased on 1 December 2021 which has impacted on the intercompany transactions.

The Company only incurred £6,307 of expenditure in the year, and net assets on the balance sheet are £27,000, therefore Group Accounts have not been prepared for the 2022/23 financial year on the grounds of materiality.

Rochford District Council also has another wholly owned subsidiary via the holding company, which is Green Gateway Trading (Development) Ltd, which was incorporated on 10th August 2017. This company has not traded since its incorporation, the only transaction being the £1 share issue with the holding company Green Gateway Trading Ltd.

Rochford District Council entered into a Joint Venture with NORSE Group on 1 July 2022, creating Rochford Norse Ltd for the provision of Waste Collection and Street Cleansing services within the District. The LATCO is under the control of Norfolk Council, however Rochford District Council received £29,000 as its share of the profit for 2022/23. This income is shown within the Environment Portfolio.

35. DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Authority participates in one post employment scheme, which is the Local Government Pension Scheme, administered by the Essex Pension Fund - this is a funded defined benefits scheme related to pay and service, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. The Fund is reviewed on a triennial basis by the fund actuary. The last triennial actuarial valuation was at 31 March 2022 and was effective from 1 April 2023.

Risk associated with the Pension Scheme

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

Transactions Relating to Post-employment Benefits

The cost of retirement benefits are recognised 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 required to be made 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:

Local Government Pension Scheme	2021/22 £000's	2022/23 £000's
Comprehensive Income & Expenditure Statement		
<i>Cost of Services:</i>		
Service Cost	(2,322)	(2,200)
Past Service costs	(36)	(206)
Administration Expenses	(34)	(43)
<i>Financing and Investment Income and Expenditure:</i>		
Net Interest on the Defined Liability	(535)	(539)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	(2,927)	(2,988)
<i>Other Post Employment Benefit Charged to Other Comprehensive Income & Expenditure:</i>		
Re-measurement of the net defined benefit liability comprising:		
Return on Plan Assets (Excluding Net Interest Cost)	5,053	(1,654)
Other Actuarial Gains /(Losses) on Assets	-	984
Change in Financial Assumptions	3,137	36,666
Change in Demographic Assumptions	-	2,490
Experience Gain/(Loss) on Defined Benefit Obligation	(205)	(5,827)
Remeasurements	7,985	32,659
Total Post Employment Benefit Charged To The Comprehensive Income & Expenditure Statement	5,058	29,671
Movement in Reserves Statement		
Reversal Of Net Charges Made To The Surplus Or Deficit On The Provision of Services For Post Employment Benefits In Accordance With The Code	1,935	1,854
Actual Amount Charged Against The General Fund Balance For Pensions In The Year		
Employers' Contributions Payable To Scheme	992	1,134

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	2021/22 £000's	2022/23 £000's
Present Value of the defined benefit obligation	94,438	63,595
Fair value of plan assets	74,436	74,014
Net liability	20,002	(10,419)
Other movements in the liability/ (asset)	1,221	837
Net liability arising from defined benefit obligation	21,223	(9,582)

Reconciliation of the movements in the Fair Value of Scheme Assets:

	2021/22 £000's	2022/23 £000's
Opening balance at 1 April	69,764	74,436
Interest on Assets	1,378	1,914
Remeasurement gain/loss:		
- Return on Plan Assets (Excluding Net Interest Cost)	5,053	(1,654)
- Other Actuarial Gains /(Losses) on Assets	-	984
Employers' Contributions Including Unfunded	992	1,134
Member Contributions	314	330
Benefits Paid including Unfunded	(3,031)	(3,087)
Administration Expenses	(34)	(43)
Closing balance at 31 March	74,436	74,014

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

	2021/22 £000's	2022/23 £000's
Opening balance at 1 April	(97,037)	(95,659)
Current Service Cost	(2,322)	(2,200)
Interest Cost	(1,913)	(2,453)
Member Contributions	(314)	(330)
Remeasurement gains and losses:		
- Actuarial Gains /Losses Arising from Change in Demographic Assumptions	-	2,490
- Actuarial Gains /Losses Arising from Change in Financial Assumptions	3,137	36,666
- Experience Gains & (Losses)	(205)	(5,827)
Actuarial Gains & (Losses)	-	-
Past Service Costs Including Curtailments	(36)	(206)
Benefits Paid	2,923	2,997
Unfunded Pension Payments	108	90
Closing balance at 31 March	(95,659)	(64,432)

The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	31 March 2022 £000's	31 March 2022 %	31 March 2023 £000's	31 March 2023 %
Equities	44,693	60%	42,634	58%
Government Bonds	1,777	2%	1,082	1%
Other Bonds	3,260	4%	-	0%
Property	6,105	8%	6,062	8%
Cash/Liquidity	1,889	3%	2,386	3%
Alternative Assets	9,198	12%	11,714	16%
Other managed funds	7,514	10%	10,136	14%
	74,436	100%	74,014	100%

Basis for Estimating Assets and Liabilities

Assets and Liabilities have been assessed on an actuarial basis by Barnett Waddingham, actuaries to the Fund. To assess the value of the Employer's liabilities as at 31st March 2023, the value of the Employer's liabilities calculated for the funding valuation as at 31st March 2022 have been rolled forward, using financial assumptions that comply with IAS19.

The full actuarial valuation involved projecting future cashflows to be paid into and from the Fund and placing a value on them. These cash flows included investment returns, contributions paid into the fund, pensions currently being paid to members of the Fund as well as pensions and lump sums that may be payable in future. Assumptions such as mortality rates and salary levels were built into the valuation.

Sensitivity Analysis of major assumptions

The sensitivity analysis shows the impact on the Council's obligations of changes in the major assumptions used by the actuary.

Adjustment to:	Change by:	Present Value of Total Obligation £000's	Projected Service Cost £000's
Discount rate	0.0%	64,432	944
	0.1%	63,519	910
	-0.1%	65,368	978
Long-term salary increase	0.0%	64,432	944
	0.1%	64,502	945
	-0.1%	64,362	943
Pension increases and deferred revaluation	0.0%	64,432	944
	0.1%	65,314	979
	-0.1%	63,571	910
Mortality age rating assumption	None	64,432	944
	+1 Year	67,174	978
	-1 Year	61,812	911

Further information can be found in the Essex Pension Fund Annual Report which is available upon request from:

The Pensions Division,
Finance and Performance
County Hall
Chelmsford
CM1 1JZ

36 CONTINGENT LIABILITIES

There are no contingent liabilities.

37. Prior Period Restatement

Following a change to the Leader of the Council, the Executive portfolios were reviewed during 2022/23, resulting in a number of changes to reporting lines compared to the 2019/20

The figures in the CIES and EFA have been restated to reflect what they would have shown if the Portfolios were in place in 2021/2022, to enable comparison.

The table below shows the old and new portfolios, and how the CIES changes have mapped from the old to new structure.

Old Portfolio	New Portfolio
Leader & Deputy Leader	Leader & Deputy Leader
Financial Services	Finance, Economy & Climate
Commercial, Business, Local Economy & Leisure	Communities, Housing & Health
Strategic Planning	Strategic Planning & Assets
Environment and Planning	Environment
IT, Tourism, Housing & Parking	Customer Services, Legal & IT
Community	N/A

	Per 2021/22 Accounts		
	Expenditure	Income	Net
Leader & Deputy Leader	3,350	(268)	3,082
Finance, Economy & Climate	13,731	(12,132)	1,599
Strategic Planning & Assets	3,922	(3,191)	731
Environment	5,258	(1,745)	3,513
Customer Services, Legal & IT	3,882	(2,680)	1,202
Communities, Housing & Health	3,420	(198)	3,222
N/A - was Community	763	(268)	495
	34,326	(20,482)	13,844

ADJUSTMENTS			
EXPENDITURE		INCOME	
NEW IN	MOVED OUT	NEW IN	MOVED OUT
500	1,797	-	(260)
80	500	-	-
3,189	80	(59)	-
558	-	(1,420)	-
1,838	2,433	(252)	(2,680)
2,772	3,363	(1,676)	(198)
	763		(268)
8,938	8,938	(3,406)	(3,406)

Restated for 2022/23 accounts		
Expenditure	Income	Net
2,052	(7)	2,045
13,311	(12,132)	1,179
7,031	(3,250)	3,781
5,816	(3,165)	2,651
3,287	(252)	3,035
2,829	(1,676)	1,153
-	-	-
34,326	(20,482)	13,844

The table below shows the change in the EFA adjustments (Note 8).

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Original Adjustments for Capital Purposes	Restated Adjustments for Capital Purposes	Original Net change for the Pensions Adjustments	Restated Net change for the Pensions Adjustments	Original Other Differences	Restated Other Differences
	£000	£000	£000	£000	£000	£000
Leader & Deputy Leader	5	-	451	241	12	13
Finance, Economy & Climate	-	-	258	258	33	33
Strategic Planning & Assets	2	2,358	259	308	(1)	(4)
Environment	572	593	83	109	2	3
Customer Services, Legal & IT	176	141	195	294	(1)	(5)
Communities, Housing & Health	2,356	64	85	187	(4)	(2)
N/A - was Community	45		68		(2)	
Net Cost of Services	3,156	3,156	1,399	1,399	39	39

**Collection Fund Income and Expenditure Account
for the year ended 31 March 2022**

Council	Business	Total		Council	Business	Total
Tax	Rates	2021/22		Tax	Rates	2022/23
2021/22	2021/22	2021/22		2022/23	2022/23	2022/23
£000's	£000's	£000's		£000's	£000's	£000's
£	£	£		£	£	£
Income						
(62,144)	(13,610)	(75,754)	Amounts Receivable (net of discounts and reliefs)	(65,409)	(14,938)	(80,347)
(16)	0	(16)	Transfer for S13A91)(C)	(10)	-	(10)
(62,160)	(13,610)	(75,770)	Total Income	(65,419)	(14,938)	(80,357)
Expenditure						
<u>Precepts and shares:</u>						
0	8,012	8,012	Central Government	-	7,691	7,691
42,979	1,442	44,421	Essex County Council	45,827	1,384	47,212
6,684	-	6,684	Police & Crime Commissioner for Essex	7,147	-	7,147
2,368	160	2,529	Essex Fire Authority	2,464	154	2,618
9,374	6,409	15,783	Rochford District & Parish/Town Councils	9,779	6,153	15,932
61,405	16,024	77,428		65,218	15,382	80,600
0	125	125	Transitional Protection Payment	1	50	50
	49	49	Renewable Energy		44	44
<u>Impairment of Debts/Appeals</u>						
45	0	45	Write-offs of Uncollectable Amounts	70	13	83
(13)	(81)	(94)	Increase/ (Decrease) in Bad Debt Provision	63	(6)	58
-	577	577	Increase/ (Decrease) in Provision for Appeals	-	395	395
32	494	526		134	402	536
0	96	96	Charge to General Fund for Allowable NDR Collection Costs	-	100	100
<u>Distribution of Previous Year's Estimated Surplus/ (Deficit):</u>						
0	(4,263)	(4,263)	Central Government	-	(1,957)	(1,957)
506	(767)	(262)	Essex County Council	(199)	(352)	(552)
76	-	76	Police & Crime Commissioner for Essex	(31)	-	(31)
28	(85)	(57)	Essex Fire Authority	(11)	(39)	(50)
110	(3,411)	(3,300)	Rochford District Council	(43)	(1,566)	(1,608)
720	(8,526)	(7,807)		(285)	(3,914)	(4,199)
62,157	8,261	70,418	Total Expenditure	65,068	12,063	77,131
(3)	(5,349)	(5,352)	Movement on Fund Balance	(351)	(2,875)	(3,226)
(140)	9,461	9,322	Opening Fund Balance (surplus)/deficit	(143)	4,112	3,969
(143)	4,112	3,969	Closing Fund Balance (surplus)/deficit	(494)	1,238	743
(3)	(5,349)	(5,352)	Movement on Fund Balance	(351)	(2,875)	(3,226)

NOTES TO THE COLLECTION FUND

1. Council Tax

Council Tax derives from charges raised according to the values of residential properties, which have been classified into eight 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 County Council and other preceptors and this Authority for the forthcoming year and dividing this by the Council Tax base (the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts). The basic amount of Council Tax for a Band D property for Rochford District (£245.16 in 2022/23), was added to the basic amount due to the parish/town councils and the total was multiplied by the specified proportion to give an individual amount due. Precepts in respect of Essex County Council, Essex Police Authority and Essex Fire Authority were added to this figure.

2. Non-Domestic Rates (NDR)

NDR is organised on a national basis. The Government specified an amount of 49.9p in the £ of rateable value for small businesses in 2022/23 (49.9p in the £ for 2021/22) and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. The Authority is responsible for collecting rates due from the ratepayers in its area. From April 2013, the Government has reformed the way in which local government is funded through the introduction of the business rates retention scheme. Under the new regulations, a baseline funding level is set by the Government, based on the NNDR1 return (Estimate by the Authority) completed in December. For 2021/22 the baseline was set at £1,737,804. The local authorities and fire and rescue authorities will now be able to benefit directly from supporting local business growth as they will be able to keep a share of any increases in business rates revenue.

The total non-domestic rateable value at present stands at £48.160m.

3. Collection Fund Balance

The Collection Fund balance represents previous years' surpluses. A proportion is redistributed to the precept demanding bodies, as shown in the Collection Fund Income and Expenditure Account. The balance carried forward for the Collection Fund does not tie directly into the Balance Sheet due to this redistribution of the surplus. The amounts included in the Collection Fund Surplus are included within the creditors figure on the balance sheet and the long term preceptor creditor figure, as at 31 March 2023. The Collection Fund total on the balance sheet is just the share attributable to Rochford District Council.

The tables below show how the balance sheet and Collection Fund balance figures relate and how the Collection Fund balance is attributable to the precept demanding bodies.

Total 2021/22 £000s	Business Rates 2021/22 £000s	Council Tax 2021/22 £000s	Collection Fund (CF) Attribution of (Surplus) / Deficit Carried Forward	Council Tax 2022/23 £000s	Business Rates 2022/23 £000s	Total 2022/23 £000s
			Balances attributable to:			
1,589	1,589	0	Central Government	-	100	100
532	286	246	Essex County Council	(254)	18	(236)
38	0	38	Police&Crime Commissioner, Essex	(40)	-	(40)
46	32	14	Essex Fire Authority	(14)	2	(12)
1,325	1,271	54	Rochford District Council	(54)	80	26
			Redistribution due to:			
468	468	0	Central Government	-	521	521
(264)	84	(348)	Essex County Council	(92)	94	2
(54)	0	(54)	Police & Crime Commissioner, Essex	(15)	-	(15)
(10)	9	(19)	Essex Fire Authority	(5)	10	5
300	374	(74)	Rochford District Council	(20)	428	408
3,970	4,113	(143)	Closing Collection Fund Balance (Surplus)/Deficit	(494)	1,253	759

The balance on the Balance Sheet therefore just shows the amounts attributable to Rochford District Council as follows:

Total 2021/22 £000s	Business Rates 2021/22 £000s	Council Tax 2021/22 £000s	Share of Collection Fund Balance	Council Tax 2022/23 £000s	Business Rates 2022/23 £000s	Total 2022/23 £000s
1,625	1,645	(20)	Rochford District Council	(74)	508	434
2,345	2,468	(123)	Preceptors & Central Government	(420)	745	325
3,970	4,113	(143)		(494)	1,253	759

4. Uncollectable Debts.

Uncollectable debts of £70,323 (£45,243 for 2021/22) for Council Tax and £13,042 (£241,317 for 2021/22) for Non-Domestic Rates were written off in 2022/23.

5. Appeals Provisions - Business Rates

Total £000s 2021/22	Other Preceptors £000s 2021/22	Billing Authority £000s 2021/22	Share of Appeals Provisions	Billing Authority £000s 2022/23	Other Preceptors £000s 2022/23	Total £000s 2022/23
2,749	1,303	869	Balance at 1 April	1,100	1,649	2,749
0	346	231	Net movement for business rate appeals in year	158	237	395
2,749	1,649	1,100	Balance at 31 March	1,258	1,887	3,144

6. Calculation of the Council Tax

The Council Tax for Rochford residents for 2022-23 for an average Band D property was as follows:

	BAND D £
Parish/Town Councils	53.84
Rochford District Council	245.16
Essex County Council - General	1,231.65
Essex County Council - Social Care	169.47
Essex Fire and Rescue Authority	75.33
Police & Crime Commissioner	218.52
Total	1,993.97

The Council Tax base which is used to calculate the expected income from Council Tax is shown in the following table and is an estimate of the number of properties in each band made before the start of the financial year. Properties are banded according to value and pay a proportion of the average Band D charge as indicated overleaf.

Tax Band	Estimated Properties after adjustments	Proportion of charge	Band D Equivalent Properties
A reduction	0.0	5/9	0.0
A	856.9	6/9	571.2
B	2479.4	7/9	1,928.4
C	10025.4	8/9	8,911.5
D	9533.7	1	9,533.7
E	4748.9	11/9	5,804.2
F	2466.0	13/9	3,562.0
G	1338.1	15/9	2,230.2
H	71.5	18/9	143.0
Total			32,684.2
Adjustments for Band D Full Year Equivalents			521.5
			33,205.7
Less Adjustment for Collection Rate			98.50%
Total Council Tax Base			32,707.6

GLOSSARY OF TERMS

Accrual

An amount included in the accounts for income or expenditure concerning the financial year, where payment has not yet been received/made. Also called sundry creditors/debtors.

Actuary

A business professional who measures and manages risk and uncertainty.

Agency Services

Rochford District Council provide services on behalf of other organisations, for which we receive reimbursement.

Annual Governance Statement

an annual report prepared, approved and published with the financial statements that reviews the council's overall governance arrangements.

Agent

If the Council Acts as an Agent, then it is generally issuing funds on behalf of a third party in line with predetermined terms and conditions. There is little to no discretion over amounts payable. The opposite scenario would be the Council as Principle.

Asset

This is an item of value held on the balance sheet as it gives rise to future economic benefit. Examples include Buildings and debts due.

Balance Sheet

A summary of all the assets and liabilities of the Council at the end of the financial year, which are matched by the Council's reserves.

Benefits

Local Council Tax Support (LCTS) – LCTS is an income-related discount to provide help to those with no or low incomes to pay their Council Tax.

Housing Benefit – an allowance to persons with no or low incomes to meet the whole or part of their rent. Benefit paid to private sector landlords on behalf of residents is known as rent allowances. Part of the cost of benefits and of running the service is funded by Government subsidy.

Billing Authority

This refers to Rochford District Council, which is the responsible authority for the invoicing and collection of the Council Tax from all residential properties in the District. This is undertaken on behalf of Rochford District Council, Essex County Council, Essex Police Fire Crime Commissioner and Town/Parish Councils.

Business Rates

These rates, called National Non-Domestic Rates (NNDR), are the means by which local businesses contribute to the cost of providing local authority services. They are based on rateable values of each business multiplied by a uniform amount set annually by the Government. The Government has reformed the way in which Local Government is funded. Under the new regulations, business rates collected gets divided between Government, Rochford District Council, County and Fire Authority.

Capital Expenditure

This generally relates to expenditure on non-current assets that will be of use or benefit to the Council in providing its services for more than one year e.g. Vehicles, structural repair to buildings, expenditure on Community Assets.

Capital Adjustment Account (CAA)

This reserve contains prescribed amounts set aside from revenue budgets or capital receipts to fund expenditure on fixed assets, and balances this with the depreciation of assets.

Capital Programme

The Council's plans for capital expenditure over future years.

Capital Receipts

The income from the sale of assets, which may be used to finance new capital expenditure.

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is the main professional body for accountants working in Local Government.

Code of Practice on Local Government Accounting

This is the guidance produced by CIPFA to assist in the preparation of the accounts.

Collection Fund

The fund into which Council Tax and Business Rates are paid and the precepts of Essex County Council, Essex Police & Fire Crime Commissioner, Rochford District and Town/Parish Councils are met. Any surplus or deficit is shared between the various authorities, other than Town/Parish Councils, on the basis of precept amounts.

Community Assets

Assets that the Council intends to hold forever, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and the Rayleigh Windmill.

Contingent Liability

This is an amount at the balance sheet date, which the Council may be liable to incur if specific events occur, but which are not certain. The potential liability is disclosed as a note to the accounts rather than reflected in the accounts themselves.

Council Tax

A local tax based on residential properties set by local authorities in order to finance their budget requirement. The level set by an authority will be broadly determined by its expenditure on general fund services less other income, e.g. car parking, use of Council reserves and government grant.

Council Tax Base

An equated average number of dwellings over which the Council Tax is collected. All dwellings are valued and classified into eight bands (A to H). All bands represent a proportion of Band D. The Council Tax base is the number of dwellings expressed in terms of a Band D average.

CPI and RPI:

The main inflation rate used in the UK is the CPI (Consumer Price Index), the Chancellor of the Exchequer bases the CPI.

The CPI inflation target is currently set at 2%. The CPI differs from the RPI (Retail Price Index) in that CPI excludes I

Creditors

Amounts due from the Council, but not yet paid for, for work carried out, goods received or services rendered.

Debtors

Amounts due to the Council, but not yet received, for work carried out or services supplied.

Deferred Liabilities

Amounts which are payable at some point in the future or paid off over a period of time e.g. mortgages.

Depreciation

The measure of the wearing out, consumption, or other reduction, in the useful economic life of a fixed asset, whether arising from use, passing of time or obsolescence through technical or other changes.

Embedded Lease

Embedded leases are components within contracts that entail the use of a particular asset, where the user has control over that asset, also known as a Right of Use Asset.

Fair Value

Fair value is the price agreed upon by a willing buyer and seller assuming both parties enter the transaction freely and knowledgeably. Assets such as investments have a fair value determined by a market where the investment is traded.

Fees and Charges

Charges made to the public for the use of Council services and facilities.

Financial Year

The period of 12 months covered by the accounts commencing on 1 April.

General Fund

The main revenue fund of the Council. Day to day spending on services is met from the Fund and day to day income is paid into the fund.

IFRS

International Financial Reporting Standards. These are the basis under which the accounts are produced.

Impairment

A reduction in the valuation of an asset caused by an event occurring to the asset or to the economic environment in which it operates.

Intangible Assets

These are assets that the Council will have use of for more than one year but they do not have a physical form, for example computer software licenses.

Liability

This is the opposite of an asset and sees the future transfer of economic benefit from the Council to another party. An example is the payment of invoices to suppliers that at the financial year end were still outstanding.

Local Government Pension Scheme (LGPS)

Council officers have the option of joining this scheme, the majority of Officers have joined.

Materiality

Information is material if its omission or misstatement could influence the decisions of users of the financial statements. Information may not be precisely accurate but must be accurate to within certain tolerances (materiality levels) so that it presents a true and fair view of the affairs of the entity.

Office for Budget Responsibility (OBR):

A non-departmental advisory body that provides independent forecasts on the UK economy.

Post Balance Sheet Events

Events which occur between the balance sheet date and the date on which the responsible officer signs the Statement of Accounts.

Precept

The amount that councils/authorities (Preceptors), providing services within the Rochford District, require to be paid from the Collection Fund to meet the cost of their services.

Principle

If the Council acts as the Principle, then it is generally issuing funds at its own discretion. It may receive funds from a third party, but is able to determine how this money is spent. The opposite scenario would be the Council as Agent.

Property, Plant & Equipment

These are non-current assets that the Council will have use of for a period of more than one year e.g. buildings.

Provision

An amount set aside to provide for a liability where the Council has an obligation to pay, but where the exact amount or the date on which it will arise is uncertain. A provision is created by making a charge to revenue in the year of account.

Reserves

A Council's accumulated surplus income in excess of expenditure. Available at the discretion of the Council to meet items of expenditure in future years. Earmarked reserves are set-aside for a specific purpose.

Responsible Officer

Officer responsible for the proper administration of the Council's financial affairs in accordance with Section 151 of the Local Government Act.

Right of Use Asset

An asset that the authority have the right to use as part of a contractual arrangement.

Section 151 officer

Another name for the responsible financial officer. Derived from the fact that section 151 of the Local Government Act 1972 requires there to be such an officer at every council.

Service Level Agreement

An agreement between the provider and user of a service setting out the service to be provided

VAT (Value Added Tax)

Local authorities operate under Section 33 of the VAT Act 1994. They can reclaim most of the VAT they incur in performing their functions