

Rochford District Council Annual Financial Report 2021/2022



Contents

Narrative Report	3
1. Introduction	
2. Overview of Rochford District Council	
3. Our Councillors	
4. Corporate Risk Register	
5. The Business Plan	
6. 2021/22 Performance and Key Achievements	
7. 2021/22 Financial Summary	
8. Looking Ahead	
9. Statement of Accounts	
10. Annual Governance Statement Overview	
11. Conclusion	
Annual Governance Statement	19
Statement of Responsibilities	48
Statement of Accounts	49
Index	49
Guide to the Financial Statements	50
Primary Financial Statements	52
Notes to the Financial Statements	56
Collection Fund Account and notes	104
Glossary of Terms	108
Auditors Report (available at the conclusion of the audit)	

1 Introduction

I'm pleased to introduce Rochford District Council's Annual Financial Report for 2021/22.

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 Rochford District Council and Brentwood Borough Council (BBC), including the permanent appointment of a joint Chief Executive. The intention of the Strategic Partnership is that it will deliver shared working arrangements across both councils, resulting in financial and operational efficiencies, whilst retaining the sovereignty of each authority's decision-making processes.

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 2021/22 to help deliver the outcomes set out in its Business Plan.

The COVID-19 pandemic created a new set of challenges for the council, and its residents and businesses, which continued into the 2021/22 financial year. Since the beginning of the crisis the council has responded to the requirements of central government and its partners to effectively manage these challenges within the district. The council has been agile in its response, moving at pace and working flexibly to support our communities and keep services running.

The impact of the pandemic has been an evolving picture and managing the budget has been more challenging than usual, due to the ongoing financial pressures on the Council, as well as administering the finances for many new government COVID-19 related schemes.

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.

Naomi Lucas

Section 151 Officer



2 Overview of Rochford District Council

Rochford in 2022

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 Commercial Services: Leisure, Asset Management, Emergency Planning, Health and Safety, Transportation.

People and Communities Services: Environmental Health, Community Safety, Housing, Safeguarding, Partnerships, Licensing

Place and Environmental Services: Open Spaces, Street Scene, Waste and Recycling, Development Management, Planning Services, Building Control, Economic Development

Resource Services: Finance including Accountancy, Performance, Payments and Income, Revenues and Benefits, Audit

Legal and Democratic Services: Legal, Elections, Information Services, Democratic Services, Procurement, Leadership Support Team, Overview and Scrutiny

Transformation and Customer Services: Transformation, Communications, Customer Services, ICT

Political Make-up of the Council

As at July 2022 Rochford District Council is comprised of 21 Conservative Members, 10 Rochford District Residents Members, 5 Liberal Democrat Members, 2 independent Members and 1 Green Member. The elected Councillors at the end of the financial year 2021/22 (i.e., 31st March 2022) are shown on the next page.

Rochford District Council – Annual Financial Report 2021/2022

3 Rochford District Councillors (on 31st March 2022)

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

Foulness & The Wakering Ward
Cllr D S Eide
Cllr G W Myers
Cllr Mrs J E McPherson

Hawkwell East
Cllr Mrs L A Butcher
Cllr P J Shaw
Cllr M J Webb

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

Hockley & Ashingdon
Cllr M R Carter
Cllr Mrs C A Weston

Hockley
Cllr A H Eves
Cllr B T Hazlewood
Cllr Mrs E P Gadsdon

Hullbridge
Cllr M Hoy
Cllr S A Wilson

Lodge
Cllr R Milne
Cllr S P Smith
Cllr I H Ward

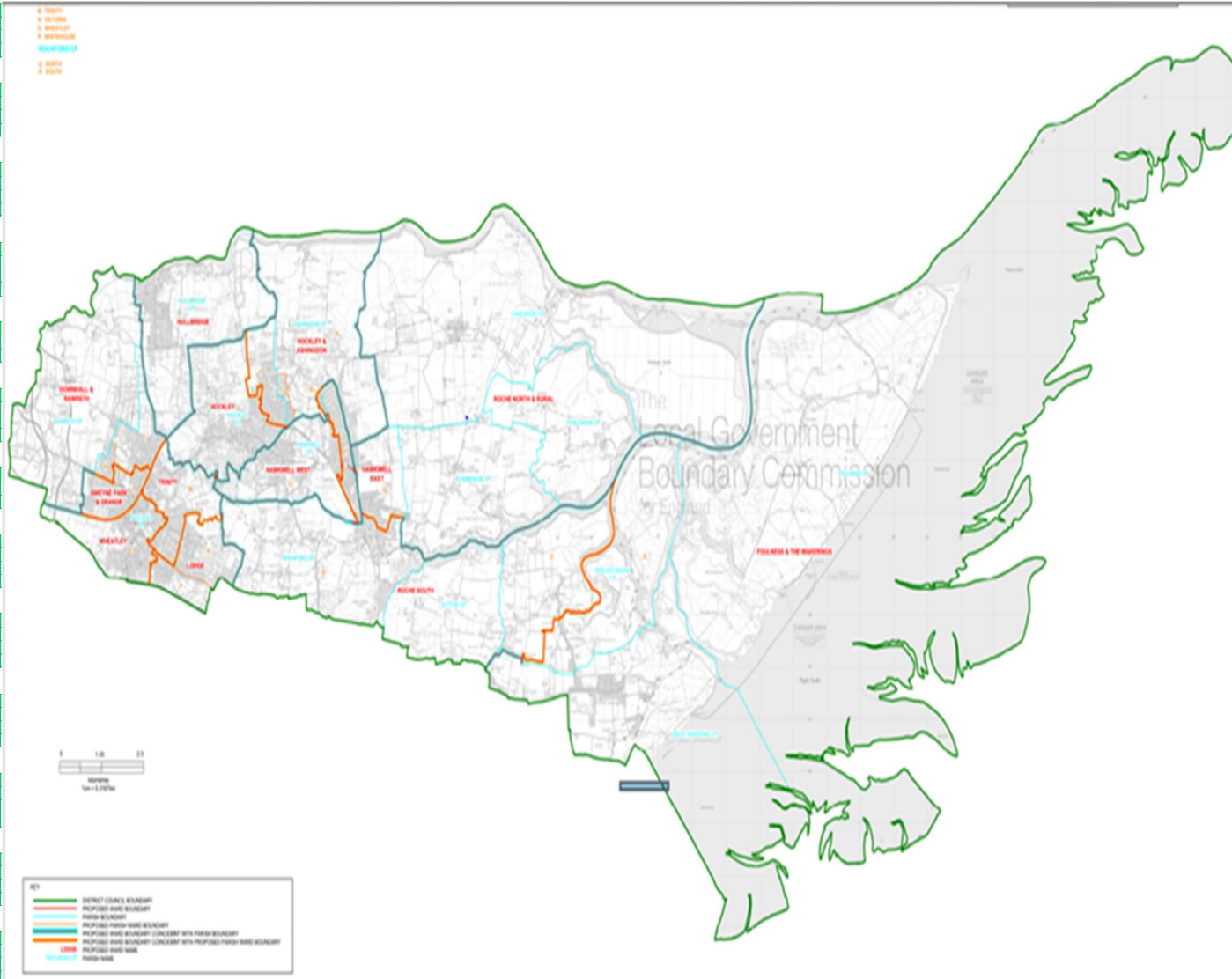
Roche North & Rural
Cllr I A Foster
Cllr Mrs L Shaw
Cllr S E Woolton

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

Sweyne Park & Grange
Cllr Mrs L J Newport
Cllr Mrs J R Lumley
Cllr Mrs C A Pavelin

Trinity
Cllr D Merrick
Cllr Mrs C E Roe
D J Sperring

Wheatley
Cllr J L Lawmon
Cllr R R Dray
Cllr M G Wilkinson



Rochford District Council – Annual Financial Report 2021/2022

4 Rochford District Council Corporate Risk Register

Corporate Risks	Potential Impacts												Residual Likelihood	Residual 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 – NEW RISK: The partnership between Rochford District Council and Brentwood Borough Council fails to bring about the project benefits.		✓	✓	✓	✓		✓		✓					3	3	M

5 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

6 Performance and Key Achievements 2021/22

The Council's current basket of Key Performance Indicators (KPIs) and associated targets for 2021/2022 are shown in the table at the end of this section, with comparative data for 2020/21.

The Annual Review of performance against the Council's Business Plan priorities during 2021/22 can be found here.

www.rochford.gov.uk/AnnualReview



What we do

 **50,000**
Website visits per year

3.8M
Kerbside waste and recycling collections made each year 

 **796**
Planning applications processed per year

 **2,540**
Litter bins emptied per week

 **1,000,000**
Square metres of grass per cut 

168 Food businesses inspected annually

410 Fly tips cleared per year

 **6,000**
Stage inspection visits conducted by Building Control per year

 **1,936**
Parking charge notices issued in our car parks per year

 **69,335**
Telephone calls to Customer Services

 Process **766** taxi, premise and other licence applications per year

97 Housing hazards were removed from private sector dwellings



Rochford District Council – Annual Financial Report 2021/2022

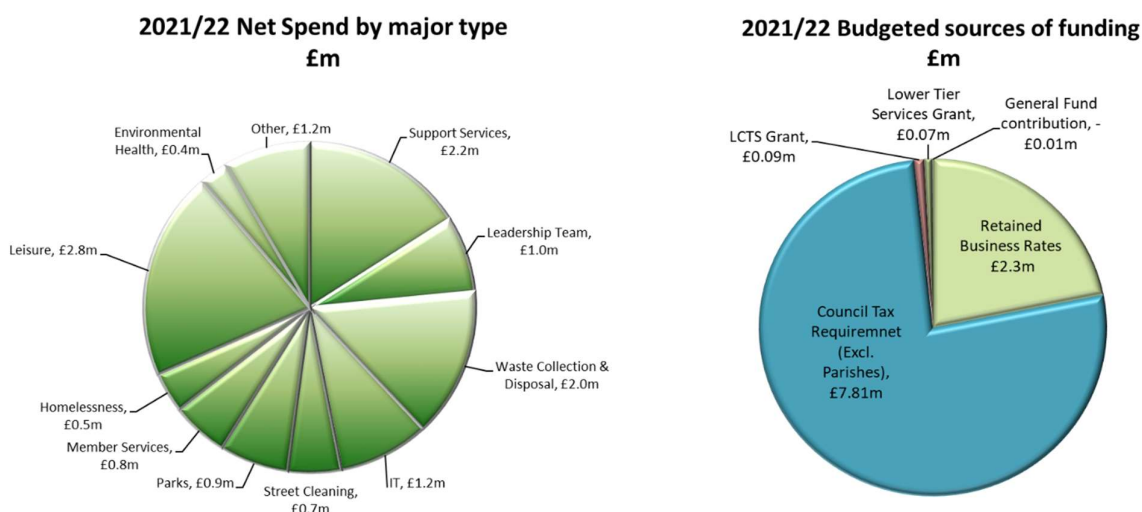
Key Performance Indicators (* represents provisional 2021/2022 data)	Polarity	Performance 2020/2021	Target 2021/2022	Performance 2021/2022	2021/2022 vs. 2020/2021	DOT
Percentage of all Housing Benefit overpayments recovered to date (Cumulative) (DISCONTINUED MEASURE)	High is Good	11.3%	30.5%		-	-
Average number of days to process new benefit claims	Low is Good	42.2	21.0	24.8	-17.4	↑
Average number of days to process benefit changes in circumstances	Low is Good	12.0	12.0	9.3	-2.7	↑
Number of Out of Work Benefit Claimants: Actively Seeking Work	Low is Good	2,340	800	1,255	-1085	↑
The number of working days lost to the Local Authority due to sickness absence per Full Time Equivalent (FTE)	Low is Good	3.7	7.5	7.4	3.7	↓
Number of Employees (FTE)	N/A	141	N/A	144.73	3.73	↑
Percentage of Collectible Council Tax Collected (Cumulative)	High is Good	98.3%	98.2%	98.6%	0.3%	↑
Percentage of Collectible Business Rates Collected (Cumulative)	High is Good	97.4%	99.1%	99.0%	1.6%	↑
Percentage of invoices paid in 30 days	High is Good	87.3%	98.0%	88.5%	1.2%	↑
Percentage of invoices for commercial goods and services paid by the Authority within 10 days of receipt to Local Suppliers	High is Good	61.0%	90.0%	73.3%	12.4%	↑
Residual waste, kilograms per household *	Low is Good	370	310	334	-36	↑
Percentage of waste recycled or composted *	High is Good	59.6%	66.0%	62.1%	2.6%	↑
Percentage of missed bins vs. total collected	Low is Good	0.6400%	0.0100%	0.0020%	-0.6380%	↑
Percentage of Major planning applications determined in 13 weeks	High is Good	40.0%	75.0%	66.7%	26.7%	↑
Percentage of Major planning applications determined within an agreed Extension of Time	High is Good	91.7%	75.0%	88.9%	-2.8%	↓
Percentage of remaining (Non Major) planning applications determined in 8 weeks	High is Good	75.7%	75.0%	72.9%	-2.8%	↓
Percentage of remaining (Non Major) planning applications determined within an agreed Extension of Time	High is Good	86.1%	75.0%	79.1%	-7.0%	↓
Percentage of planning appeals allowed	Low is Good	12.9%	30.0%	35.1%	22.2%	↓
Planning enforcement: Percentage of initial site visits conducted within target time (UNAVAILABLE AT TIME OF REPORTING)	High is Good	76.1%	60.0%	-	-	-
Planning enforcement: Cases being investigated including appeals (UNAVAILABLE AT TIME OF REPORTING)	Low is Good	312	372	-	-	-
Number of dwellings improved (occupied by vulnerable households – housing hazards reduced)	High is Good	67	70	72	5	↑
Number of food businesses made safer (cumulative)	High is Good	56	168	168	112	↑

7 2021/2022 Financial Summary

7.1 Revenue Position

A balanced budget was agreed for the provision of services in 2021/22, although this continued to be a challenging process due to funding constraints, compounded by inflationary pressures and an increasing demand for services. COVID-19 still had a significant impact in 2021/22 but has this has been largely contained through the use of government grant balances from 2020/21 as well as new grants distributed during 2021/22 for this purpose.

In 2021/22 the Council collected 99.0% of Business Rates and 98.6% of Council Tax due for the year. These compares to 98.3% and 97.4% respectively in 2020/21 when collection rates were affected by COVID-19.



The Net Spend chart above shows the breakdown of the Council's total spend (on an accounting basis) in 2021/22 of £13.8m, which is as per the Comprehensive Income and Expenditure total in the Financial Statements.

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 2021/22 budget of £10.199m for its net cost of services, excluding a planned contribution to reserves funded from New Homes Bonus of £0.584m and a contribution to General Fund Balances of £0.009m. There was a final outturn position of £9.251m, which after transfers to/from reserves and carry forwards, gives an underspend of £0.245m as set out in the table below.

Final Revenue Outturn Position 2021/22

Portfolio	Original Budget 2021/22 £'s	Actual Spend 2021/22 £'s	Variance (Underspend)/ Overspend £'s	Earmarked and pre- approved use of reserves £'s	Carry Forward into 2021/22 £'s	Underlying Variance £'s	Of which: Salary related Variance £'s	Of which: Non Salary Variances £'s
Leader & Deputy Leader	2,990,180	2,614,449	(375,731)	(59,506)	146,548	(288,689)	(190,143)	(98,546)
Financial Services	1,350,603	1,307,467	(43,136)	(332,500)	282,043	(93,593)	(45,149)	(48,445)
Commercial, Business, Local Economy & Leisure	757,700	785,181	27,481	(208,164)	13,240	(167,443)	(54,595)	(112,848)
Strategic Planning	434,450	470,796	36,346	(176,993)	127,865	(12,782)	(35,346)	22,564
Environment & Place	3,246,200	2,855,872	(390,328)	(66,790)	60,564	(396,554)	(61,164)	(335,390)
IT, Tourism, Housing & Parking	1,118,174	832,280	(285,894)	(11,725)	176,557	(121,062)	(15,732)	(105,329)
Community	551,750	384,685	(167,065)	(32,545)	137,930	(61,681)	(36,137)	(25,543)
Salary Saving	(250,000)	-	250,000	-	-	250,000	250,000	-
Total	10,199,057	9,250,730	(£948,326)	(£888,223)	944,747	(£891,803)	(£188,266)	(£703,537)
COVID Unringfenced Grant	-	(341,040)	(341,040)	341,040	-	-	-	-
New Homes Bonus	-	(584,131)	(584,131)	584,131	-	-	-	-
Additional specific COVID Grants Income (Appendix 3c)	-	(9,085,707)	(9,085,707)	-	-	(9,085,707)	-	(9,085,707)
Additional specific COVID Grants Expenditure (Appendix 3c)	-	9,085,707	9,085,707	-	-	9,085,707	-	9,085,707
Total after COVID-19 grants	10,199,057	£8,325,559	(£1,873,497)	£36,948	944,747	(£891,803)	(£188,266)	(£703,537)
Other Non Portfolio Specific movements	-	-	-	77,550	569,426	646,976	-	646,976
TOTAL	10,199,057	£8,325,559	(£1,873,497)	£114,498	1,514,173	(£244,827)	(£188,266)	(£56,561)

The reasons for the variances were reported in detail in the Provisional Financial Outturn Report which was considered by the Council's Executive on 13 July 2022 ([Provisional Financial Outturn Report 2021-22](#)), with the changes since that date reflected in the Final Outturn Position detailed above, and the reasons for these summarised below.

- Strategic Planning – underlying underspend has decreased by £3,805 from £16,587 to £12,782 due to an adjustment in the COVID-19 grant figures included in the accounts. £1,090 of this had originally been included in the Additional Specific COVID Grants expenditure line in the table, therefore there is only a net impact of £2,715 on the total underlying underspend.
- IT, Tourism, Housing & Parking – underlying underspend decreased by £224 from £121,286 to £121,062 due to an adjustment in the COVID-19 grant figures included in the accounts. This had originally been included in Additional Specific COVID Grants expenditure line in the table, therefore there is no net impact on the total underlying underspend.
- Leader & Deputy Leader – underlying underspend has decreased by £2,500 from £291,189 to £288,689 as a grant was received from Essex County Council that was shown in the provisional outturn as income but has now been removed as it has conditions which mean it should not be recognised in 2021/22.

7.2 Final Capital Outturn Position

A 2021/22 Capital Programme totalling £3,604,407 was approved at Full Council on 22 February 2021. Executive further agreed carry forwards of budget to give a final capital 2021/22 budget of **£4,221,260**. The provisional outturn position was £1,173,256. The detailed breakdown was reported to the Council's Executive on 13 July 2022 ([Provisional Financial Outturn Report 2021-22](#)). Of the variance to budget; £368 was overspend, £2,538,974 was underspend mainly due to the Asset Development Programme works being delayed, and £509,399 was due to a delay of completion of works during 2021/22 partly related to the ongoing impact of COVID-19. Amounts relating to slippage will be added to the 2022/23 capital programme.

7.3 Impact of COVID-19

The council has played a significant role in responding to the pandemic, supporting businesses and the most vulnerable in our communities as well as continuing to provide essential services to all residents.

The financial impact of COVID-19 has continued into 2021/22 although on a lesser scale than in 2020/21. The most notable ongoing impact has been on car parking income due to continued decrease in demand as a result of behavioural shifts.

Some COVID-19 specific grant schemes continued into 2021/22, and the Sales Fees and Charges compensation scheme and general COVID-19 grant also continued on a reduced basis which helped to manage budgetary pressures. Each government grant received was reviewed to determine whether the council acted as the Agent or Principal based on whether the Council had any control over who was eligible for payment. Where the council is determined to be the Agent (i.e., it is purely passporting money onto a third party with no discretion on eligibility or amount) this is not shown as income or expenditure within the CEIS, however any residual balances are held on our balance sheet. Where the council is deemed to be the Principle (i.e., it has some control over eligibility and amount), an assessment has been made as to whether there are conditions associated with the grant in order to determine how this is reflected within the financial statements. Note 17 to the statements summarises this for all COVID-19 related grants.

7.4 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 2021/22 Code of Practice on Local Authority Accounting in the UK ('the Code') in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

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

The Council's income has been affected detrimentally by COVID-19 e.g., from reduced revenue from car parks. We recognise that there remains uncertainty over the longevity of the impacts and that this may affect our current financial assumptions, which will be kept under regular review. The government has provided some grant support to Local Authorities to compensate them for this loss of income and for any additional costs incurred due to the crisis. Any ongoing pressures that cannot be met through grant funding or in-year cost reductions will need to be met from earmarked or General Fund reserves.

The Council will continue to face challenging financial times for the foreseeable future, with the impact of Covid 19 being compounded by ongoing pressures on local government funding, inflationary pressures and increasing demand.

Rochford District Council – Annual Financial Report 2021/2022

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 such as Covid 19, 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 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. It also holds an amount in its general balance which allows the Council to deal with unexpected events or costs at short notice. It is planned to maintain the General Balance at 10% of the Council's net revenue budget or c£1m.

Reserves Summary

Earmarked Reserves	Opening balance 2021/22 £'s	Transferred between reserves £'s	Transferred Out £'s	Transferred In £'s	Projected Opening balance 2022/23 £'s	Forecast Mov't In Year £'s	Estimated Closing Balance 2022/23 £'s
Transformation Reserve	(265,594)	50,000	62,944	-	(152,650)	59,713	(92,937)
Pension Reserve	(1,474,416)	1,000,000	-	(10,000)	(484,416)	(414,000)	(898,416)
Waste Contract Reserve	(26,706)	(13,509)	48,956	(400,000)	(391,259)	391,259	-
Legal/Insurance Reserve	(315,092)	(29,973)	99,972	(33,039)	(278,133)	36,040	(242,093)
Elections Reserve	(57,015)	-	5,000	-	(52,015)	10,000	(42,015)
Housing Reserve	(239,068)	100,000	-	(75,000)	(214,068)	25,000	(189,068)
Hard / Soft Infrastructure Reserve	(2,317,229)	29,973	347,263	-	(1,939,993)	232,876	(1,707,117)
Business Rates Smoothing Reserve	(4,038,649)	-	3,432,284	(1,672,930)	(2,279,295)	1,918,027	(361,267)
Leisure Smoothing Reserve	(420,481)	100,000	177,447	-	(143,034)	113,068	(29,966)
Investment Fund	(1,176,533)	(2,375,078)	90,580	(946,131)	(4,407,161)	2,019,638	(2,387,523)
Connect Reserve	(221,130)	-	95,181	-	(125,949)	125,949	(0)
COVID 19 Smoothing Reserve	(673,347)	600,000	41,157	(451,535)	(483,725)	483,725	-
Connect - Invest to Save	(497,847)	-	34,350	-	(463,497)	463,497	-
Total Earmarked Reserve	(11,723,106)	(538,587)	4,435,134	(3,588,635)	(11,415,194)	5,464,791	(5,950,403)
Carry Forwards							
Corporate	(1,124,066)	70,000	148,920	(425,170)	(1,330,316)	1,054,953	(275,363)
Project	(29,074)	-	8,960	(1,842)	(21,957)	1,888	(20,069)
IT	(106,659)	100,000	3,202	(79,736)	(83,193)	81,534	(1,659)
Housing	-	-	-	-	-	-	-
Total Carry forward	(1,259,800)	170,000	161,082	(506,749)	(1,435,467)	1,138,376	(297,091)
Grant Funded / Ring Fenced Reserve							
Corporate	(56,055)	24,078	6,540	-	(25,436)	-	(25,436)
Project	(676,040)	249,509	76,931	(441,617)	(791,218)	458,370	(332,848)
Housing	(740,693)	95,000	38,367	(63,440)	(670,766)	(28,924)	(699,690)
Total Grant Funded Reserve	(1,472,788)	368,587	121,839	(505,057)	(1,487,420)	429,446	(1,057,974)
Grand Total	(14,455,694)	-	4,718,054	(4,600,441)	(14,338,080)	7,032,613	(7,305,467)

7.5 Cashflow Position

Collection rates for Council Tax and Business Rates returned to near pre-pandemic levels in 2021/22, which alongside additional grant funding provided in advance to compensate for the cost of additional reliefs, meant that overall cash balances have risen since the start of the year.

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 Review Committee throughout the year.

7.6 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 £21.223m as at 31st March 2022 compared with £27.3m as at 31st March 2021. 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 2019, with a 31st March 2022 valuation being carried out during 2022/23 to inform next year's accounts.

7.7 Write Offs and Arrears

In 2021/22 the following amounts were written off compared to 2020/21

Amounts Written Off	2020/21 £	2021/22 £
Council Tax	15,409	45,243
Business Rates	21,338	214,317
Housing Benefits	2,473	49,660

As at 31st March 2022 the level of arrears has changed from 2020/21 as follows:

Total Arrears	2020/21 £	2021/22 £
Council Tax	2,572,203	2,589,489
Business Rates	599,971	292,748
Housing Benefits	1,480,325	1,379,342

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.

7.8 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 has been estimated at £595,000- £853,000 by 2025/26, however the apportionment of these savings between the councils will need to be agreed following further review of the respective current structures and so have not yet been included within the Council's Medium-Term Financial Strategy. Provision has been made within earmarked reserves to fund the Council's £300,000 share of one-off costs associated with the Transformation Programme required to deliver these ongoing savings.

7.9 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 and consequently the company has generated a deficit of £71,381 in 2021/22.

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 2022/23 financial year.

7.10 Other Strategic Partnerships

Rochford District Council (RDC) has signed an agreement for 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 will be 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.

7.11 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. The preferred option remains consolidation of the Council operations at the Freight House; it was estimated at the Final Business Case (FBC) stage that this option would have a net capital funding requirement of £1.5m; however, this is subject to change due to delays in the programme and the consequent impacts of inflationary increases and other changes. It was agreed in July 2022 that the Mill Arts & Events Centre site will be removed from the Asset Delivery Programme contract; this will also impact on the financials for the programme which will be brought back to Full Council for a final decision at the Stop/Go point. This will be reflected in the MTF5 position once confirmed.

8 Looking ahead

The 2022/23 budget was prepared during challenging and uncertain times due to the ongoing impacts of COVID-19 on the Council's finances, staff, residents, and the local economy. The financial impact of COVID-19 in 2022/23 and beyond is difficult to predict, therefore in most cases COVID-19 related losses have not been assumed within base service budgets but will instead be managed via a COVID-19 Smoothing Reserve if required. However, the 2022/23 car parking income budget has been reduced by £300,000 to reflect the expected ongoing reduction in demand for car parking across the district.

The impact of business rates and council tax losses in 2020/21 on the collection fund, as well as cashflow impacts of additional Business Rate Reliefs paid in 2021/22, is expected to create a requirement to draw down £1.566m from the Business Rates Equalisation Reserve in 2022/23. Collection fund losses will be spread over three years from 2022/23 to 2023/24 in line with government requirements.

Rochford District Council – Annual Financial Report 2021/2022

There remains significant uncertainty about the future of local government finance. Although a multi-year Spending Round was agreed by central government in 2021, only a one-year local government settlement was provided to local authorities for 2022/23.

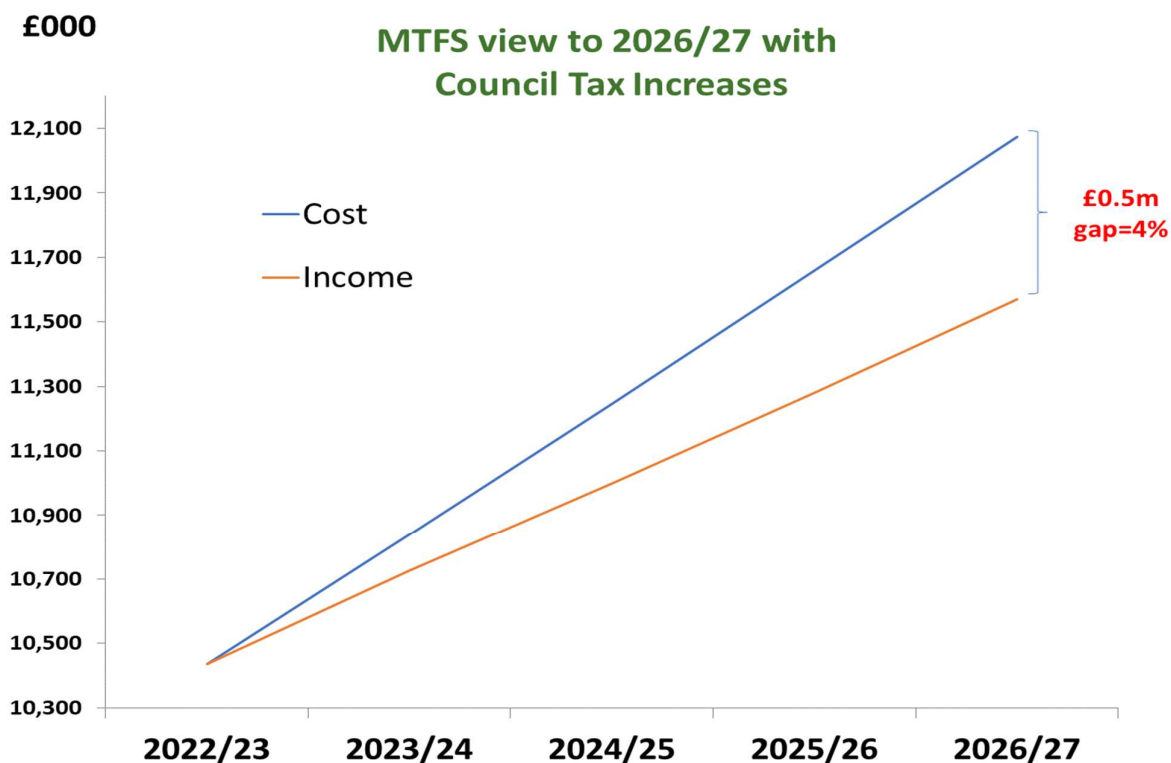
Potential changes to the Business Rates Retention Scheme and a Fair Funding Review have been delayed again, meaning that the future allocation of funding within local government also remains unclear pending consultation with sector and further detail on the government's 'Levelling Up' agenda. This uncertain 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 budget gap of £0.5m by 2026/27; this means that the Council will need to find recurrent baseline savings to this value by that time. 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.

Delivery of further measures to balance the budget from 2023/24 and beyond are being explored and will, to a certain extent, be dependent on the longer-term impact of COVID-19 on the wider economy and the successful implementation of the plans set out for 2022/23. 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.



9 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 2021/22 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 2022 and of its income and expenditure for the 2021/22 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 2021/22.

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 2022 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 2021/22.

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.

10 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 2021/22 Annual Governance Statement is included within this Annual Financial Report and will be subject to review until the audit of the financial statements is complete.

11 Conclusion

Through careful management and fiduciary care, Rochford District Council has been able to close its 2021/22 accounts showing a robust position, which will support the Council in meeting the financial challenges of 2022/23 and beyond. The MTFs projections indicate a gap between the Council's expected funding streams and its planned expenditure; and combined with ongoing inflationary pressures emerging in 2022/23 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.

ROCHFORD DISTRICT COUNCIL

ANNUAL GOVERNANCE STATEMENT

2021/22

Executive Summary

Rochford Council has a responsibility for conducting an annual review of the effectiveness of its governance framework including the system of internal control. The governance framework comprises the culture, values, systems and processes by which an organisation is directed and controlled. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

In the [Business Plan 2020-2023](#) Rochford District Council has committed to priorities and expected outcomes in terms of financial stability, early intervention, maximising use of assets and enabling communities. For such a commitment to be achieved the Council must have a solid foundation of good governance, supported by sound financial management. The Council operates under the principles identified in The Chartered Institute of Public Finance and Accountancy (CIPFA)/ Society of Local Authority Chief Executives and Senior Managers (SOLACE) Framework 2016 'Delivering Good Governance in Local Government'.

In November 2020 a [Local Code of Corporate Governance](#) (The Code) was adopted, which details these principles and links to the Business Plan. The Code is supported by a significant range of policies and procedures that form [The Governance Framework](#) which sets out how the Council should do what it does.

This AGS provides assurances on the level of compliance with The Code for the year ending 31st of March 2022 but includes the position up to the actual date of sign-off of the Annual Accounts for that year.

The Leader of the Council and Chief Executive both recognise the importance of having a solid foundation of good governance and sound financial management.

They have been advised on the outcome of the result of the review of the effectiveness of the Governance Framework and consider that the arrangements provide adequate assurance and continue to be regarded as fit for purpose. They pledge their commitment to address the matters highlighted in this Statement, and to further enhance governance arrangements to enable delivery of the Business Plan.

This statement is signed below by the current Leader, who was nominated in 2024, as confirmation that the Annual Governance Statement was agreed at Audit Committee on 28 July 2022.

Signed:



Cllr J Newport

Leader of the Council

Date 2 December 2024

Signed



J Stephenson

Chief Executive

Date 2 December 2024

Review of the Effectiveness of the Council's Governance Framework

Although the AGS is a formal annual review of governance arrangements the review process itself is a continuous function throughout the year. These include day to day management controls, corporate oversight functions, including role of statutory officers, reports to Members, ongoing work of the Review and Audit Committees, Internal Audit's work plan, external audit of financial arrangements and value for money, and occasionally assurance from third-party organisations. In addition, services across the Council have completed a self-assessment of their own compliance with The Code.

The AGS incorporates the continuous review of the effectiveness of our governance arrangements throughout 2021/22. It identifies those areas where we have and do not have full compliance with The Code and where attention is required to ensure that we have effective governance arrangements that will enable the Council to deliver on its commitments in the Business Plan 2020-2023. The AGS is not a report on what has been achieved or delivered.

This Statement is an objective appraisal of our governance framework and shows that, we have **adequate arrangements, which continue to be regarded as fit for purpose and generally comply with the council's Local Code of Corporate Governance** and shows that we have met our legal and statutory obligations to our residents. It is acknowledged that there are areas for improvement, but most key controls are in place and are operating effectively.

Key projects such as the Asset Development Programme and elements of The Connect cultural and transformation programme are works in progress. These have been assessed and designed to ensure linkage to the Business Plan as they progress. These projects are regularly reviewed and reported to the Executive.

The External Auditor has continued to be positive about our arrangements to secure value for money and has provided an unqualified opinion on the council's Statement of Accounts for 2020/21 in the [Auditor's Annual Report, Year ended 31st March 2021](#). These accounts were signed off in February 2022. The AGS for 2020/21 was also signed off at that time, reflecting the governance arrangements in place at that time, late into 2021/22.

The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide reasonable and not absolute assurance of effectiveness.

Other Factors to Consider as Part of Annual Review

Governance of Subsidiary Companies

The Council has three wholly owned companies under the Green Gateway umbrella. High-level assurances were sought on the appropriateness of the arrangements for establishing these companies given their close relationship to the Council. There is a parent company, Green Gateway Trading Ltd. Green Gateway Trading

(Development) Ltd, was set up as part of initial proposals to develop the Council's assets. These companies are currently recorded as "Dormant" at Companies' House.

Green Gateway Trading (GM) Ltd was a fully functioning company carrying out ground maintenance work for the Council and other organisations until the contract with the Council ended in November 2021 when the Council decided to bring its grounds maintenance services back in-house. The company is therefore no longer trading. A formal decision on the future of GGT (GM) Ltd. will be brought to Full Council, as shareholders of the company, during 2024/25. The Council's finance team was contracted to provide day to day financial services to the Company while it was trading.

All three of these companies were properly constituted, have a financial auditor appointed and all relevant documentation has been submitted as required at Companies' House, within required deadlines

Rochford Norse Ltd

Rochford District Council (RDC) has signed an agreement for 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 will be 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.

Governance of Rochford Norse Ltd will be provided by its Board of Directors, made up of senior representatives from Norse and the Council, and shares in the company would be split between the two parties. Regular Board meetings will be held, at which statutory duties are carried out and decisions made about the partnership's activities. Annual audited accounts would be produced. Directors are appointed by, and answerable to, the shareholders. They are required to act in a way which they consider most likely to promote the success of the company with regard to long-term factors, the interests of other stakeholders and the community, and to the company's reputation. The company board will comprise five Directors: two appointed by RDC, two by Norse, and the partnership's Operations Director. No resolutions will be passed if not agreed by at least one Council-appointed Director. This ensures that the Council retains a very high level of control over the services. The partnership arrangement includes an agreement that the company would not act in a way which compromises, or runs counter to, any RDC policies.

Impact of COVID-19

The COVID-19 pandemic and its effects continued into 2021/22. The Council adhered to Government guidelines and followed the lead of the Essex Resilience Forum and associated partner organisations, supported by the Essex County Council and Council's Local Outbreak Plans, which were developed after the first lockdown in 2020.

The Council continued to engage with residents and business by providing regular updates throughout the different phases of the pandemic, utilising its website and a range of other communications and social media streams. The telephone system was updated to make it more resilient for contact with residents, and compatible with the agile working arrangements that the Council has successfully adopted in response to the pandemic, enabling business as usual to carry on across the majority of the Council's services. The local community response hub that was set up in partnership with voluntary organisations and the church network, has continued to provide valuable assistance to those most at risk in the community.

The Council's operations were made COVID safe in line with changing guidelines and enabled safe working practices, and a managed return to the offices by staff. Effective measures were put in place to undertake COVID-safe elections in May 2021, and there was a return to in-person Council and committee meetings, when temporary legislation permitting virtual meetings expired.

The Council continued to assist residents with council tax support and other COVID-19 support related payments as mandated by central government. In addition, a wide range of business-related grants continued to be paid in line with government guidelines, this was achieved via a robust process that involved the creation of online application forms and fraud prevention measures.

There may be some ongoing financial implications of COVID-19 into the future but measures are in place to monitor the position and inform financial management.

Strategic Partnership with Brentwood Borough Council

In January 2022, a formal strategic partnership with Brentwood Borough Council was agreed at an Extraordinary Council meeting, together with confirmation of the appointment of a joint Chief Executive across both authorities.

This followed completion of feasibility studies, and assurance that the similarity of culture, size and demographics of the two authorities would lead to an efficient working arrangement, both internally and by use of external consultants. The report relating to the proposed arrangements was subject to scrutiny by the Review Committee prior to the [Report to Extraordinary Council on 25 January 2022](#), and the draft S113 agreement was scrutinised by the Committee on 6 July 2022 prior to being reported to Council on 26th July.

The intention of the Strategic Partnership is that it will deliver shared working arrangements across both councils, resulting in financial and operational efficiencies, whilst retaining the sovereignty of each authority's decision making processes.

The determination of the future management structure and service delivery arrangements commenced in 2021/22 and will be ongoing for some time as part of the #One Team Partnership Programme. This will impact on future formal governance arrangements which will evolve in line with operational developments across all of the Council's operations.

Compliance with CIPFA Financial Management Code

CIPFA published the first edition of their 'Financial Management Code' for local authorities in October 2019. CIPFA considers that compliance with this code is mandatory for all local authorities, but it is important to note that such compliance is not specifically prescribed in statute. CIPFA state that the first year in which it expects authorities to be fully compliant with the code is 2021/22.

The code is essentially a best practice guide to financial management in the local authority sector. It covers the following areas:

- The responsibilities of the chief financial officer and the leadership team (including members)
- Governance and financial management style
- Medium to long term financial management
- The annual budget
- Stakeholder engagement and business plans
- Monitoring financial performance
- External financial reporting

Officers have undertaken an assessment of the extent of compliance with the requirements of the code. In general terms the council's arrangements follow the recommended best practice set out in the code. Seven areas for review and possible improvement have been identified. These relate to:

- 1) Increased use of sensitivity analysis in the budget setting process
- 2) Increased robustness of MTFS savings plans, including more explicit linkages to the Council's Business Plan priorities 2020-23
- 3) Implementing an appropriate documented option appraisal methodology to demonstrate the value for money of all Council decisions, including Connect programme related business cases
- 4) Ensuring the Leadership Team have the appropriate skills to enable it to identify and correct emerging risks to its budget strategy and financial sustainability and are committed to developing those skills to enable their roles to be carried out effectively.
- 5) Assessing the financial skills required by managers and ensuring they are committed to developing those skills to enable their roles to be carried out effectively.
- 6) Undertaking a review of the Financial Regulations to ensure these remain fit for purpose (planned as part of wider review of the Constitution in 2022/23)
- 7) Ensuring the Debtors process is robust and effective following a change of responsibilities within the Resources team

These will be further reviewed when resources allow.

Statutory Assurances

Whilst various sources of assurance have been obtained to support the overall conclusion that the council's governance arrangements remain adequate, it is important that the following specific assurances are also considered to support the Annual Governance Statement.

Chief Executive / Head of Paid Service

The Head of Paid Service is responsible for the overall corporate and operational management of the council. Having considered the overall arrangements in place during 2021/22, as set out in the rest of this report, the Head of Paid Service considers that the work undertaken provides adequate assurance on the effectiveness of these arrangements and that they therefore continue to be fit for purpose. There are two specific issues of strategic importance which have impacted on governance arrangements during 2021/22 and beyond, which are noted in further detail below.

COVID-19 Impact during 2021/22

The Council maintained a high level of service during 2021/22 throughout periods of continued COVID-19 restrictions, and as those restrictions were lifted and in-person contact with residents and business resumed. At all times measures were taken to ensure COVID safety compliance, including during the successful District-wide election day in May 2021.

The Council continued to provide COVID-19 related payments to residents and businesses, in line with Government requirements, in an efficient manner including development of application procedures and measures to minimise the risk of fraud. More recently procedures were developed to support residents with cost-of-living pressures under another Government scheme.

OneTeam Partnership with Brentwood Borough Council

The main issue that may impact on the Council's governance going forward will be the development of shared working arrangements with Brentwood Borough Council under the #OneTeam Strategic Partnership, which was agreed at an Extraordinary Council meeting held on 25 January 2022 when a Joint Chief Executive/Head of Paid Service was appointed for both Councils with effect from 1 February 2022.

At that meeting Council delegated authority to the Joint Chief Executive to undertake a restructure of Tiers 2 and 3 of the Councils, in consultation with the Leader of each Council, and delegated authority to the Joint Chief Executive and the Monitoring Officer, in consultation with the Leader, to enter into a Memorandum of Understanding ("MOU") and s113 Agreement to give effect to the Strategic Partnership.

The first activity for the #OneTeam Transformation Programme has been the review of the senior leadership structure at Tier 2 (Strategic Director) and Tier 3 (Assistant Director/Corporate Director) levels. The new Tier 2 structure has been in place since 28 March 2022, via a secondment arrangement in the short term, with formal

approval for the 3 new posts at Council on 26 July. Appointments for new Tier 3 Director roles were made by the Chief Officer Appointments Committee on 16 June, with vacancies arising for five of the nine new roles which are due to come into effect from 1 August 2022. The vacant roles will be recruited to in the autumn of 2022 and interim arrangements will be put in place to ensure that internal control is maintained and effective governance of the Council continues to be delivered during this transition period.

Head of Finance – Section 151 Officer

The Chief Finance Officer (Section 151 Officer) is responsible for the development and maintenance of the Councils governance, risk, and control framework, ensuring lawfulness and financial prudence of decision making and the administration of financial affairs, in accordance with Section 151 of the Local Government Act 1972.

These responsibilities have been considered within the context of this Statement and the Chief Finance Officer can confirm that the Council's arrangements conform to Section 151 of the Local Government Act 1972 and that the Council complies with the CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government (2016).

While the Council has robust financial management arrangements in place it is important to note that the Council's Medium Term Financial Strategy (MTFS) for 2022/23 identified resource shortfalls of at least £0.5 million by 2026/27 and there have been further significant pressures arising since the latest MTFS was agreed, most notably inflationary increases which will add to the gap in 2023/24 and beyond. There remains significant uncertainty around the future funding position and work to address the longer term MTFS gap continues, including opportunities to reduce costs through the #OneTeam partnership working arrangements with Brentwood Borough Council, driving out best value from the new waste delivery model with Norse and the delivery of efficiency savings via the Council's Asset Development and Connect Programmes. In addition, the impact of the Covid-19 pandemic on the Council's financial position continues to evolve as we move into the recovery phase. Both these risks mean the MTFS will continue to be reviewed and updated as more information becomes available.

Monitoring Officer

The Monitoring Officer is required to report to the Council in any case where it appears that any proposal, decision, or omission by the authority has given rise to or is likely to or would give rise to any contravention of any enactment, rule of law or code of practice or maladministration or injustice in accordance with Sections 5 and 5A of the Local Government and Housing Act 1989.

These responsibilities have been considered within the context of this statement and the Monitoring Officer has no significant concerns to report and has had no reason to submit a report in accordance with the above. The Monitoring Officer is satisfied that the Council has robust processes for decision making, however there remains a need to ensure that a broad range of considerations as highlighted in the Council's Local

Code of Corporate Governance are considered in the development of policies, projects and when making decisions.

In June 2021 the Council published a Statement of Intent in relation to a joint strategic partnership with Brentwood Borough Council (BBC). This was formalised at an Extraordinary Council meeting held on 25th January 2022 with approval of the creation of a formal strategic partnership between the Council and BBC under a Section 113 agreement. This includes the permanent appointment of a joint Chief Executive / Head of Paid Service for both councils and a restructure of Tiers 2 and 3 of the Leadership Team with the intention of creating one unified leadership team across both councils.

The Centre of Governance and Scrutiny (CfGS) was commissioned by the Council to carry out an improvement review of its scrutiny function. This review follows from the recommendation of the Peer Review in November 2019 and had been delayed due to the pandemic. The CfGS has worked with the Council to support Members and in reviewing the effectiveness of the Council's overview & scrutiny function and in developing actions aimed at improving the function. The Review Committee has set up a working group to consider how to implement the recommendations that were made.

Chief Audit Executive

The Chief Audit Executive (CAE) must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. The annual opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.




The CAE, through the internal audit service, delivers an annual programme of risk-based audit activity and makes recommendations for the improvement of the management of risk and control. The impact of COVID-19 did not significantly affect the work of Internal Audit during 2021/22, although the Annual Audit Plan was adjusted to meet emerging priorities, within available resources. A change in operations from 2022/23 is that Basildon Borough Council has assumed responsibility for delivery of the whole internal audit function following staff resource changes at Rochford. It is not anticipated that this will impact on the governance arrangements.

The CAE is satisfied that sufficient work was undertaken during 2021/22 to draw a reasonable conclusion on the adequacy and effectiveness of the Council's arrangements. Based on the work performed during 2021/22 and other sources of assurance he is of the opinion that **adequate assurance** can be taken that the Council's risk management, internal control, and governance processes, in operation during the year to 31 March 2022, generally accord with proper practice and are fundamentally sound, although there are opportunities to improve arrangements to enhance the Council's governance framework.


Full details of the assurance provided in this Statement can be found within the Internal Audit Annual Report for 2020/22, submitted to the Audit Committee on the 28th of July 2022


Under the Accounts and Audit (England) Regulations 2015 and the Public Sector Internal Audit Standard (PSIAS), the council is required to undertake a review of the effectiveness of its Internal Audit function and to report the results in the Annual Governance Statement. It is considered that the council has effective arrangements in place for the provision of the Internal Audit Service. An external assessment of the conformance to the PSIAS will take place during 2022/23.

Rationale for “Adequate Assurance” Opinion


Definition	Description
<p>Adequate</p> 	<p>There are sound policies and processes in place, which are working effectively across services that provide for good governance arrangements and support compliance with requirements of this Principle and the achievement of the Councils’ aims and objectives.</p> <p>There may be minor areas for continuous improvement, but these do not represent a significant or material risk to the Council’s overall governance framework.</p>
<p>Some development or areas for improvement</p> 	<p>Whilst there are policies and processes in place, there are some areas which remain a challenge for the Council or require further improvement, which may impact the effectiveness of elements of the Council’s governance arrangements, compliance with this principle and achievement of the Council’s aims and objectives. The Council has in place an action plan to address challenges and improvement matters.</p>
<p>Key development or many areas for improvement</p> 	<p>The Council has significant challenges in relation to the Policies and Processes and these have a detrimental impact on the ability to comply with this principle, which compromise the Council’s governance arrangements and the achievement of its aims and objectives. Plans for corrective actions to manage these risks have been created as required.</p>


REVIEW OF COMPLIANCE WITH LOCAL CODE OF CORPORATE GOVERNANCE 2020/21


Core Principles of the Framework	Assessment	In Place	Work in Progress	To Be Developed
<p>Principle A:</p> <p>Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</p>	 <p>Adequate</p>	<ul style="list-style-type: none"> • The Council has a long-established Constitution which together with a range of codes of conduct, policies, and procedures, as seen in the Governance Framework, sets out how members and officers are expected to conduct themselves whilst discharging their duties. • A Local Code of Corporate Governance has been in place since its approval by the Audit Committee in November 2020. • Members and officers are required to record declarations of interest, and gifts and hospitality received to avoid potential issues of conflict of interest. These registers are reviewed annually by Internal Audit. • Procedures are in place to investigate potential breaches of standards or 	<ul style="list-style-type: none"> • It is acknowledged that the Constitution, while generally effective, requires modernisation. This review will work alongside the harmonisation of working arrangements with Brentwood Borough Council. • In a similar manner the Council has a long-established Anti-fraud & Corruption Policy that is considered generally fit for purpose, but requires an update, that is to be delivered in 2022/23. 	

Core Principles of the Framework	Assessment	In Place	Work in Progress	To Be Developed
		<p>behaviours by use of the Standards Committee for members. For staff, Disciplinary Procedures are in place for misconduct and the Improving Performance Policy is in place to support officers not working to expected standards.</p> <ul style="list-style-type: none"> • The Council has a good standard of training and outcomes in identifying and reporting safeguarding issues in both adult and child vulnerable categories. • All taxi drivers undertook safeguarding training and there was also training around equality issues when dealing with passengers, with wheelchairs, entering and leaving licensed vehicles. 		
Principle B:		<ul style="list-style-type: none"> • The Council has procedures that comply with the Freedom of Information Act and required elements of the 	<ul style="list-style-type: none"> • Although significant progress has been made, the Council's website is not yet fully compliant with 	

Core Principles of the Framework	Assessment	In Place	Work in Progress	To Be Developed
Ensuring openness and comprehensive stakeholder engagement	Adequate	<p>General Data Protection Regulations, such as subject access requests and publication of privacy notices.</p> <ul style="list-style-type: none"> • All Council or committee reports, where a decision is requested, are required to consider the impact of content across a range of subjects that include environmental, legality, equality & diversity and crime and disorder. • As much as possible Council or committee reports are published in full via the Council's website and recordings of many meetings are available on social media. Where content is restricted in line with legislation or commercial sensitivity this will be reported in private & confidential appendices that 	<p>accessibility requirements. Work is continuing to progress this issue</p> <ul style="list-style-type: none"> • Although several consultation exercises have been successfully carried out there is no overarching corporate engagement approach in place. This is in the process of being developed within a joint Corporate Communications Strategy with Brentwood Borough Council, with a planned completion during 2022/23. • A revised Customer Charter is under development, which will include revised complaint handling procedures. 	


Core Principles of the Framework	Assessment	In Place	Work in Progress	To Be Developed
		<p>are not publicly available or recorded.</p> <ul style="list-style-type: none"> • The Council is an active participant in joint community safety and health and wellbeing boards with key institutional stakeholders such as the local Clinical Commissioning Group, the Police, and the voluntary sector. • Statutory and discretionary consultations or surveys of residents or other commercial or institutional stakeholders, are carried out. These included but were not limited to a Budget Survey and a consultation on a revised Council Tax Support Scheme.. 		
<p>Principle C: Defining outcomes in</p>	 <p>Adequate</p>	<ul style="list-style-type: none"> • The Council's Business Plan (2020-23) and its intended outcomes was approved at Council in February 2020. 	<ul style="list-style-type: none"> • The action points arising from the Peer Review of 2019 have not been implemented in full. The impact of COVID required 	

Core Principles of the Framework	Assessment	In Place	Work in Progress	To Be Developed
terms of sustainable economic, social, and environmental benefit		<ul style="list-style-type: none"> • Key projects, under-pinning the Business Plan are fully risk assessed and supported by a detailed business case that considers costs, benefits, sustainability, and environmental and social impact. • A range of policies and procedures were approved by Council and committees through the year. These are documented in Committee Management Information System on the Council's website. • The Council plays an active part in the Association of South Essex Local Authorities and contributes to the South Essex Plan (a joint strategic plan). 	focus on business-as-usual priorities and latterly priority was given to the strategic partnership with Brentwood Borough Council. The partnership arrangements will, in fact, encompass much of the matters raised during the Peer Review.	
Principle D:		<ul style="list-style-type: none"> • The Council maintains a medium-term financial strategy (MTFS) that has a rolling five-year projection that informs the budget, 	<ul style="list-style-type: none"> • The Business Plan is due for refresh from 2023 and it is intended that outcomes will be more defined to enable effective 	

Core Principles of the Framework	Assessment	In Place	Work in Progress	To Be Developed
Determining the interventions necessary to optimise the achievement of the intended outcomes	Adequate	<p>incorporating service priorities and objectives. The MTFs for 2022/23 – 2026/27 was approved by Extraordinary Council on 22/2/2022.</p> <ul style="list-style-type: none"> • Key projects are subject to detailed pre-commencement scrutiny and an ongoing review for progress and control in both Member and Officer arenas. • There is a detailed quarterly Financial report to the Executive, which is publicly available via the Council's website. 	<p>performance monitoring. As part of that definition process Directorate and Service Delivery Plans are to be refreshed as part of the strategic arrangement with Brentwood Borough Council.</p> <ul style="list-style-type: none"> • Social value is referred to in key contracts but needs further development, in line with a published national procurement policy statement. A draft social value policy is being created and it is anticipated to have this in place alongside the Constitution and Contract Procedures reviews. (See Principle A) 	
<p>Principle E:</p> <p>Developing the entity's capacity of its</p>	 Adequate	<ul style="list-style-type: none"> • Use is made of partnership or other collaborative working where the added value can be determined in achieving objectives, such as use of partnership organisations to deliver 	<ul style="list-style-type: none"> • The scheme of delegations and responsibilities of members and officers are contained in the Constitution, which is in the process of an update (see Principle A) 	

Core Principles of the Framework	Assessment	In Place	Work in Progress	To Be Developed
leadership and the individuals within it		<p>stages of the Asset Development Programme or the Community Hub, building on relationship established during lockdowns to develop a long-term community asset.</p> <ul style="list-style-type: none"> • The Council maintains a Scheme of Delegation that specifies the types of decisions that may be delegated to individual Members and Officers and those that are reserved for the collective decision making of the Council. • There was a range of training and development sessions made available to Members during 2021/22 • As part of the Connect cultural and transformation programme, designed to reset the way the Council carries out its operational functions, a revised workforce development plan 	<ul style="list-style-type: none"> • Training and development in Health & Safety competencies is progressing. A health & safety staff survey carried out identified areas in training and communication that require development and measures are underway to address these areas. 	

Core Principles of the Framework	Assessment	In Place	Work in Progress	To Be Developed
		<p>was launched to link staff performance more closely to the Council's Business Plan, whilst making adaptations for changes in working patterns as laid out in the Agile Working Policy launched in February 2021. This plan includes a new structured appraisal system, which went live in the latter part of 2021/22</p> <ul style="list-style-type: none"> • The Council is committed to supporting officers in maintenance of professional standards and to provide a range of technical and self-help training packages to maximise staff capabilities. • Several training sessions, under the Workforce Development Plan have been rolled out. • Leadership training is underway for LT with mentoring / coaching both as a group and individually. 		


Core Principles of the Framework	Assessment	In Place	Work in Progress	To Be Developed
		<ul style="list-style-type: none"> The Council has imbedded health & wellbeing measures in place to support staff, including a panel of trained mental health first-aiders. These measures, including third-party support, have continued to be highlighted throughout the Covid Pandemic.. 		
<p>Principle F:</p> <p>Managing risks and performance through robust internal control and strong public financial management</p>	 <p>Some development or areas for improvement</p>	<ul style="list-style-type: none"> There is an embedded corporate risk framework that is fully reviewed by the Leadership Team annually and reported half-yearly to the Audit Committee. There is also an imbedded service area risk management process with risk registers that are regularly reviewed. These now include common risks relating to fraud prevention, health & safety, and data management Detailed risk registers are developed at the outset of 	<ul style="list-style-type: none"> Although Contract Risk Registers are in place, they are not effectively managed or regularly reviewed. A recommendation was accepted to address this resulting from Internal Audit work during 2021/22. Testing by Internal Audit has identified that procedures for procuring goods and services for values of up to £10k do not always provide documented evidence of obtaining best value as required by the 	<ul style="list-style-type: none"> Software changes have been introduced which should enable an effective approach for identifying and collecting overdue, unpaid invoices for goods or services provided by the Council. This approach requires prompt development and implementation to regain and maintain effective control.

Core Principles of the Framework	Assessment	In Place	Work in Progress	To Be Developed
		<p>any key project and are subject to review as a project progresses, with amendments made to ensure changing risks are identified and managed.</p> <ul style="list-style-type: none"> • The Council's ICT system was subject to an independent, external penetration test during 2021/22 to determine its level of security. No high-risk issues were identified. • There are regular budget reviews between Finance and service areas. • A detailed report of the progress of the financial position is reported to The Executive on a quarterly basis, and this is publicly available on the Council's website. • A detailed annual report is included in the Financial reporting, published at the time the accounts are 	<p>Contract Procedure Rules (CPR), although testing has shown this to be completed, but not recorded, in the majority of cases.. Note that this area has improved since audit work of 2020/21. Procedures for procurement above this £10k value appear more effectively controlled.</p> <ul style="list-style-type: none"> • It is acknowledged that Contract Procedure Rules, whilst generally fit for purpose, require an update, and these are in the process of review, alongside the Constitution. There will be some harmonisation with Brentwood Borough Council. (See Principle A) • The Covid pandemic impacted on the Council resulting in increased pressure on front-line services, significant 	

Core Principles of the Framework	Assessment	In Place	Work in Progress	To Be Developed
		<p>signed-off by the external auditors, although that for 2020/21 was not published until February.</p> <ul style="list-style-type: none"> • A revised form of reporting outcomes and achievements, in a user-friendly format, was introduced for 2021/22 • The external auditor assessed the Council's accounts for 2020/21 as unqualified, and these were signed-off as completed in February 2022. • Similarly, the external auditors signed off the Council's Value for Money arrangements for 2020/21 without qualification. • The draft accounts for 2021/22 are currently awaiting audit. • Reports and updates of the Council's Treasury Management arrangements 	<p>changes in working patterns as the offices were decanted, and social changes. Overall, the Council maintained a high level of services and provided community support with partners. Issues were identified in business continuity / emergency planning arrangements in reports to the Review Committee. Some key measures have been implemented to date and reviews of the Council's business continuity and emergency planning arrangements are under way, both internally and in conjunction with partner agencies.</p> <ul style="list-style-type: none"> • An external review of the effectiveness of the Review Committee, by The Centre of Governance and Scrutiny, was 	

Core Principles of the Framework	Assessment	In Place	Work in Progress	To Be Developed
		<p>are made annually to the Review Committee.</p> <ul style="list-style-type: none"> • During 2021/22, the Council continued to administer a series of grants, with different qualifying criteria, provided by Government to support residents and businesses in the District. Detailed risk assessments and procedures, including anti-fraud measures, were developed and the grants were processed in a timely manner. A review of grants carried out by Internal Audit Review did not identify any areas of concern. • The Council's internal audit team operates within the requirements of the Public Sector Internal audit standards as assessed in-year by the Chief Audit Executive (CAE). The Team holds conformance with the standards status following an 	<p>commissioned and reported upon during 2021/22. Recommendations were made and an action plan to implement these is in place.</p>	

Core Principles of the Framework	Assessment	In Place	Work in Progress	To Be Developed
		<p>external review in 2018, with the next review due during 2022/23.</p> <ul style="list-style-type: none"> The CAE has assessed the system of internal control at the Council for 2021/22 as adequate in his Annual Audit Opinion. The Council has an Audit Committee that takes responsibility for overseeing risk management and financial control, receiving reports from, and providing challenge to Section 151 Officer, Internal Audit and External Audit. The Review Committee provides a review and scrutiny function for decisions and operational procedures across the Council. This committee sets its own workplan annually. 		
Principle G:		<ul style="list-style-type: none"> All Council and Committee reports are produced in a common style and structure, 		

Core Principles of the Framework	Assessment	In Place	Work in Progress	To Be Developed
<p>Implementing good practices in transparency reporting and audit to deliver effective accountability</p>	 <p>Adequate</p>	<p>that are, subject to certain confidentiality requirements, readily available in the public domain through the Council's website.</p> <ul style="list-style-type: none"> • The Council continues to produce financial statements, statutory reports, and the Annual Government Statement in line with regulatory requirements. • Active steps are taken to maintain the accuracy of the Transparency Code published via the Council's website 		

Dealing With Last Year's Key Improvement Areas (AGS for 2020/21 Signed-off 22/2/22)

Governance Area	Governance Matters Identified / Actions Taken	Target Date	Lead Officer
Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	The revision of the constitution, including contract procedure rules, was recognised in several of the Principles as significant to improving governance arrangements See governance areas to be developed in 2022/23	2022/23	Monitoring Officer
Ensuring openness and comprehensive stakeholder engagement	A Council-wide Engagement approach will be agreed, following internal audit recommendations made during 2021/22. See governance areas to be developed in 2022/23	2022/23	AD People & Communities
Ensuring openness and comprehensive stakeholder engagement	A revised Customer Charter will be produced See governance areas to be developed in 2022/23	2022/23	AD Transformation & Customer
Managing risks and performance through robust internal control and strong public financial management	Effective procedures will be developed to monitor and manage debtors are in arrears for invoiced goods and services. Work has progressed during 2021/22 to implement a new IT solution to support this process, but further work is required to embed this during 2022/23. See governance areas to be developed in 2022/23	2022/23	S151 Officer
Implementing good practices in transparency, reporting, and audit to deliver effective accountability	Work will be undertaken to complete the outstanding action points from the LGA Peer Review	2022/23	Strategic Director

	Areas raised in the review will be encompassed in the #One Team Transformation Project with Brentwood Borough Council. See governance areas to be developed in 2022/23		
Determining the interventions necessary to optimise the achievement of the intended outcomes	Performance measures in terms of output and outcomes are under development to support the Business Plan objectives See governance areas to be developed in 2022/23	2022/23	S151 Officer
Compliance with CIPFA Financial Management Code from 2021/22 onwards	Initial areas identified for improvement will continue to be reviewed and progressed via the actions detailed within the AGS during 2022/23	2022/23	S151 Officer

GOVERNANCE AREAS TO BE DEVELOPED IN 2022/23

Governance Area	Governance Matters Identified / Actions Required	Target Date	Lead Officer
Principle A Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	A revised anti-fraud and corruption policy / strategy will be developed to strengthen the Council's zero-tolerance approach to fraud and corrupt activity, if identified, both internally and externally.	2022/23	S151 Officer
Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	As acknowledged in the 2020/21 AGS, the Constitution, together with contract procedure rules, is currently under review incorporating some areas of alignment in the strategic partnership with Brentwood Borough Council. This will allow for increased staff resilience and capacity, and enable efficiencies across both Councils.	2022/23	Monitoring Officer
Principle B Ensuring openness and comprehensive stakeholder engagement	A council-wide consultation and engagement approach will form part of the Corporate Communications Strategy, to be developed jointly with Brentwood Borough Council.	2022/23	AD People & Communities
Ensuring openness and comprehensive stakeholder engagement	The Council's Customer Charter was reviewed, following the 2020/21 AGS, but bearing in mind development of the partnership with Brentwood Borough Council changes will not be implemented until joint working arrangements have been determined.	2022/23	AD Transformation & Customer
Ensuring openness and comprehensive stakeholder engagement	The Council will continue with further development of the Website to make it fully accessible to all residents and stakeholders	2022/23	AD Transformation & Customer

Governance Area	Governance Matters Identified / Actions Required	Target Date	Lead Officer
Principle C Defining outcomes in terms of sustainable economic, social, and environmental benefit	The key governance issue for the Council moving forward is the development and implementation of the #One Team Transformation Project in the strategic partnership with Brentwood Borough Council.	2024/25	Chief Executive
Principle D Determining the interventions necessary to optimise the achievement of the intended outcomes	The Business Plan is due for a refresh from 2023. This will include intended outcomes that will have better definition to enable effective performance monitoring. This will allow for early intervention in areas that may not be on track to meet the intended outcomes.	2022/23	Chief Executive
Principle F Managing risks and performance through robust internal control and strong public financial management	The Overview & Scrutiny Committee (formerly the Review Committee) will implement the recommendations arising from an external review by the Centre for Governance and Scrutiny to assist in strengthening the quality of scrutiny activities, and increase the impact of its outputs.	2023/24	Monitoring Officer
Managing risks and performance through robust internal control and strong public financial management	Following an upgrade in software for debtor management, effective procedures will be implemented to manage collection / recovery action for invoices for goods or services that are overdue or unpaid	2022/23	S151 Officer
Managing risks and performance through robust internal control and strong public financial management	Contract risk registers will be brought up to date to ensure changing risks and controls are both identified and effectively managed	2022/23	S151 Officer

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 2022, 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 3 December 2024.

Signed: 
Vice Chairman of the Audit Committee

Date: 3 December 2024

ROCHFORD DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2021/22

Index to the Statement of Accounts

	Page
Guide to the Financial Statements	50
Primary Financial Statements	
♦ Comprehensive Income and Expenditure Statement	52
♦ Balance Sheet	53
♦ Movement in Reserves Statement	54
♦ Cash Flow Statement	55
Notes to the Financial Statements	
1 Expenditure and Funding Analysis	56
2 Accounting Policies	57
3 Accounting Standards issued, not adopted	65
4 Critical Judgements in Applying Accounting Policies	65
5 Material Items of Income and Expenditure	65
6 Events after the Balance Sheet date	66
7 Assumptions made about the future and other major sources of estimation uncertainty	67
8 Note to the Expenditure and Funding Analysis	68
9 Adjustments between Accounting Basis and Funding Basis under Regulations	70
10 Expenditure and Income By Nature	72
11 Transfers to / from Earmarked Reserves	73
12 Other Operating Expenditure	73
13 Financing and Investment Income and Expenditure	73
14 Taxation and Non Specific Grant Incomes	73
15 Property, Plant and Equipment	74
16 Leases	76
17 Trust & Agent Funds	78
18 Intangible Assets	79
19 Financial Instruments	80
20 Short Term Debtors	82
21 Cash and Cash Equivalents	83
22 Short Term Creditors	83
23 Provisions	83
24 Reserves	84
25 Cash Flow Statement - Operating Activities	87
26 Cash Flow Statement - Investing and Financing Activities	87
27 Members Allowances	88
28 Officers Remuneration	89
29 External Audit Costs	91
30 Grant Income	91
31 Related Parties	92
32 Capital Expenditure and Capital Financing	92
33 Capital Commitments	92
34 Interests in Subsidiaries	93
35 Defined Benefit Pension Schemes	95
36 Contingent Liabilities	97
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 2021/22 (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.

Where applicable the accounts also show the Group Accounts position to reflect the Council's wholly owned Local Authority Trading Company - Green Gateway Trading (GM) Ltd.

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. Green Gateway Trading Company (GM)) accounts have not been prepared on a going concern basis as the Council did not renew its contract with the company with effect from 1st December 2021. A decision is pending on the potential unwinding of GGT (GM) as a Local Authority Trading Company.

More detail can be found in note 2.19 in relation to the assumed impact of COVID-19 on the authority's financial position.

The Council's Auditor for 2021/22 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 2021/22, there is an overall increase, after movements to Earmarked Reserves, in the General Fund balance of (£342,868)

Balance Sheet

The Balance Sheet shows the value of the assets and liabilities recognised by the Authority as at 31 March 2022. 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 2022 the Authority has seen a net increase in its assets of £4.277m compared to the same time in the previous year. This comprises of a decrease in Non-Current Assets of £3.973m and an increase in Current Assets of £4.158m, an increase in the value of Current Liabilities of £1.693m and a decrease in the long term liabilities of £5.785m.

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 2022, the Authority's cash balances had increased by £10.543m since 31 March 2021.

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.

2020/21 RESTATED*					
Council			Group		
Gross Exp. £000s	Gross Inc. £000s	Net Exp. £000s	Gross Exp. £000s	Gross Inc. £000s	Net Exp. £000s
3,380	(1,358)	2,022 #	3,380	(1,358)	2,022
13,596	(13,097)	499 #	13,596	(13,097)	499
1,421	(333)	1,088 #	1,421	(333)	1,088
3,735	(3,253)	482	3,735	(3,253)	482
5,221	(1,631)	3,590 #	5,137	(1,592)	3,545
3,924	(2,260)	1,664 #	3,924	(2,260)	1,664
778	(268)	510 #	778	(268)	510
<u>32,055</u>	<u>(22,200)</u>	<u>9,855</u>	<u>31,971</u>	<u>(22,161)</u>	<u>9,810</u>
		1,513			1,513
		836			836
		(12,231)			(12,231)
		<u>(27)</u>			<u>(72)</u>
					8
					<u>(64)</u>
		(13)			(13)
		1,019			1,019
		1,333			1,333
		<u>2,339</u>			<u>2,339</u>
		<u>2,312</u>			<u>2,275</u>

* see note 37 for restatement

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2021/22					
	Council			Group		
	Gross Exp. £000s	Gross Inc. £000s	Net Exp. £000s	Gross Exp. £000s	Gross Inc. £000s	Net Exp. £000s
Continuing Operations						
Leader/ Deputy Leader	3,306	(268)	3,038	3,306	(268)	3,038
Financial Services	13,701	(12,132)	1,569	13,701	(12,132)	1,569
Commercial, Business, Local Economy & Leisure	3,411	(198)	3,213	3,412	(198)	3,214
Strategic Planning	3,896	(3,191)	705	3,896	(3,191)	706
Environment & Place	5,250	(1,745)	3,505	5,293	(1,705)	3,588
IT, Tourism, Housing & Parking	3,863	(2,680)	1,183	3,863	(2,680)	1,183
Community	757	(268)	489	757	(268)	489
Cost of Services	<u>34,184</u>	<u>(20,482)</u>	<u>13,702</u>	<u>34,228</u>	<u>(20,441)</u>	<u>13,786</u>
Other Operating Expenditure (Note 12)			1,474			1,474
Financing and Investment Income and Expenditure (Note 13)			516			517
Taxation and Non-Specific Grant Income (Note 14)			(13,501)			(13,501)
(Surplus) or Deficit on Provision of Services			<u>2,191</u>			<u>2,275</u>
Taxation of Group Entities						(12)
Group (Surplus) or Deficit on Provision of Services						<u>2,263</u>
Surplus or deficit on revaluation of non current assets						
Revaluation gains			(1,409)			(1,409)
Revaluation losses (chargeable to revaluation reserve)			2,784			2,784
Remeasurements of the net defined benefit liability/(assets) (Note 35)			(14,319)			(14,319)
Other Comprehensive Income and Expenditure			<u>(12,944)</u>			<u>(12,944)</u>
Total Comprehensive Income and Expenditure			<u>(10,752)</u>			<u>(10,681)</u>

Balance Sheet as at 31 March 2022

RESTATED* 31 March 2020		RESTATED 31 March 2021		31 March 2022	
Council £000s	Group £000s	Council £000s	Group £000s	Council £000s	Group £000s
49,959	49,959	48,347	48,347	44,459	44,459
130	130				
477	477	397	397	312	312
50,566	50,566	48,744	48,744	44,771	44,771
10,024	10,024	9,004	9,004	6,002	6,002
2,028	2,056	7,087	7,112	3,705	3,730
6,718	6,830	9,888	10,040	20,431	20,444
18,770	18,910	25,979	26,156	30,138	30,176
(3,258)	(3,329)	(9,503)	(9,576)	(6,886)	(6,890)
(1,448)	(1,448)	(1,272)	(1,272)	(5,352)	(5,352)
(444)	(444)	(869)	(869)	(1,100)	(1,100)
(5,150)	(5,221)	(11,644)	(11,717)	(13,338)	(13,342)
(25,905)	(25,905)	(27,273)	(27,273)	(14,748)	(14,748)
(1,324)	(1,324)	(1,161)	(1,161)	(1,426)	(1,426)
(27,229)	(27,229)	(28,434)	(28,434)	(16,174)	(16,174)
36,957	37,026	34,645	34,749	45,397	45,430
(13,261)	(13,330)	(17,803)	(17,907)	(17,869)	(17,902)
(23,696)	(23,696)	(16,842)	(16,842)	(27,528)	(27,528)
(36,957)	(37,026)	(34,645)	(34,749)	(45,397)	(45,430)

I certify that the accounts present a true and fair view of the financial position of the Authority as at 31 March 2022 and the income and expenditure for the year then ended. These financial statements replace the unaudited financial statements certified by the Section 151 Officer on 29 July 2022.

Signed:



Section 151 Officer

Dated:

03 December 2024

*See note 37 for restatement

Movement In Reserves Statement for year ending 31 March 2021 and 31 March 2022

	General Fund	Earmarked GF	Capital Receipts	Capital Grants	Total useable	Unuseable	Total Authority	Council's share of Subsidiary Reserves	Total Group Reserves
	Balance	Reserve	Reserve	Unapplied	Reserves	Reserves (Note 24)	Reserves		
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 31 March 2020 - RESTATED*	1,116	10,206	1,671	260	13,253	23,703	36,956	68	37,024
Movement in reserves during 2020/21									
Surplus or (Deficit) on provision of services	27				27		27	37	64
Other Comprehensive Income & Expenditure						(2,339)	(2,339)		(2,339)
Total Comprehensive Income & Expenditure	27	-	-	-	27	(2,339)	(2,312)	37	(2,275)
Adjustments between accounting & funding basis under regulations (Note 9)	4,571		(134)	77	4,514	(4,514)	-		-
Net Increase/Decrease before transfers to Earmarked Reserves	4,598	-	(134)	77	4,541	(6,853)	(2,312)	37	(2,275)
Transfers to/from Earmarked Reserves (Note 11)	(4,250)	4,250	-	-	-	-	-	-	-
Increase/(Decrease) Movement in Year	348	4,250	(134)	77	4,541	(6,853)	(2,312)	37	(2,275)
Balance at 31 March 2021 - RESTATED*	1,464	14,456	1,537	337	17,794	16,850	34,644	105	34,749
Movement in reserves during 2021/22									
Surplus or (Deficit) on provision of services	(2,191)	-	-	-	(2,191)	-	(2,191)	(70)	(2,261)
Other Comprehensive Income & Expenditure	-	-	-	-	-	12,944	12,944	-	12,944
Total Comprehensive Income & Expenditure	(2,191)	-	-	-	(2,191)	12,944	10,753	(70)	10,683
Adjustments between accounting & funding basis under regulations (Note 9)	2,416	-	(162)	5	2,259	(2,259)	-	-	-
Net Increase/(Decrease) before transfers to Earmarked Reserves	225	-	(162)	5	68	10,685	10,753	(70)	10,683
Transfers to/from Earmarked Reserves (Note 11)	118	(118)	-	-	-	-	-	-	-
Increase/(Decrease) Movement in Year	343	(118)	(162)	5	68	10,685	10,753	(70)	10,683
Balance at 31 March 2022 carried forward	1,807	14,338	1,375	342	17,862	27,535	45,397	35	45,432

* See note 37 for restatement details

Cash Flow Statement for year ending 31 March 2022

2020/21 RESTATED*			2021/22	
Council	Group		Council	Group
£000s	£000s		£000s	£000s
27	72	Net surplus or (deficit) on the provision of services	(2,191)	(2,263)
4,314	4,309	Adjust net surplus or deficit on the provision of services for non cash movements	6,231	6,164
(1,219)	(1,219)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(823)	(823)
<u>3,122</u>	<u>3,162</u>	Net (Outflow)/ Inflow from Operating Activities (Note 25)	<u>3,217</u>	<u>3,078</u>
1,205	1,205	Investing Activities (Note 26)	3,516	3,516
(1,157)	(1,157)	Financing Activities (Note 26)	3,811	3,811
<u>3,170</u>	<u>3,210</u>	<u>Net increase or (decrease) in cash and cash equivalents</u>	<u>10,544</u>	<u>10,405</u>
6,718	6,830	Cash and cash equivalents at the beginning of the reporting period	9,888	10,040
9,888	10,040	Cash and cash equivalents at the end of the reporting period	20,432	20,445

* see Note 37 for the restatement

Notes to the

Note 1 EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis provides a reconciliation from the Provisional Outturn report to the CIES in these accounts.

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

2020/21 RESTATED*					2021/22						
Net Expenditure Chargeable to the General Fund Per Provisional Outturn Report		Other Adjustments**	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis (Note 8)	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to the General Fund Per Provisional Outturn Report		Other Adjustments**	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis (Note 8)	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
2,957	(1,182)	1,775	247	2,022	Leader / Deputy Leader	2,612	3	2,615	423	3,038	
1,505	63	1,568	(1,069)	499	Financial Services	723	584	1,307	261	1,569	
1,129	(147)	982	106	1,088	Commercial, Business, Local Economy & Leisure	784	-	784	2,429	3,213	
288	39	327	155	482	Strategic Planning	467	4	471	235	705	
2,966	(25)	2,941	649	3,590	Environment & Place	2,856	-	2,856	649	3,505	
981	(70)	911	753	1,664	IT, Tourism, Housing & Parking	832	-	832	351	1,183	
469	(28)	441	69	510	Community	385	-	385	105	489	
10,295	(1,350)	8,945	910	9,856	Net cost of services	8,659	591	9,250	4,453	13,702	
		(13,541)	3,659	(9,882)	Other Income and Expenditure			(9,474)	(2,037)	(11,511)	
		(4,596)	4,569	(26)	Surplus or Deficit			(225)	2,416	2,191	
	(11,322)				Opening General Fund Balance including Earmarked Reserves				(15,918)		
	(4,596)				Plus Surplus on General Fund in Year			(225)			
	(15,918)				Closing General Fund Balance including Earmarked Reserves at 31st March				(16,143)		

* See note 37 for details of the restatement

** These changes relate to adjustments between the provisional and final outturn portfolio positions. Details for the 2020/21 changes are given in the 2020/21 financial statements. For 2021/22 the £584k New Homes Bonus was shown incorrectly in the provisional outturn report as an adjustment to the Financial Services Portfolio line, so has been appropriately amended above. The £3k and £4k adjustments are detailed in Final Outturn paragraph at Section 7.1 of the narrative report.

2. ACCOUNTING POLICIES

2.1 GENERAL PRINCIPLES

The Financial Statements summarises the Authority's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. 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 2021/22, 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 for three years commencing with 2018/19 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 Council's wholly owned trading company Green Gateway Trading (Grounds Maintenance) (GGT(GM)) accounts are consolidated within the group accounts position reported by the Council; the GGT(GM) accounts have not been prepared on a going concern basis due to their contract with the Council terminating in December 2021. The accounts of GGT (GM) have been independently audited.

The provisions in the 2021/22 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.

The restrictions that continued throughout the United Kingdom in response to COVID-19 for part of 2021/22 created issues for many businesses and residents; however, there was less overall impact than in 2020/21. The impact of COVID-19 on the Council steadied during 2021/22 with most service areas returning to near-normality; however, car parking income remained lower than budgeted. Collection rates for Council Tax/Business Rates returned to near pre-pandemic levels. Covid related income losses to the end of March 2022 were £247,000. This is in addition to COVID-19 related expenditure pressures totalling c£641,000.

The government provided £341,040 of general grant and c.£700,000 of specific grants to the Council to compensate for the pressures experienced in 2021/22. The Income Compensation Scheme continued for the first quarter of 2021/22 which provided funding for 75% of most income losses over a 5% threshold; the Council claimed c£68,000 through this scheme for the 2021/22 financial year. Together these have provided sufficient funding to meet the Council's COVID-19 related pressures in 2021/22.

The Council holds reserves and balances to help mitigate against risks and uncertainties such as COVID-19, 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 remedial urgent action in-year to mitigate challenges that arise, which could lead to longer term consequences. The current and projected levels of earmarked reserves and General Balances is summarised below.

	2021/22 Year End (£)	2022/23 Year End Projection (£)	2023/24 Year End Projection (£)
Earmarked Reserves	14,186,148	7,305,467	3,561,845
General Balance	1,806,084	1,787,674	1,787,674

Within the 31 March 2022 Earmarked Reserves balance there is a COVID-19 Smoothing Reserve of £483,725 and a Business Rates Smoothing Reserve of £2,294,163 which can be used to help mitigate any residual COVID-19 related pressures. It may also be possible to use some other earmarked reserves if policy choices are revisited in light of COVID-19.

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 balanced budget position for 2022/23 reflects an expected reduction in car parking income of c£0.3m compared to pre-pandemic levels, to account for ongoing changes in usage; this will be monitored over the course of the year. The Council Tax and Business Rate income in 2022/23 has been smoothed as a result of the Governments directive to spread collection fund deficits in relation to 2020/21 over three years and use of the Council's Business Rate Smoothing Reserve.

Rochford District Council is undertaking a programme of work to identify savings concepts which will help address the Medium Term Financial Strategy projected gap; however, the situation remains very challenging. The Council therefore 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.

The Council will continue to face challenging financial times for the foreseeable future, with the ongoing impact of COVID-19 being compounded by 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.

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 2021/22 balances held in the bank and in investments were £26.433m.

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 2021/22 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.

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

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16.) This is currently not applicable to any figures within the Authorities statements.

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, compounded by the potential impact of COVID-19. 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 2022.
- The Authority have continued to receive additional funding for COVID grants in the year and these are treated as principle or agent in the financial statements depending on various conditions around the rules and determination of grant payments. There is no overall difference in net income / expenditure for the authority, however the gross elements are affected by which treatment is selected.

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 is a £2.4m impairment within the Commercial, Business, Local Economy & Leisure Portfolio. This is an abnormal transaction compared to other years, and is due to the Freight House and Mill Hall having restricted use in 2021/22 whilst the Asset Development Programme is being reviewed and progressed. This is considered temporary and will be reviewed as use is reviewed.

6. EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was authorised for issue by the Section 151 Officer on 29 July 2022. 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 2022, the figures in the Financial Statements and notes have been adjusted in all material respects to reflect the impact of this information.

Members have agreed to reopen the Mill Hall in September 2022 and the Freight House as soon as possible. This is likely to impact on the valuation of these buildings, whose values at 31st March 2022 were reduced due to them being mothballed at that date.

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 2021/22 due to the ongoing unknown impact of the Coronavirus pandemic.

The items in the Authority's Balance Sheet at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:-

Item	Uncertainties	Effect if Actual Results differ from Assumptions
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 21/22, a large proportion of significant value assets were revalued at year end therefore the annual depreciation charge for buildings would only increase by £20,600 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 £392,000.
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 £1.679m. 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 £76,000.
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 £2.749m was based on historical trends of successful appeals of which RDC's share is £ 1.1m.	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 £55,000 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 2021/22			
	Adjustments for Capital Purposes *	Net change for the Pensions Adjustments **	Other Differences ***	Total Adjustments
	£000	£000	£000	£000
Leader & Deputy Leader	5	406	12	423
Financial Services	-	228	33	261
Commercial, Business, Local Economy & Leisure	2,356	77	(4)	2,429
Strategic Planning	2	234	(1)	235
Environment & Place	572	75	2	649
IT, Tourism, Housing & Parking	176	176	(1)	351
Community	45	62	(2)	105
Net Cost of Services	3,156	1,258	39	4,453
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	2,757	1,793	(2,134)	2,416

*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
		2020/21	RESTATED *	
	£000	Net change for the Pensions Adjustments (Sub Note 2) £000	Other Differences (Sub Note 3) £000	£000
Leader & Deputy Leader	5	248	(6)	247
Financial Services	-	(1,135)	66	(1,069)
Commercial, Business, Local Economy & Leisure	65	39	2	106
Strategic Planning	29	126	-	155
Environment & Place	608	42	(1)	649
IT, Tourism, Housing & Parking	660	94	(1)	753
Community	31	38	-	69
Net Cost of Services	1,398	(548)	60	910
Other income and expenditure from the Expenditure and Funding Analysis	(525)	583	3,601	3,659
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit	873	35	3,661	4,569

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 withing the financial statements.).

* See Note 37 for details of the restatement

9. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

2021/22	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
Movements in market value of Investment Properties				
Impairment of non-current assets	-			
Capital grants and contributions applied	617			(617)
Movement in Donated Assets Account				
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	-			-
Insertion of items not debited or credited 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	(1,794)			1,794
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:	(2,416)	162	(5)	2,259

2020/21 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.	(857)			857
Revaluation losses on Property, Plant and Equipment	(495)			495
Capital grants and contributions applied	594			(594)
Revenue expenditure funded from capital under statute	(504)			504
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	(130)			130
Insertion of items not debited or credited to the Comprehensive Income & Expenditure Statement:				
Capital Expenditure charged against the General Fund balances	172			(172)
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied and credited to the Comprehensive Income & Expenditure Statement	77		(77)	-
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	161	(161)		-
Use of Capital Receipts Reserve to finance new capital expenditure		403		(403)
Contribution to the Capital Receipts Reserve for Unattached Capital Receipts	108	(108)		-
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(35)			35
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	(3,669)			3,669
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	7			(7)
Total Adjustments:	(4,571)	134	(77)	4,514

*See note 37 for details of the restatement

Note 10 Expenditure and Income Analysed By Nature

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)
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 and Other Capital Receipt	(201)
Depreciation, amortisation and impairment	3,130
Precepts & Levies	1,675
Interest Payment	547
Total Expenditure	<u>34,270</u>
(Surplus) or deficit on the provision of services	<u>2,332</u>

2020/21 RESTATED*

	Total £000's
Fees, Charges & other service income	(7,452)
Interest and Investment income	(68)
Taxation and Non Specific Grant Income	(12,231)
Gain on Recognition of Donated Assets	-
Government grants and contributions	<u>(12,817)</u>
Total Income	<u>(32,568)</u>
Employee Expenses	7,217
Other service expenses	9,214
Housing Benefit	12,341
Support Service recharges	-
Gain on Disposal of Fixed Asset and Other Capital Receipt	(139)
Depreciation, amortisation and impairment	1,352
Precepts & Levies	1,652
Payments to Housing Capital Receipts Pool	
Interest Payment	904
Total Expenditure	<u>32,541</u>
(Surplus) or deficit on the provision of services	<u>(27)</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 2021/22

	Balance at 31 March 2020 £000s	Transfer Out 2020/21 £000s	Transfer In 2020/21 £000s	Balance at 31 March 2021 £000s	Transfer Out 2021/22 £000s	Transfer In 2021/22 £000s	Balance at 31 March 2022 £000s
General Fund:							
Corporate*	5,772	(1,113)	5,393	10,052	(5,926)	5,944	10,069
Housing	795	(100)	285	980	(233)	138	885
IT Strategy	155	(46)	101	210	(103)	80	187
Projects	3,483	(585)	316	3,214	(875)	857	3,197
Total	10,205	(1,844)	6,095	14,456	(7,137)	7,019	14,338

* The Corporate Reserve includes £3.411m of grant received from Government to recompense the authority for additional reliefs given to businesses. These reliefs reduce the amount of Business Rates collected and therefore create a deficit on the Collection Fund that the Authority will need to contribute 40% of in the next financial year. The grants are recognised in the Comprehensive Income and Expenditure Statement in the current year and therefore need to be kept in an earmarked reserve to be drawn down to counter the impact of the deficit payment next year.

12. OTHER OPERATING EXPENDITURE

2020/21 £000s			2021/22 £000s	
1,652		Parish council precepts	1,675	
(139)		(Gains) from other capital receipts	(201)	
1,513		Total	1,474	

13. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2020/21			2021/22	
Council £000s	Group £000s		Council £000s	Group £000s
-	-	Interest payable and similar charges	11	11
583	583	Pensions - net interest on defined liability (Note 35)	535	535
(68)	(68)	Interest receivable and similar income	(31)	(31)
321	321	Amortisation of Financial Instruments	1	1
836	836	Total	516	516

14. TAXATION AND NON SPECIFIC GRANT INCOMES

2020/21 £000s			2021/22 £000s	
(9,146)		Council tax income	(9,538)	
(2,374)		Non domestic rates income and expenditure	(2,799)	
(498)		Non-ring fenced government grants	(1,092)	
(213)		Capital grants and non service specific grants	(72)	
(12,231)		Total	(13,501)	

15. PROPERTY, PLANT & EQUIPMENT

Movement in Balances

2021/22	Operational				Total £000s
	Other Land & Buildings £000s	Community Asset £000s	Vehicles, Plant, Furniture & Equipment £000s	Available for sale £000s	
Balance at 1 April 2021	43,280	4,186	3,971	-	51,437
Additions	188	2	312	-	502
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 (CIES)	32	-	-	-	32
Revaluation loss (CIES)	(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	-	44,465
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

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 2020/21	Operational				Total £000s
	Other Land & Buildings	Community Assets	Vehicles, Plant, Furniture & Equipment	Available for sale	
	£000s	£000s	£000s	£000s	
Balance at 1 April 2020	44,579	4,150	3,949	130	52,808
Additions	248	36	351	-	635
Disposals	-	-	(11)	(130)	(141)
Write back from Asset Register	(46)	-	(318)	-	(364)
Revaluation Gain (Revaluation Reserve)	13	-	-	-	13
Revaluation loss (Revaluation Reserve)	(1,019)	-	-	-	(1,019)
Revaluation loss (CI&E)	(495)	-	-	-	(495)
Gross book value as 31 March 2021	43,280	4,186	3,971	-	51,437
Depreciation					-
Accumulated depreciation	(405)	-	(2,308)	-	(2,713)
Depreciation for year	(124)	-	(622)	-	(746)
Depreciation written back on disposal & revaluation	46	-	329	-	375
Balance at 31 March 2021	(483)	-	(2,601)	-	(3,084)
Net book value of assets at 31 March 2021	42,797	4,186	1,370	-	48,353
This balance is made up of:					
Gross book value	44,579	4,150	3,949	130	52,808
Movement	(1,299)	36	22	(130)	(1,371)
Accumulated depreciation	(483)	-	(2,601)	-	(3,084)
	42,797	4,186	1,370	-	48,353

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 2021. They also supplied the Authority with a Market Review of its properties as at 31st March 2022. The Market Review informed the Authority that buildings valued at Depreciated Replacement Cost (DRC) had increased in value. Rochford applied the percentage increases of 3% 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	144	3,154	1,621	-	4,919
Valued at current value as at:					
31 March 2022	34,046	-	-	-	34,046
31 March 2021	4,427	-	-	-	4,427
31 March 2020	560	-	-	-	560
31 March 2019	126	1,036	-	-	1,162
31 March 2018	60	-	-	-	60
Total Cost or Valuation	39,363	4,190	1,621	-	45,174

16. LEASED PROPERTIES

Authority as Lessee (Operating Leases)

The authority has two residential properties to accommodate homeless residents. The future minimum lease payments due under non cancellable leases in future years are:-

	31/03/2021	31 March 2022
	£'000s	£'000s
Not later than one year	107	187
Later than one year and not later than five years	428	748
Later than five years	152	205
Total	687	1,140

**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 2021	31 March 2022
	£'000s	£'000s
Not later than one year	40	32
Later than one year and not later than five years	110	90
Later than five years	<u>252</u>	<u>229</u>
Total	<u>402</u>	<u>351</u>

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 2021/22 £12,816 contingent rents were receivable by the authority (2020/21 £12,497.)

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 which expires on 30 June 2022, but will continue with the new provider.

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 2021/22. 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 .

2021/22

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

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

2020/21

Trust	Income £000s	Expenditure £000s	Assets £000s	Liabilities £000s
Dutch Cottage	5	6	355	1
Finchfield	67	34	3,041	25

In 2021-22 the Authority acted as an Agent on behalf of various government bodies in order to enable the distribution of grants as a result of additional funding to support businesses during the COVID pandemic.

The income relating to these grants and the corresponding expenditure are not shown in the Authorities Income and Expenditure Statement, as the Authority's role was primarily to passport funds to the relevant third parties. In 2021-22, the relevant amounts are set out below including residual balances held on the balance sheet.

Grant Fund	Income £000s	Expenditure £000s	Assets £000s	Liabilities £000s
Essex Funded Discretionary Grant (ABS)	151	151	-	-
Test and Trace	318	318	115	63
Essex Business Adaptations Fund	278	278	-	-
Environmental Health Track & Trace	34	26	-	8
Protect & Vaccinate	12	2	-	10
Business Restart Grants	3,370	3,370	130	-
Omicron Hospitality	516	516	-	87
Local Restrictions Support Grants	2,252	2,252	-	14

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:

Purchased Software Licences	2020/21 £000s	2021/22 £000s
Accumulated Cost*	696	708
Amortisations to 1 April *	(219)	(311)
Balance at 1 April	477	397
Expenditure in year	31	30
Assets written back	(19)	(124)
Amortisation	(111)	(115)
Amortisation written off in year	19	124
Balance at 31 March	397	312
Comprising:		
Accumulated Cost*	708	614
Amortisations to 31 March*	(311)	(302)

* Accumulated Cost and Amortisations have been adjusted to remove £761k historical write backs still carried in gross figures. Net Impact is nil.

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 2022 £000
	Investments		Debtors		
	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	
Fair Value through profit or loss	8,012	10,007	-	-	10,007
Amortised Cost	10,880	16,426	1,910	2,697	19,122
Total Financial Assets	18,892	26,433	1,910	2,697	29,129

Breakdown of Financial Assets - Investments

	31 March 2021 £000	31 March 2022 £000
Short Term Investments	9,004	6,002
Cash & Cash Equivalents	9,888	20,431
Total	18,892	26,433

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 2021 £000	31 March 2022 £000
Amortised Cost	4,583	2,623
Total Financial liabilities	4,583	2,623

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 2022 £000s	Historical experience adjusted for market conditions at 31 March 2022	Estimated maximum exposure to default and uncollectability at 31 March 2022 £000s
Fair Value through Profit and Loss investments	10,007	0.04%	4
		Total	4

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 2020/21 £000s	Surplus or Deficit on the provision of Services 2021/22 £000s
Financial Assets measured at fair value through profit and loss	7	7
Financial Assets measured at Amortised Cost	61	26
Total Income in Surplus/Deficit on the provision of services	68	33
Net gain/(loss) for the year	68	33

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 2021 £000s	31 March 2022 £000s
Less than 43 days	21	586
43-63 days	28	9
64-84 days	4	5
Greater than 84 days	445	340
Total	498	940

Amounts not yet due are £154,769 for 2021/22 (£2,084 for 2020/21)

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 2021/22

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:

	2020/21 Council £000s	2020/21 Group £000s	2021/22 Council £000s	2021/22 Group £000s
Trade Receivables	140	166	789	814
Prepayments	99	99	88	88
Other receivable amounts	6,848	6,847	2,828	2,828
Total	7,087	7,112	3,705	3,730

Debtors for local taxation

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

	31 March 2021 £000	31 March 2022 £000
Less than 12 Months	244	213
Greater than 12 months	408	367
Total	652	580

21. CASH AND CASH EQUIVALENTS

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

31 March 2021			31 March 2022		
Council £000s	Group £000s		Council £000s	Group £000s	
1		1 Cash held by the Authority	1		1
8,012	8,012	Cash Equivalents	16,007	16,007	
1,875	2,027	Bank Current Accounts	4,423	4,436	
9,888	10,040	Total Cash and Cash Equivalents	20,431	20,444	

The Council also hold £693,357 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

	2020/21 Council £000s	2020/21 Group £000s	2021/22 Council £000s	2021/22 Group £000s
Trade Payables	(4,508)	(4,580)	(2,545)	(2,548)
Other Payables	(4,995)	(4,996)	(4,341)	(4,341)
Total	(9,503)	(9,576)	(6,886)	(6,890)

23. PROVISIONS - Business Rates

2020/21 £000		2021/22 £000
444	Balance at 1 April	869
425	Net movement for business rate appeals in year	231
869	Balance at 31 March	1,100

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 2021		31 March 2022
£000		£000
(19,740)	Revaluation Reserve	(18,364)
(1,417)	Reserve for Land not previously capitalised	(1,417)
(26,798)	Capital Adjustment Account	(24,199)
27,273	Pensions Reserve	14,748
3,764	Collection Fund Adjustment Account	1,625
75	Accumulated Absences Account	79
<u>(16,843)</u>	Total Unuseable Reserves	<u>(27,528)</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.

2020/21		2021/22
£000s		£000s
<u>(20,885)</u>	Balance at 1 April	<u>(19,740)</u>
(13)	Upward revaluation of assets	(1,409)
<u>1,019</u>	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	<u>2,784</u>
<u>1,006</u>	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	<u>1,375</u>
12	Difference between fair value depreciation and historical cost depreciation	1
<u>127</u>	Accumulated gains on assets sold or scrapped	<u>-</u>
<u>139</u>	Amount written off to the Capital Adjustment Account	<u>1</u>
<u>(19,740)</u>	Balance at 31 March	<u>(18,364)</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.

2020/21		2021/22
£000s		£000s
<u>(27,475)</u>	Balance at 1 April	<u>(26,798)</u>
746	Charges for depreciation and impairment of non-current assets	669
495	Revaluation losses on Property, Plant & Equipment	2,348
111	Amortisation of intangible assets	115
504	Revenue expenditure funded from capital under statute	574
130	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>(139)</u>	Adjusting amounts written out of the Revaluation Reserve	<u>(1)</u>
<u>1,846</u>	Net written out amount of the cost of non-current assets consumed in year	<u>3,706</u>
	<u>Capital financing applied in the year:</u>	
(403)	Use of the Capital Receipts Reserve to finance new capital expenditure	(363)
(236)	Capital grants and contributions credited to the Comprehensive Income & Expenditure Statement that have been applied to capital financing	(559)
(358)	Application of grants to capital financing from the Capital Grants Unapplied Account	(59)
(172)	Statutory provision for the financing of capital investment charged against the General Fund balances	(126)
<u>(1,169)</u>	Capital expenditure charged against the General Fund balances	<u>(1,106)</u>
<u><u>(26,798)</u></u>	Balance at 31 March	<u><u>(24,199)</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.

2020/21		2021/22
£000s		£000s
25,905	Balance at 1 April	27,273
	Actuarial gains or losses on pensions assets and liabilities	
1,333	Remeasurements of the net defined benefit liability	(14,319)
	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	
2,360		2,786
(2,325)	Employer's pensions contributions and direct payments to pensioners payable in the year	(992)
27,273	Balance at 31 March	14,748

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.

2020/21		2021/22
£000s		£000s
93	Balance at 1 April	3,764
	The authority's share of the Council Tax surplus/deficit on the fund at the preceding year distributed in the year	
18		110
	The authority's share of the Non Domestic Rates surplus/deficit on the fund at the preceding year distributed in the year	
(5)		3,411
	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	
3,658		(5,659)
3,764	Balance at 31 March	1,625

25. CASH FLOW STATEMENT - OPERATING ACTIVITIES

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

Council 2020/21 RESTATED* £000s	Group 2020/21 £000s		Council 2021/22 £000s	Group 2021/22 £000s
27	72	Net Surplus / (deficit) on the Provision of Services	(2,191)	(2,263)
		<i>Non Cash movements</i>		
746	746	Depreciation	669	669
495	495	Downward Valuations	2,348	2,348
111	111	Amortisation	115	115
3,014	3,022	Movement in Creditors	972	880
20	20	Movement in Interest Debtors	2	2
(940)	(953)	Movement in Debtors	100	125
425	425	Movement in Provisions	231	231
35	35	Pension Liability	1,794	1,794
130	130	Carrying amount of assets disposed of	-	-
4,036	4,031	TOTAL	6,231	6,164
		<i>Investing / Financing Activities</i>		
(672)	(672)	Capital Grants credited to the surplus on the Provision of Services	(622)	(622)
(269)	(269)	(Gains) from other capital receipts	(201)	(201)
(941)	(941)	TOTAL	(823)	(823)
3,122	3,162	Net (Outflow)/ Inflow from Operating Activities	3,217	3,079

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

Council 2020/21 £000s	Group 2020/21 £000s		Council 2021/22 £000s	Group 2021/22 £000s
(78)	(78)	Interest Received	(31)	(31)
-	-	Interest Paid	11	11
(78)	(78)	Total	(20)	(20)

26. CASHFLOW STATEMENT - INVESTING & FINANCING ACTIVITIES

The cash flows for investing activities include the following items:

£000s		2021/22 £000s
(650)	Purchase of property, plant and equipment, investment property and intangible assets	(489)
1,000	Purchase of short-term and long-term investments	3,000
(204)	Capital Grants repaid	(100)
269	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	201
790	Other receipts from investing activities	904
1,205	Net cash flows from investing activities	3,516

The cash flows for financing activities include the following items:

2020/21 £000s		2021/22 £000s
(1,157)	Council Tax and NNDR adjustments	3,811
(1,157)	Net cash flows from financing activities	3,811

* See note 37 for the restatement

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 £186k and creditors increased by £972k, these totalled £1,158k (Last year debtors increased by £939k but creditors increased by £3,015k, the net movement was a cash inflow of £2,076k.)

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:

	2020/21 £000s	2021/22 £000s
Basic Allowance	187	194
Special Responsibility Allowance	84	84
Expenses	1	1
TOTAL	272	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 21/22 £	Total including Basic Allowance for 20/21 £
D BELTON	551	606	-	1,157	2,556
J BURTON	551	386	-	937	8,391
L BUTCHER	5,000	2,500	-	7,500	7,391
C CANNELL	3,111	-	-	3,111	4,927
M CARTER	5,000	-	-	5,000	4,927
T CARTER	5,000	-	-	5,000	4,516
D CONSTABLE	500	-	-	500	-
R CONSTABLE	4,449	-	69	4,518	-
N L COOPER	-	-	-	-	417
T G CUTMORE	-	-	-	-	9,699
R DRAY	5,000	1,094	-	6,094	9,979
D S EFDE	5,000	5,436	-	10,436	10,000
A H EVES	5,000	-	-	5,000	5,001
I FOSTER	4,449	-	-	4,449	-
E GADSDON	4,449	-	-	4,449	-
J N GOODING	4,449	-	93	4,542	-
J R GOODING	5,000	4,684	-	9,684	5,628
J GRIFFIN	-	-	-	-	413
B HAZELWOOD	5,000	-	-	5,000	5,031
N HOOKWAY	551	-	-	551	5,187
M HOY	5,000	329	-	5,329	7,391
D HOY	-	-	-	-	4,927
K HUDSON	551	-	-	551	4,927
G J IOANNOU	551	-	-	551	7,419
T KNIGHT	4,449	-	-	4,449	-
J LAWMON	4,449	-	-	4,449	-
M J LUCAS-GILL	551	-	-	551	5,233
J R LUMLEY	5,000	2,563	-	7,563	5,368
C MASON	5,000	2,500	-	7,500	7,132
J R MASON	-	-	-	-	499
J MCPHERSON	5,000	2,935	-	7,935	7,132
D MERRICK	5,000	66	-	5,066	5,368
R MILNE	5,000	-	-	5,000	5,187
T E MOUNTAIN	-	-	-	-	1,594
G MYERS	4,449	-	-	4,449	-
J NEWPORT	5,000	2,500	-	7,500	5,766
L NEWPORT	4,449	-	-	4,449	-
R A OATHAM	-	-	-	-	411
C A PAVELIN	5,000	-	-	5,000	4,927
C ROE	5,000	7,500	-	12,500	12,470
P SCOTT	500	-	-	500	-
S SHADBOLT	500	-	-	500	-
L SHAW	5,000	2,309	-	7,309	6,256
P SHAW	5,000	500	-	5,500	4,976
S SMITH	5,000	5,765	-	10,765	12,730
D SPERRING	5,000	6,921	-	11,921	5,913
C M STANLEY	5,000	-	-	5,000	6,141
M STEPTOE	5,000	2,177	33	7,210	16,184
L WALKER	66	-	-	66	-
I WARD	5,000	5,000	-	10,000	10,506
M WEBB	5,000	5,000	-	10,000	10,491
C A WESTON	5,000	329	21	5,350	7,442
M WILKINSON	5,000	2,500	-	7,500	11,147
A L WILLIAMS	5,000	7,177	225	12,402	4,516
S A WILSON	5,000	3,048	-	8,048	4,927
S WOOTTON	5,000	10,000	463	15,463	7,487
TOTAL	193,575	83,825	904	278,304	278,533

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	
	2020/21	2021/22
50,000 - 54,999		4
55,000 - 59,999		1
60,000 - 64,999		
65,000 - 69,999	1	1
70,000 - 74,999	5	4
75,000 - 79,999	1	2
80,000 - 84,999		
85,000 - 89,999		
90,000 - 94,999		
95,000 - 99,999		
100,000 - 104,999	1	1
105,000 - 109,999		
110,000 - 114,999		
115,000 - 119,999		

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

Financial Year 2021/22

Job title	Bonuses £	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*	-	55,934	663	-	-	9,950	66,547
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	-	602,162	2,115	-	-	116,445	720,722

In addition to the figures above, the Strategic Director earned £3,859 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. This arrangement was agreed to permanently continue in January 2022. The figures shown for the Chief Executive above represent the share of costs attributable to Rochford District Council, not the full salary costs.

The number of exit packages with total cost per band and total cost of voluntary 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	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
£0 - £20,000	1	1	-	-	1	1
£20,001-£40,000	-	1	1	-	24	29
£40,001 - £60,000	1	-	-	-	46	0
Total cost included in bandings and in the CIES	47	30	24	0	71	30

Financial Year 2020/21

Job title	Bonuses	Salary -includes fees & allowances	Expenses	Benefits in kind (e.g. car allowance)	Compensation for Loss of Office	Pension contribution	Total Remuneration including pension contributions
	£	£	£	£		£	£
Managing Director (left 31 October 2020)	-	69,442	41	-	23,502	13,541	106,527
Strategic Director	-	103,195	-	-	-	20,123	123,318
Assistant Director Assets & Commercial	-	74,297	-	-	-	14,488	88,785
Assistant Director People & Communities	-	70,898	397	-	-	13,825	85,120
Assistant Director Place & Environment	-	70,898	-	-	-	13,825	84,723
Assistant Director Legal & Democratic	-	70,898	-	-	-	13,825	84,723
Assistant Director Transformation & Customer	-	70,898	-	-	-	13,825	84,723
Assistant Director Resources	-	77,063	332	-	-	15,027	92,422
Total	-	607,589	770	-	23,502	118,480	750,341

In addition to the figures above, the Strategic Director earned £945 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:

	2020/21 £000's	2021/22** £000's
Core Fee paid for External Audit Services	37	39
Additional Fee paid for Audit Services	26	41
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	79	96

* The auditor of the 2021/22 grants work is BDO LLP

** Provisional figures

30. GRANT INCOME

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

	2020/21 Restated £000's	2021/22 £000's
Credited to Taxation and Non Specific Grant Income		
NDR funding	2,374	2,799
New Homes Bonus	498	584
Council Tax Hardship fund	337	-
S106 Grant	33	32
COVID Support Grant	-	341
Capital grants		
Play space Match Funding	45	25
Locality Funding	-	2
Air Quality Grant	57	8
Total	3,344	3,791
Credited to services		
Disabled Facilities Grant	280	524
Council Tax Annex Grant	16	17
NNDR - New Burdens Grants	228	345
Discretionary Housing Payments New Burdens	5	9
Domestic Abuse Grant	-	33
LCTS Admin Set up Funding	61	64
Housing Benefit Subsidy	11,973	10,679
Housing Benefit Administration Subsidy	141	131
Housing Benefit / UC New Burdens	18	9
Verify Earnings and Pension Alerts Grant	11	11
Individual Electoral Registration Grant	6	-
Discretionary Housing Payments	164	123
Business Rates pool Admin Grant	95	96
Cyber Security Qualification Grant	3	-
COVID Election Funding	-	29
Biodiversity Net Gain Grant	-	10
Audit Fee	-	26
Cold Weather Fund	17	2
Homelessness Support Grant	49	-
National Leisure Recovery Fund	152	-
Homelessness Prevention Grant	192	339
Transparency Code - New Burdens	8	8
Emergency Assistance Grant	11	-
Woodlands Improvement Grant	10	2
Community Hub Funding	-	100
Temporary Pavement Licensing Grant	-	13
The Food Information	-	2
Rough Sleeper Initiative	-	5
S106 grant for Air Quality	17	-
Additional Restrictions Grants Funding	1,273	2,006
Discretionary Business Grants Funding	903	-
Clinically Extremely Vulnerable COVID support	48	-
Night Time economy funding	11	-
Contain Outbreak Management Fund (COMF)	-	88
Reopening High Streets safely/ Welcome Back grant	25	96
Sales Fees and Charges Compensation	645	68
COVID support Grant	1,111	-
Council Tax Support Grant	-	93
Air Quality Grant (revenue element)	179	26
Total	17,651	14,954

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:

	2020/21 Restated	2021/22
	£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	70	35
SEAT Legacy Funding	-	3
S106	181	431
Disabled Facilities Grant	714	761
Empty Homes Grant	148	148
TOTAL INCLUDED IN LONG TERM LIABILITIES	1,161	1,426
Council Tax Energy Rebate Grant	-	4,250
COVID-19 Grant	1,272	1,102
TOTAL INCLUDED IN CURRENT LIABILITIES	1,272	5,352
Total	2,433	6,778

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 2021/22 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 £18,000 to Rayleigh, Rochford and District Association for Voluntary Service, and £1,000 grant to Wyvern Community transport, both of which Councillor Lumley is a Trustee. 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. The Portfolio Holder for finance was a key member of staff at Sweyne School in 2021/22 which received £8,650 in the year as the venue for Council Committee meetings.

Basildon Council - The Head of Internal Audit is an employee of Basildon Council who works part time for Rochford District Council as part of a Service Level Agreement

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.

	2020-21	2021-22
	£000's	£000's
Opening Capital Financing Requirement	777	777
Capital Investment		
Property, Plant and Equipment		
Intangible Assets	31	30
Other Land & Buildings	248	188
Vehicles, Plant, Equipment & Furniture	351	312
Community Assets	36	2
Revenue expenditure funded by capital	504	573
Total Capital Expenditure	1,170	1,106
Financed by:		
Useable Capital Receipts	403	363
Government & Other Grants	595	617
Revenue Contributions	172	126
Total Financing	1,170	1,106
Increase in underlying need to borrowing (unsupported by government financial	-	-
Increase/(Decrease) in Capital Financing Requirement	-	-

33. CAPITAL COMMITMENTS

At 31 March 2021, the Authority has committed to make £275.75k of capital expenditure through its purchase order system (£187k in 2020/21).

Note 34 INTERESTS IN SUBSIDIARIES

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 shown below. The financial statements have been consolidated into the Group Financial Statements on a line by line basis, after eliminating inter-company transactions and balances as follows:

Long Term Assets

Elimination of the Council's investment in the holding company of £1 ordinary share.

Short Term Debtors and Creditors

Elimination of £0 unpaid invoices due to the trading company by the Council (£8,067 in 2020/21) and of £0 unpaid invoices due to the Council by the trading company (£15,503 in 2020/21).

Comprehensive Income and Expenditure

The Council purchased grounds maintenance services from the trading company totalling £281,483 (£442,284 in 2020/21). The Trading Company paid the Council £41,235 for administrative services (£62,235 in 2020/21). These transactions have been eliminated on consolidation of the Group Accounts.

As a holding company Green Gateway Trading Ltd has not undertaken any transactions other than the share purchased by the Council.

The trading company through its grounds maintenance work made a pre-tax deficit of £83,854 (£44,206 profit in 2020/21). The draft summary accounts are as follows:

Green Gateway Trading (GM) Ltd	31 March 2021	31 March 2022
Statement of Profit or Loss	£	£
Sales	464,575	282,500
Cost of Sales	(132,199)	(133,809)
Other Income	-	23
Gross Profit	<u>332,376</u>	<u>148,714</u>
 <u>Overheads</u>		
Salaries	151,007	105,552
Vehicle and equipment hire	84,538	60,269
Other Costs	52,625	66,724
	<u>288,170</u>	<u>232,545</u>
 Profit before tax	<u>44,206</u>	<u>(83,831)</u>
Corporation Tax	8,399	12,450
Profit after tax	<u>35,807</u>	<u>(71,381)</u>

Green Gateway Trading (GM) Ltd

	31 March 2021	31 March 2022
Balance Sheet		
Current Assets	£	£
Trade Receivables	12,168	-
Amounts owed by group undertakings	1	1
Other Debtors	-	12,375
Prepayments	37,590	-
Tax recoverable	-	12,450
Cash in Bank	150,934	12,830
	<u>200,693</u>	<u>37,656</u>
Current Liabilities		
Trade Payables	47,901	105
Accruals	20,050	4,365
Other taxation and social security	28,072	-
Other Creditors	103	0
	<u>96,126</u>	<u>4,470</u>
Total Assets	<u>104,567</u>	<u>33,186</u>
Financed by:		
Called up share capital	1	1
Profit and loss account	104,566	33,185
	<u>104,567</u>	<u>33,186</u>

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.

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 2019 and was effective from 1 April 2020.

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	2020/21 £000's	2021/22 £000's
Comprehensive Income & Expenditure Statement		
<i>Cost of Services:</i>		
Service Cost	(1,617)	(2,181)
Past Service costs	(119)	(36)
Administration Expenses	(41)	(34)
<i>Financing and Investment Income and Expenditure:</i>		
Net Interest on the Defined Liability	(583)	(535)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	(2,360)	(2,786)
<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)	14,563	5,154
Other Actuarial Gains /(Losses) on Assets	-	880
Change in Financial Assumptions	(18,374)	4,388
Change in Demographic Assumptions	1,305	2,252
Experience Gain/(Loss) on Defined Benefit Obligation	1,173	1,645
Remeasurements	(1,333)	14,319
Total Post Employment Benefit Charged To The Comprehensive Income & Expenditure Statement	(3,693)	11,533
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	35	1,794
Actual Amount Charged Against The General Fund Balance For Pensions In The Year		
Employers' Contributions Payable To Scheme	2,325	992

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:

	2020/21 £000's	2021/22 £000's
Present Value of the defined benefit obligation	95,717	89,195
Fair value of plan assets	69,764	75,417
Net liability	25,953	13,778
Other movements in the liability/ (asset)	1,320	970
Net liability arising from defined benefit obligation	27,273	14,748

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

	2020/21 £000's	2021/22 £000's
Opening balance at 1 April	54,230	69,764
Interest on Assets	1,271	1,378
Remeasurement gain/loss:		
- Return on Plan Assets (Excluding Net Interest Cost)	14,563	5,154
- Other Actuarial Gains /(Losses) on Assets	-	880
Employers' Contributions Including Unfunded	2,325	992
Member Contributions	323	314
Benefits Paid including Unfunded	(2,907)	(3,031)
Administration Expenses	(41)	(34)
Closing balance at 31 March	69,764	75,417

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

	2020/21 £000's	2021/22 £000's
Opening balance at 1 April	(80,135)	(97,037)
Current Service Cost	(1,617)	(2,181)
Interest Cost	(1,854)	(1,913)
Member Contributions	(323)	(314)
Remeasurement gains and losses:		
- Actuarial Gains /Losses Arising from Change in Demographic Assumptions	1,305	2,252
- Actuarial Gains /Losses Arising from Change in Financial Assumptions	(18,374)	4,388
- Experience Gains & (Losses)	1,173	1,645
Actuarial Gains & (Losses)	-	-
Past Service Costs Including Curtailments	(119)	(36)
Benefits Paid	2,791	2,923
Unfunded Pension Payments	116	108
Closing balance at 31 March	(97,037)	(90,165)

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

	31 March 2021 £000's	31 March 2021 %	31 March 2022 £000's	31 March 2022 %
Equities	44,131	63%	44,756	59%
Government Bonds	1,778	3%	1,825	2%
Other Bonds	3,394	5%	3,275	4%
Property	4,916	7%	6,442	9%
Cash/Liquidity	1,757	3%	2,135	3%
Alternative Assets	8,018	11%	9,505	13%
Other managed funds	5,770	8%	7,479	10%
	69,764	100%	75,417	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 2022, the value of the Employer's liabilities calculated for the funding valuation as at 31st March 2021 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%	95,659	2,518
	0.1%	93,980	2,433
	-0.1%	97,369	2,606
Long-term salary increase	0.0%	95,659	2,518
	0.1%	95,783	2,519
	-0.1%	95,536	2,517
Pension increases and deferred revaluation	0.0%	95,659	2,518
	0.1%	97,231	2,605
	-0.1%	94,113	2,434
Mortality age rating assumption	None	95,659	2,518
	+1 Year	100,200	2,622
	-1 Year	91,334	2,418

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 ADJUSTMENT

The accounts prior to 2021/22 were prepared on the basis that some grants did not have conditions attached and therefore were shown as Capital Grants unapplied.

In 2021/22 it transpired that some of these grants had been incorrectly treated and therefore all other grants in the unapplied reserve have been reviewed and balances have been adjusted where necessary.

The summary of these amendments is as follows:-

	2020/21 opening balance correction	20/21 in year correction	Resultant 21/22 opening balance correction
Disabled Facilities Grant	454,023	260,325	714,348
Empty Homes Grant	148,135	-	148,135
S106 with conditions	163,744	17,697	181,441
TOTAL	765,902	278,022	1,043,924

There is no impact on General Fund Balances. As the figure is material, a third balance sheet has been included next to the 20/21 comparative balance sheet.

The statements and individual lines affected in the accounts are shown below:-

This note is only showing the amendments and original figures for the Council own accounts. The Group accounts figures have been amended accordingly but are not shown below.

PRIMARY STATEMENTS

CIES 2020/21

	ORIGINAL			ADJUSTMENTS			RESTATED		
	Gross Exp. £000s	Gross Inc. £000s	Net Exp. £000s	Gross Exp. £000s	Gross Inc. £000s	Net Exp. £000s	Gross Exp. £000s	Gross Inc. £000s	Net Exp. £000s
IT, Tourism, Housing & Parking	3,924	(2,520)	1,404	-	260	260	3,924	(2,259)	1,665
Community	778	(286)	492	-	18	18	778	(269)	510
Cost of Services	31,971	(22,439)	9,532	-	278	278	31,971	(22,161)	9,810
(Surplus) or Deficit on Provision of Services			<u>(305)</u>			<u>278</u>			<u>(27)</u>
Total Comprehensive Income and Expenditure			<u>2,034</u>			<u>278</u>			<u>2,312</u>

BALANCE SHEET

	ORIGINAL Council £000s	ADJUSTMENTS Council £000s	RESTATED Council £000s
<u>31-Mar-20</u>			
Grants Received in advance (Note 30)	(558)	(766)	(1,324)
Long Term Liabilities	<u>(26,463)</u>	<u>(766)</u>	<u>(27,229)</u>
Net Assets	<u>37,723</u>	<u>(766)</u>	<u>36,957</u>
Useable Reserves	(14,027)	766	(13,261)
Total Reserves	<u>(37,723)</u>	<u>766</u>	<u>(36,957)</u>
<u>31-Mar-21</u>			
Grants Received in advance (Note 30)	(117)	(1,044)	(1,161)
Long Term Liabilities	<u>(27,390)</u>	<u>(1,044)</u>	<u>(28,434)</u>
Net Assets	<u>35,689</u>	<u>(1,044)</u>	<u>34,645</u>
Useable Reserves	(18,847)	1,044	(17,803)
Total Reserves	<u>(35,689)</u>	<u>1,044</u>	<u>(34,645)</u>

MIRS

	ORIGINAL General Fund Balance	Capital Grants Unapplied	Total Useable Reserves	Total Authority Reserves	ADJUSTMENTS General Fund Balance	Capital Grants Unapplied	Total Useable Reserves	Total Authority Reserves	RESTATED General Fund Balance	Capital Grants Unapplied	Total Useable Reserves	Total Authority Reserves
Balance at 31 March 2020	1,116	1,026	14,019	37,723		(766)	(766)	(766)	1,116	260	13,253	36,957
Surplus or (Deficit) on provision of services	305	-	305	305	(278)	-	(278)	(278)	27	-	27	27
Total Comprehensive Income & Expenditure	<u>305</u>	<u>-</u>	<u>305</u>	<u>(2,034)</u>	<u>(278)</u>	<u>-</u>	<u>(278)</u>	<u>(278)</u>	<u>27</u>	<u>-</u>	<u>27</u>	<u>(2,312)</u>
Adjustments between accounting & funding basis under regulations	4,293	355	4,514	-	278	(278)			4,571	77	4,514	-
Increase/(Decrease) Movement in Year	348	355	4,819	(2,034)	(0)	(278)	(278)	(278)	348	77	4,541	(2,312)
Balance at 31 March 2021 carried forward	<u><u>1,464</u></u>	<u><u>1,381</u></u>	<u><u>18,838</u></u>	<u><u>35,688</u></u>	<u><u>-</u></u>	<u><u>(1,044)</u></u>	<u><u>(1,044)</u></u>	<u><u>(1,044)</u></u>	<u><u>1,464</u></u>	<u><u>337</u></u>	<u><u>17,794</u></u>	<u><u>34,644</u></u>

CASHFLOW

	ORIGINAL Council 2020/21 £000s	ADJUSTMENTS Council 2020/21 £000s	RESTATED Council 2020/21 £000s
Net surplus or (deficit) on the provision of services	305	(278)	27
Adjust net surplus or deficit on the provision of services for non cash movements	4,036	278	4,314

NOTES TO THE ACCOUNTS**NOTE 1 EFA**

	ORIGINAL		ADJUSTMENTS		RESTATED	
2020/21	Adjustments between the Funding and Accounting Basis (Note 8) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000	Adjustments between the Funding and Accounting Basis (Note 8) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000	Adjustments between the Funding and Accounting Basis (Note 8) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
IT, Tourism, Housing & Parking	493	1,404	260	260	753	1,664
Community	51	492	18	18	69	510
Net cost of services	632	9,577	278	278	910	9,855
Surplus or Deficit	4,291	(305)	278	278	4,569	(27)

NOTE 8

	ORIGINAL		ADJUSTMENTS		RESTATED	
	Adjustments for Capital Purposes (Sub Note 1)		Adjustments for Capital Purposes (Sub Note 1)		Adjustments for Capital Purposes (Sub Note 1)	
	£000	Total Adjustments £000	£000	Total Adjustments £000	£000	Total Adjustments £000
2020/21						
IT, Tourism, Housing & Parking	400	493	260	260	660	753
Community	13	51	18	18	31	69
Net Cost of Services	<u>1,120</u>	<u>632</u>	<u>278</u>	<u>278</u>	<u>1,398</u>	<u>910</u>
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit	<u>595</u>	<u>4,291</u>	<u>278</u>	<u>278</u>	<u>873</u>	<u>4,569</u>

NOTE 9

	ORIGINAL		ADJUSTMENTS		RESTATED	
	Useable Reserves		Useable Reserves		Useable Reserves	
	General Fund Balance	Capital Grants Unapplied	General Fund Balance	Capital Grants Unapplied	General Fund Balance	Capital Grants Unapplied
2020/21	£000s	£000s	£000s	£000s	£000s	£000s
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied and credited to the Comprehensive Income & Expenditure Statement	355	(355)	(278)	278	77	(77)
Total Adjustments:	<u>(4,293)</u>	<u>(355)</u>	<u>(278)</u>	<u>278</u>	<u>(4,571)</u>	<u>(77)</u>

NOTE 10		ORIGINAL	ADJUSTMENTS	RESTATED
	2020/21	Total £000's	Total £000's	Total £000's
Government grants and contributions		(13,095)	278	(12,817)
Total Income		(32,846)	278	(32,568)
(Surplus) or deficit on the provision of services		<u>(305)</u>	<u>278</u>	<u>(27)</u>

NOTE 25		ORIGINAL	ADJUSTMENTS	RESTATED
	2020/21	2020/21 £000s	2020/21 £000s	2020/21 £000s
Net Surplus / (deficit) on the Provision of Services		305	(278)	27
TOTAL		4,036	278	4,314
Investing / Financing Activities				
Capital Grants credited to the surplus on the Provision of Services		(950)	278	(672)
TOTAL		<u>(1,219)</u>	<u>278</u>	<u>(941)</u>
Net (Outflow)/ Inflow from Operating Activities		<u>3,122</u>	<u>(278)</u>	<u>2,844</u>

NOTE 30		ORIGINAL	ADJUSTMENTS	RESTATED
	2020/21	2020/21 £000's	2020/21 £000's	2020/21 £000's
Credited to Taxation and Non Specific Grant Income				
S106 Grant		111	(78)	33
Credited to services		<u>3,422</u>	<u>(78)</u>	<u>3,344</u>
Disabled Facilities Grant		540	(260)	280
Total		<u>17,911</u>	<u>(260)</u>	<u>17,651</u>
Grants Receipts in Advance				
S106		-	181	181
Disabled Facilities Grant		-	714	714
Empty Homes Grant		-	148	148
TOTAL INCLUDED IN LONG TERM LIABILITIES		<u>117</u>	<u>1,043</u>	<u>1,161</u>
Total		<u>1,389</u>	<u>1,043</u>	<u>2,433</u>

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

Total 2020/21 £000's	Business Rates 2020/21 £000's	Council Tax 2020/21 £000's		Council Tax 2021/22 £000's	Business Rates 2021/22 £000's	Total 2021/22 £000's
£	£	£		£	£	£
Income						
(68,921)	(9,132)	(59,789)	Amounts Receivable (net of discounts and reliefs)	(62,144)	(13,610)	(75,754)
(338)	0	(338)	Reductions due to S13A(1)(C)	(16)	-	(16)
<u>(69,259)</u>	<u>(9,132)</u>	<u>(60,127)</u>	Total Income	<u>(62,160)</u>	<u>(13,610)</u>	<u>(75,770)</u>
Expenditure						
<u>Precepts and shares:</u>						
8,272	8,272	-	Central Government	-	8,012	8,012
43,669	1,489	42,180	Essex County Council	42,979	1,442	44,421
6,342	-	6,342	Police & Crime Commissioner for Essex	6,684	-	6,684
2,524	165	2,359	Essex Fire Authority	2,368	160	2,529
15,781	6,618	9,163	Rochford District & Parish/Town Councils	9,374	6,409	15,783
<u>76,588</u>	<u>16,544</u>	<u>60,044</u>		<u>61,405</u>	<u>16,024</u>	<u>77,428</u>
27	27	-	Transitional Protection Payment	-	125	125
49	49	-	Renewable Energy	-	49	49
<u>Impairment of Debts/Appeals</u>						
15	0	15	Write-offs of Uncollectable Amounts	45	-	45
981	266	715	Increase/ (Decrease) in Bad Debt Provision	(13)	(81)	(94)
1,061	1,061	-	Increase/ (Decrease) in Provision for Appeals	-	577	577
<u>2,057</u>	<u>1,327</u>	<u>730</u>		<u>32</u>	<u>494</u>	<u>526</u>
95	95	-	Charge to General Fund for Allowable NDR Collection Costs	-	96	96
<u>Distribution of Previous Year's Estimated Surplus/ (Deficit):</u>						
(7)	(7)	-	Central Government	-	(4,263)	(4,263)
80	(1)	81	Essex County Council	506	(767)	(262)
12	-	12	Police & Crime Commissioner for Essex	76	-	76
5	(0)	5	Essex Fire Authority	28	(85)	(57)
13	(5)	18	Rochford District Council	110	(3,411)	(3,300)
<u>103</u>	<u>(13)</u>	<u>116</u>		<u>720</u>	<u>(8,526)</u>	<u>(7,807)</u>
<u>78,919</u>	<u>18,028</u>	<u>60,891</u>	Total Expenditure	<u>62,157</u>	<u>8,261</u>	<u>70,418</u>
<u>9,660</u>	<u>8,896</u>	<u>763</u>	Movement on Fund Balance	<u>(3)</u>	<u>(5,349)</u>	<u>(5,352)</u>
(338)	565	(903)	Opening Fund Balance (surplus)/deficit	(140)	9,461	9,322
9,322	9,461	(140)	Closing Fund Balance (surplus)/deficit	(143)	4,112	3,969
<u>9,660</u>	<u>8,896</u>	<u>763</u>	Movement on Fund Balance	<u>(3)</u>	<u>(5,349)</u>	<u>(5,352)</u>

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 (£240.21 in 2021/22), 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 2021/22 (49.9p in the £ for 2020/21) 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 £47.465m.

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 2022. 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 2020/21 £000s	Business Rates 2020/21 £000s	Council Tax 2020/21 £000s	Collection Fund (CF) Attribution of (Surplus) / Deficit Carried Forward	Council Tax 2021/22 £000s	Business Rates 2021/22 £000s	Total 2021/22 £000s
			Balances attributable to:			
4,455	4,455	0	Central Government	-	1,589	1,589
296	802	(506)	Essex County Council	246	286	532
(76)	0	(76)	Police&Crime Commissioner, Essex	38	-	38
61	89	(28)	Essex Fire Authority	14	32	46
3,454	3,564	(110)	Rochford District Council	54	1,271	1,325
			Redistribution due to:			
276	276	0	Central Government	-	468	468
456	50	406	Essex County Council	(348)	84	(264)
63	0	63	Police & Crime Commissioner, Essex	(54)	-	(54)
28	6	22	Essex Fire Authority	(19)	9	(10)
309	221	88	Rochford District Council	(74)	374	300
9,322	9,463	(141)	Closing Collection Fund Balance (Surplus)/Deficit	(143)	4,113	3,970

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

Total 2020/21 £000s	Business Rates 2020/21 £000s	Council Tax 2020/21 £000s	Share of Collection Fund Balance	Council Tax 2021/22 £000s	Business Rates 2021/22 £000s	Total 2021/22 £000s
3,763	3,785	(22)	Rochford District Council	(20)	1,645	1,625
5,559	5,678	(119)	Preceptors & Central Government	(123)	2,468	2,345
9,322	9,463	(141)		(143)	4,113	3,970

4. Uncollectable Debts.

Uncollectable debts of £45,243 (£15,409 for 2020/21) for Council Tax and £241,317 (£21,338 for 2020/21) for Non-Domestic Rates were written off in 2021/22.

5. Appeals Provisions - Business Rates

Total £000s 2020/21	Other Preceptors £000s 2020/21	Billing Authority £000s 2020/21	Share of Appeals Provisions	Billing Authority £000s 2021/22	Other Preceptors £000s 2021/22	Total £000s 2021/22
1,111	667	444	Balance at 1 April	869	1,303	2,172
1,061	636	425	Net movement for business rate appeals in year	231	346	577
2,172	1,303	869	Balance at 31 March	1,100	1,649	2,749

6. Calculation of the Council Tax

The Council Tax for Rochford residents for 2021-22 for an average Band D property was as follows:

	BAND D £
Parish/Town Councils	52.25
Rochford District Council	240.21
Essex County Council - General	1,204.92
Essex County Council - Social Care	135.99
Essex Fire and Rescue Authority	73.89
Police & Crime Commissioner	208.53
Total	1,915.79

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	0.2	5/9	0.1
A	878.2	6/9	585.4
B	2449.4	7/9	1,905.1
C	9896.1	8/9	8,796.5
D	9432.6	1	9,432.6
E	4649.1	11/9	5,682.2
F	2377.0	13/9	3,433.4
G	1305.5	15/9	2,175.9
H	69.5	18/9	139.0
Total			32,150.2
Adjustments for Band D Full Year Equivalents			389.8
			32,540.0
Less Adjustment for Collection Rate			98.50%
Total Council Tax Base			32,051.9

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.

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.

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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROCHFORD DISTRICT COUNCIL

Disclaimer of Opinion

We were engaged to audit the financial statements of Rochford District Council ('the Council') and its subsidiaries (the 'Group') for the year ended 31 March 2022. The financial statements comprise the:

- Council and Group Comprehensive Income and Expenditure Statement,
- Council and Group] Balance Sheet,
- Council and Group Movement in Reserves Statement,
- Council and Group] Cash Flow Statement
- the related notes 1 to 37.
- Collection Fund and the related notes 1 to 6

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

We do not express an opinion on the accompanying financial statements of the Group and the Council. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 requires the accountability statements for this financial year to be approved not later than 13th December 2024.

We commenced our audit of the 2021/22 financial statements in July 2023 but were unable to complete all our procedures on the financial statements before our planned finalization date of the end of September 2023. In addition, we were not able to complete our work on the valuation of the pension liability and related balances, as we have not received the required assurances in relation to the work we had requested the auditors of the Essex Pension Fund to perform, which included the data used in the triennial valuation of the pension fund.

The backstop date and the wider requirements of the local audit system reset meant we did not have the required resources available to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the 2021/22 financial statements. Therefore, we are disclaiming our opinion on the financial statements.

Matters on which we report by exception

Notwithstanding our disclaimer of opinion on the financial statements, performed subject to the pervasive limitation described above, we have nothing to report in respect of whether the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Group and the Council.

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)

- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)
- we are not satisfied that the Group and the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have nothing to report in these respects

Responsibility of the Section 151 Officer

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 48, the Section 151 Officer is responsible for the preparation of the Annual Financial Report, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Section 151 Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Section 151 Officer is responsible for assessing the Group and the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Group and the Council either intends to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Group and the Council's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group and the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Code of Audit Practice 2024 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in November 2024, as to whether Rochford District Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether

Rochford District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

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

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

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

Certificate

We certify that we have completed the audit of the accounts of Rochford District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of Rochford District Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council's members as a body, for our audit work, for this report, or for the opinions we have formed.

Debbie Hanson
Ernst + Young LLP

Debbie Hanson (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Luton
4 December 2024

The following footnote does not form part of our Auditor's Report.

Additional information related to the disclaimer of opinion is set out in our Completion Report for Those Charged with Governance dated 22 November 2024, available on the Authority's website, which includes further explanations about the implementation of the statutory instrument which led to the disclaimer of our opinion on the financial statements.