Thurrock Council

Statement of Accounts

2019/20

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NARRATIVE REPORT

BACKGROUND AND CONTEXT

1. Context

Situated on the north side of the River Thames bordering Essex, Kent and east London, Thurrock is an area of great contrast and unique opportunities.

Thurrock has a well-balanced mix of beauty and business, with major investment planned for homes, jobs and infrastructure and including private sector jobs.

The borough is a mix of green belt interspersed with rural villages and market towns. Nature reserves, heritage locations and sites of special scientific interest abound. Three major ports punctuate the 18 miles of riverfront with associated cranes and gigantic container ships, while industrial parks line the A13.

Thurrock also has a growing population – predicted to rise by approximately 10% every decade. The ethnic profile of Thurrock has become increasing diverse over the last decade. Both the age and ethnic profiles change significantly between the 20 wards.

Under the banner People, Place, Prosperity, the Council is creating a place where people and businesses want to stay and thrive, and developers and investors want to invest.

Investment in infrastructure for the benefit of residents and local businesses is key. Good roads, health services, schools and leisure facilities are all required to enable people to live and work, play and stay in the borough.

There has been a lot of talk about plans in the past but there is now a step-change to actual delivery – masterplans are agreed with contractors on-site and work is beginning.

Together with partners, Thurrock Council is delivering a half a billion pound capital programme, investing in schools, health, community facilities, transport and regeneration. Our refreshed Local Plan will provide our plan to meet the needs of local people and ensure that growth is high quality, community led and infrastructure first.

.Four Integrated Medical Centres opening in the borough are just one of a series of game-changing initiatives being delivered with our health and well-being partners.

Thurrock is a place with a rich cultural heritage, which is often overlooked. With our cultural partners we are developing plans which will enable all Thurrock residents to enjoy and benefit from high quality arts and heritage activity, creating a strong pride in place, better well-being and economic prosperity.

2. Vision and Priorities

The vision and priorities of the Council are set out below:

Our Vision

An ambitious and collaborative community which is proud of its heritage and excited by its diverse opportunities and future.

Our Priorities

People – a borough where people of all ages are proud to work and play, live and stay.

This means:

- high quality, consistent and accessible public services which are right first time
- build on our partnerships with statutory, community, voluntary and faith groups to work together to improve health and wellbeing
- communities are empowered to make choices and be safer and stronger together

Place – a heritage-rich borough which is ambitious for its future.

This means:

- roads, houses and public spaces that connect people and places
- clean environments that everyone has reason to take pride in
- fewer public buildings with better services

Prosperity – a borough which enables everyone to achieve their aspirations.

This means:

- attractive opportunities for businesses and investors to enhance the local economy
- vocational and academic education, skills and job opportunities for all
- commercial, entrepreneurial and connected public services

3. Location and place

Thurrock is located on the north bank of the River Thames immediately to the east of London. It has excellent transport links with London and the rest of the UK and Europe by road, rail, river and air.

Geography	Extent
Area	165 square km
Riverfront	29 km
Green Belt land	70%

4. Population

Thurrock has a diverse population that is increasing by over 10% every decade.

In 2001 the population was 143,300. In 2011 our population was 158,300. The Office of National Statistics (ONS) currently estimates the population at 172,500 in 2018, and to 178,300 by the time of the next national census, in 2021.

Population estimates are produced by the ONS and are updated periodically. For the latest Thurrock population, go to NOMIS: local authority profile for Thurrock.

The website also provides the latest available information on the labour market profile of Thurrock, including employment, income and benefits statistics.

5. Age and gender

The ONS usually provides new population predictions once a year. For the latest mid-year estimate reports by single age group and by gender, go to ONS: Population estimates for UK, England and Wales, Scotland and Northern Ireland.

The table below summarises ONS' population estimates by age and sex in the UK for 2016. These were made in 2019.

Population section	Estimate
Male	49.34%
Female	50.66%
0 to 14 year-olds	21.86%
15 to 24 year-olds	10.90%
25 to 44 year-olds	28.74%
45 to 64 year-olds	24.56%
65 year-olds and older	14.11%

6. Homes and Houses

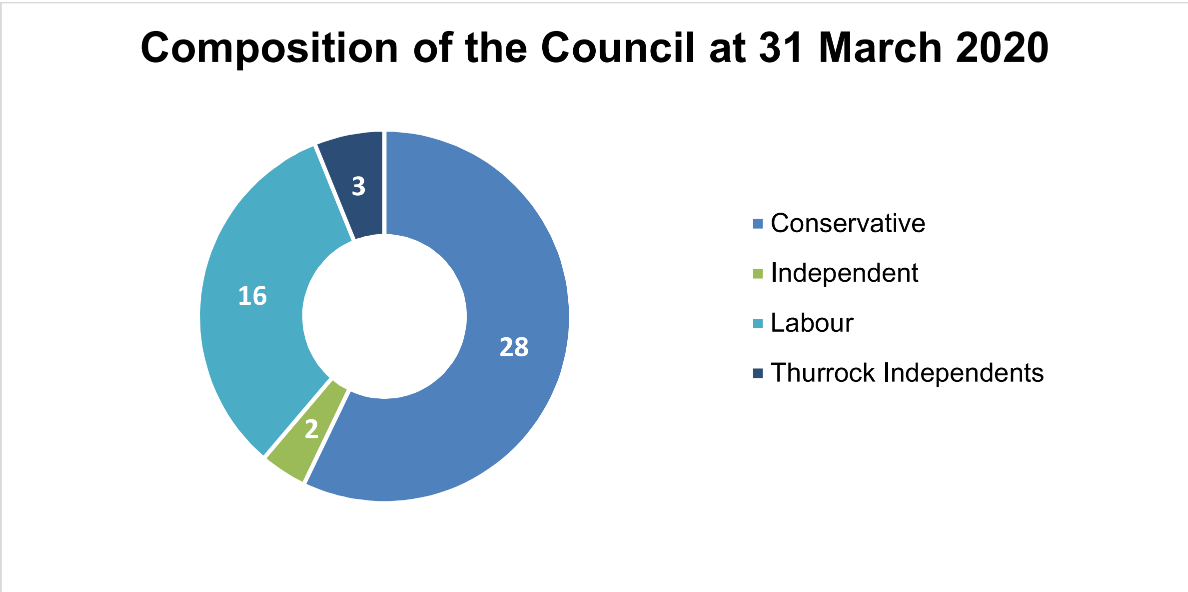
According to the Valuation Office, April 2019, there are 68,266 dwellings in Thurrock. The borough has a target to build 30,000 new homes by 2037 to meet the demand expected from people wanting to live here.

Thurrock has a stock of 10,000 Council houses, including 1,200 sheltered and extra care homes.

House price information below is from the Land Registry Housing Price Index, June 2019. Housing status information is from the national census of 2011.

Housing status	Thurrock	East region	England
Owner-occupier	66.20%	67.60%	63.40%
Rented from the Council or housing association	18.40%	15.70%	17.70%
Rented privately	14.10%	14.80%	16.80%
Average house prices	£264,059	£291,370	£246,728

7. Political Structure



Thurrock is made up of 20 electoral wards. There are 49 Councillors. Residents elect either 2 or 3 Councillors per ward to represent them, depending on the size of population in their ward.

Councillors are elected to serve for 4 years, after which a new election must be held. Thurrock holds elections in 3 out of every 4 years, with a third of all Councillors being elected or re-elected during an election year. There are no elections during the fourth year – this is called a 'fallow year'.

8. The Cabinet

The Cabinet includes the Leader of the Council and 9 other Councillors. Each Cabinet Member is responsible for a policy area, known as a portfolio.

The Cabinet is responsible for:

- publishing a forward plan that gives at least 28 days' notice about the key decisions it will take
- making most of the Council's main budget and policy decisions
- recommending the budget and important policies for the Council to agree on
- deciding certain policies
- carrying out important plans and strategies

Members of the Cabinet

The members of the Cabinet and their portfolios are listed below as at the 31 March 2020:

Cabinet Member	Role	Portfolio
Councillor Rob Gledhill	Leader of the Council	Protection and Anti-Social Behaviour
Councillor Shane Hebb	Deputy Leader of the Council	Finance and Transformation
Councillor Deborah Huelin		Central Services and Communities
Councillor James Halden		Children and Adult Social Care
Councillor Andrew Jefferies		Education
Councillor Aaron Watkins		Environment and Sports and Leisure
Councillor Allen Mayes		Health and Air Quality
Councillor Ben Maney		Highways and Transport
Councillor Barry Johnson		Housing
Councillor Mark Coxshall		Regeneration and Strategic Planning

9. Risk Management

Risk management involves:

- Identifying and analysing risks
- Taking steps to control and reduce these risks
- Financing the cost of risk in an efficient way

All departments must engage in Risk Management. Insurance cannot eliminate the possibility of all accidents or loss. If there is an accident or loss, insurance cannot cover for:

- Disruption
- Damage to the Council's reputation
- Lowered morale of staff
- The stress and anxiety that always accompanies accidents and losses.

It is also important to keep the number of claims made on an insurance policy to a minimum. A poor claims record will result in higher insurance premiums.
A structured approach to risk management will result in:

- A general awareness of the cost of risk
- A culture that is committed to reducing risk and minimizing loss

The Council also has a Corporate Risk Management Group, which considers the whole range of business risks facing the Council. For details of this service contact the Senior Risk Management Officer, Audit Department.
The Corporate Risks are set out below priority (rating) and then reference number order.

- **Adult Social Care Stability and Market Failure - Risk 6** (Rating: 12 Critical/Likely)

Adult Social Care has received additional funding in recent years – through a precept as part of the Council Tax and also through the Improved Better Care Fund. A significant proportion of this money has been used to stabilise the market place and deliver sustainability for care providers. This has included increasing the capacity of the contract and brokerage team to ensure contract compliance visits and monitoring to take place in a timely manner – reducing or aiding early identification of risks. The introduction of a Brokerage function has also meant that more realistic costs and fees are negotiated. In addition uplifts have been provided (as described in the risk description) to improve stability and domiciliary care has been retendered. Through the Better Care Fund, we have also been able to enhance capacity through investment in a Bridging Service and through enhancing existing services to ensure that people can come out of hospital when medically fit to do so – even when they are unable to return home. This has helped to reduce Delayed Transfers of Care and Waiting Lists.

Work is progressing to overcome current challenges. This includes developing a new model of care for domiciliary care. At the beginning of 2018, the new domiciliary care contract started with providers now well established within the Borough. Work has also taking place on alternative approaches to traditional domiciliary care, with two Wellbeing Teams developed and one already launched. Wellbeing Teams will enable us to identify the model required and will focus on enhancing Wellbeing and not just on meeting needs.

Further work will continue during 2019/20 that will contribute towards the stability and sustainability of the market place – including diversification. Despite this, the risk of market failure remains high.

- **CSC, Service Standards & Inspection Outcome - Risk 7** (Rating: 12 Critical/Likely)

This risk evaluates the impact of increased demand and resource pressures on children's social care quality of service and provision. The pressures outlined throughout previous years remain acute. They include increased volumes, increased complexity and ongoing activity to review high cost placements. The implementation of the early help service model and the Thurrock multi-agency safeguarding hub (MASH) has been successful. The service continues to maximize the external investment and opportunities presented through the Troubled Families Programme and continuously measures impact of the MASH.

The service is demand led and cannot fail to respond to the needs of a child due to budget or resource constraints. Changes on a local, regional and national level can have a significant impact on the demand for services. War and international factors can result in an unplanned increase in the number of unaccompanied asylum seeking children or families with no recourse to public funds. Geographical movement of families across the Eastern Region and London can see a rise in families needing services, including large sibling groups. Areas for improvement have been identified in the Ofsted (SIF) 2016 and the focused visit in 2018.

The level and complexity of some children and young people's needs and the lack of available national resources (specialist placements) to meet those needs is driving up cost pressures. As the Council continues to improve practice regarding the identification and tackling of Child Sexual Exploitation there is an increase in demand for service provision in terms of intervention; prevention and victim support. Current and new duties in terms of radicalization also place pressures on the service in terms of workforce capacity.

The pressures outlined above will not be alleviated in the short term and the risk rating will remain at the higher (red) level for the period covered.

- **CSC, Safeguarding & Protecting Children & YP - Risk 8** (Rating: 12 Critical/Likely)

The nature of the work in terms of safeguarding and supporting children at risk of harm means that this will always be a high risk area although through the application of the Southend, Essex & Thurrock (SET) Child Protection procedures the department actively works to mitigate this risk and reduce the likelihood. The risk of children and young people coming to harm cannot be completely eliminated and the risk level needs to remain high and ensure clear vigilance across the council and partner agencies. New and emerging risk factors will arise and there is always a potential for agencies 'not knowing, what they don't know' that needs to be guarded against.

Embedding the Multi Agency Safeguarding Hub and Early Offer of Help has supported earlier identification of risk through a multi-agency approach enabling the department to work to intervene at an earlier stage and reduce the risk of harm in some cases. The development and implementation of the Thurrock Local Safeguarding Children Partnership arrangements will further improve the inter-agency arrangements to safeguard and promote the welfare of children and young people living in Thurrock.

The impact for individual children and families, particularly in cases of child death is significant and whilst actions to reduce the likelihood are implemented the impact will remain as critical. There is also a critical impact score in terms of reputational damage should a child death or serious injury occur.

The ongoing nature of risk in child protection and safeguarding is such that despite effective mitigation the acknowledgement of the risk needs to remain high and will not reduce. This is not to say that the risks are unmanageable but for effective management the gravity and complexity of the risk needs to be acknowledged.

Managing this risk places inherent pressures on the Children's Social Care budget as a demand led budget. Effective demand and resource management remain a priority for the service within an overriding context of keeping children safe.

Risk will remain constant throughout the period covered.

- **Property Ownership Liability - Risk 12** (Rating: 12 Critical/Likely)

There has been a long standing lack of clarity over the roles and responsibilities regarding building compliance between the different departments, particularly where the building involves activities crossing more than one discipline within the council. In April 2016, Directors Board approved a proposal to move to a Corporate Landlord model whereby the Corporate Property Team will take on direct management responsibility for all operational properties (excluding HRA properties and parks, etc).

The review of the property service by East of England Local Government Association (EELGA) highlighted an action to review the compliance of Council buildings & remains a key area of focus for the Corporate Property Team.

The council are undertaking condition and compliance surveys on 16 corporate landlord buildings. Condition and compliance surveys are also being undertaken on void properties, village halls and properties where a public facing and vulnerable user group are present ensuring that the buildings are surveyed in a priority order against a perceived risk to users. Initial findings are of a concern however and remedial works are planned to address. Training has been undertaken by members of the team on compliance liability to ascertain risk areas and make informed decisions.

The delays experienced in implementing property procedure rules, asset management strategy, restructure and asset management database has hindered progress to manage the risk. Risk rating remains as 12.

- **Fraud - Risk 20** (Rating: 12 Critical/Likely)

The Counter Fraud & Investigation service has an organisational-wide strategy and proactive work plan to monitor and manage the identified risks. A persistent training and education regime is in place, where experts from the service work with staff, contractors, Members and in the council's supply chain to identify and mitigate the risks, and increase awareness.

The council has current and effective policies on Counter Fraud, Bribery & Corruption and Money Laundering which are kept under constant review. These policies acknowledge the threats and install an action plan in identified incidents including, civil & criminal litigation and redress to recover any identified losses. Any control weaknesses identified in investigations are rectified in collaboration with the affected services and Internal Audit through SMART Action Plans.

- **Business Continuity Planning - Risk 24** (Rating: 12 Critical/Likely)

The risk evaluates the position if business continuity plans are not coordinated and maintained, which would lead to service delivery arrangements across the council being ineffective in times of a disruption affecting the council and Thurrock e.g. loss of ICT, loss of use of the Civic Offices.

Oversight of Business Continuity Management is now being provided by Performance Board. The list of current Business Continuity Plans (BCPs) and critical functions has been updated and will form the basis of ongoing review process by Performance Board and service areas. BCPs are the responsibility of individual service areas.

The Strategic Business Continuity Plan has now been updated and links as appropriate have been made with the emergency planning team. However, Performance Board are continuing their work with services to confirm all areas have up to date BCPs so until that work has concluded, the risk rating will remain the same. Work is also ongoing to update the BCP template and to rollout to DMTs and managers.

- **Waste Strategy for Thurrock - Risk 27** (Rating: 12 Critical/Likely)

Cleaner, Greener and Safer Overview and Scrutiny Committee agreed July 2019 to form a cross-party working group (CPWG) to review the waste management arrangements. The recently formed CPWG have met on several occasions and have determined the need for a Public Consultation exercise to better gauge public opinion on a number of influential elements being considered for inclusion within the draft strategy being prepared for July 2020.

A forecast date of 31/07/2020 and forecast rating of 12 has been applied for the risk. The rationale for the evaluation is that the actions to develop and present the draft Waste Strategy are planned to be completed by the end of July 2020 but there is a balance of risk relating to the work that will be undertaken to establish a proposed new site for the depot.

- **Delivery of Capital Projects - Risk 15** (Rating: 12 Substantial/Very Likely)

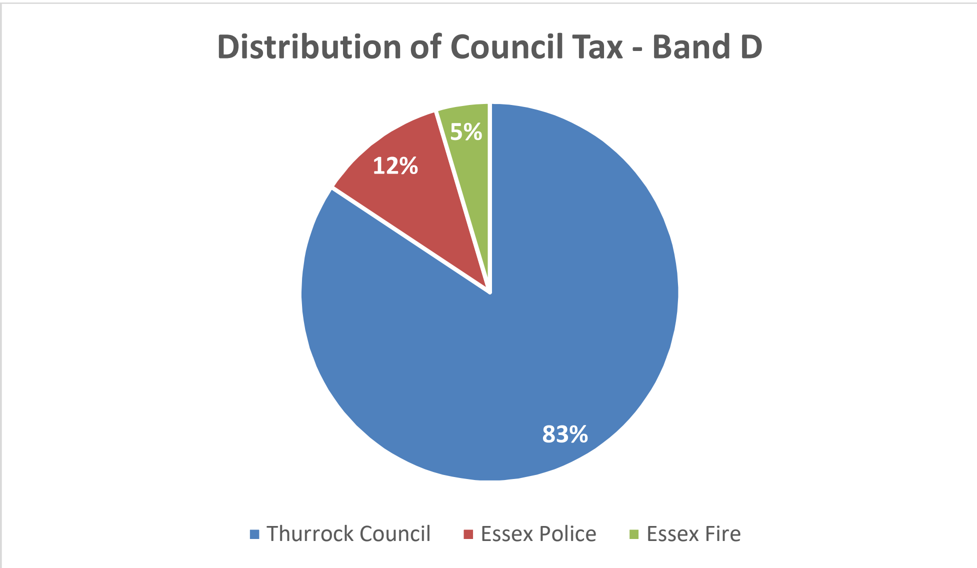
The Thurrock growth programme crosses many disciplines within the Council. It requires significant programme management capacity from the Regeneration team to lead the programme alongside a joined up approach with other areas of the authority to ensure that relevant specialisms are brought in as required and programmes and strategies are complementary. Investment needs to be committed to project development stages before outputs and benefits are realised, significant levels of funding are committed at risk to prove feasibility and investment then needs to continue to secure the benefits from the initial funding. External funding is committed to numerous projects, whilst this reduces the financial burden to the Council, compliance with funding agreements must be achieved to ensure the Council is not exposed financially via claw back mechanisms. Projects span numerous financial years and have to be able to respond to changing market, policy and financial conditions. Strong project and programme managers are essential to ensuring that delivery stays on track and investment secures value for money outputs. Increasing resource capacity in the team via Matrix has provided some additional support and approval has been received to secure 1 additional FTE. The project portfolio could benefit from significant external funding in 2020/21 which will put additional pressure on the existing staff resource as more projects are developed. Momentum needs to be maintained in the ongoing restructure to improve working cultures and secure additional resource.

10. Council Tax 2019/20

The net budget requirement for a Council is the amount needed to finance Council services after allowing for planned expenditure and income. For 2019/20, this was set by the Council at £111.690m. The amount met by Revenue Support Grant (£6.697m), other grants from Central Government (£3.118m), the projected surplus/deficit in the collection fund (£0.266m), and Business Rates (under the retention arrangements)(£35.547m) leaving £66.062m to be raised locally from Council Tax (the Council Tax Requirement).

The 2019/20 Band D Council tax for Thurrock Council services, including the adult social care precept was £1,287.81. The calculated amounts were based on an estimated Council Tax Base (after allowing for irrecoverable debts and the local Council tax support scheme) of Band D equivalent properties.

The total Band D Council tax for the borough was £1,553.22 distributed amongst the preceptors as set out in the chart below.



11. Regeneration and Investment

Thurrock has a growth strategy which includes £20 billion of investment in jobs, homes and infrastructure, 1,000 acres of land ready for business development, 3 international ports along 18 miles of riverfront, 30 minutes from central London by train and 24,500 new jobs to be created.

There are 6 major growth hubs in the borough:

- London Gateway, the world's most modern port, alongside Thames Enterprise Park, the UK's largest logistics park
- Major improvement schemes in Grays, Tilbury and Lakeside
- A transformation of Purfleet that will build upon the success of the internationally-acclaimed cultural and creative industries centre at High House Production Park

Future proposed developments to transform Thurrock include:

- Proposals to transform predominately brownfield sites in **Purfleet** into a new community and world class creative hub took a big step forward after being granted outline planning permission in April 2019.

- The plans for the 58 hectare scheme, which are expected to create about 2,200 new jobs, have been designed in close partnership with the community and include a new town centre, shops and restaurants, a media village, medical centre, new primary school, improved transport infrastructure and 2,850 new homes.

- Work has started in **Grays** to design new public spaces and other developments to go either side of a pedestrian underpass that's planned to go under the railway line and a town centre design guide which will set the standard for future development in the town centre.

- An expansion of **Lakeside and West Thurrock** retail offer to include major leisure functions both to the north and south of the existing shopping centre. Work to improve accessibility to Lakeside by car and other means of public transport will help to place shape and delivery of new homes in the area will provide further opportunity.

- Regeneration of **Tilbury's** town centre and Civic Square through growth of primary care facilities and wider business opportunities such as port expansion to reduce levels of inequality and support job creation. Expansion of the **Port of Tilbury** through the development of London Distribution Park is key to growing the port's already successful distribution capability and securing Tilbury as the leading logistics and distribution hub.

- **London Gateway** is increasingly known as a major operator in international shipping. The first three berths (of an eventual six) have hosted some of the largest ships in the world and the next berth is under construction. Further investment must be secured to ensure potential is reached and complementary skills programmes and development of supply chains is needed to ensure future workforce requirements are understood.

- Enabling the development of **Thames Enterprise Park** and securing higher value, high-tech sectors with strong innovation, investment in research and development and export potential. In creating a workforce strategy for the area future gaps in labour and skills requirements will be identified. The Council has an enabling role to play, especially in delivering the workforce that leads to its success.

- Concentration on enabling and embedding factors to deliver growth and then secure maximum benefit. This shift will support a focus on continuing economic growth rather than developing conditions to encourage growth which has been the focus to date.

12. COVID-19 impact

The COVID-19 pandemic will have a significant impact on the Council's finances and the way it provides its services in 2020/21 and subsequent years. The financial impact in 2019/20 was limited to the final week of the year and actions taken to address the initial impacts were taken and funded in 2020/21.

Impact on the provision of services

From 23rd March those services temporarily designated non-essential, were suspended to protect staff and to help provide essential services. This meant staff could be diverted to provide assistance in satisfying new requirements caused by the pandemic. A new Community Support Team, Thurrock Coronavirus Community Action was established to provide food and supplies to the most vulnerable. The council, in partnership with Stronger Together, Thurrock CVS and other local organisations have worked together to safely coordinate support to residents in need and to help ensure voluntary work is carried out in a safe and co-ordinated way across the borough.

To financially support businesses and individuals the Government have funded a range of initiatives. Central government have exempted eligible business from business rates. This largely applied to the retail, hospitality and leisure sectors and the total value of the relief applied is £52.286m. In addition central government funding has been provided for grants to eligible local businesses totalling £22.105m with further discretionary grants allocated totalling £1.169m. These grants have been provided to recipients in line with government guidance. There is further funding under the second phase covering two new grant schemes – 'Local Restrictions Support Grant (Closed) Addendum' and 'Additional Restrictions Grant'. This will be distributed to local business in accordance with the terms of the relevant schemes from November 2020.

A range of ring-fenced grants have also been received to support specific activities in response to the pandemic. These are allocated for specific purposes which include, for example, delivering test, trace and isolate services, implementing infection control measures in care homes and reopening the high streets.

The Council has also received £14.238m to date in direct support of its own costs and loss of income due to the pandemic. The full financial impact of the pandemic remains under assessment both in terms of its impact on the current year and on the wider medium term financial strategy.

Impact on the Council's workforce

From 23rd March staff moved to working flexibly from home in most office based services and this remains in place. Visits to residents homes for anything other than emergency repairs or for social care reasons were suspended immediately to protect the resident and member of staff. Access to Council offices by members of the public was also prevented. Sickness away from front-line services has had some initial impact on service delivery but this has been managed in line with all guidance issued.

Staff have been reminded to take care of their physical and mental health and improving overall wellbeing. Where possible staff are encouraged to take on personal development opportunities and a number of online resources have been made available to support them during this challenging time.

Impact on the Council's supply chain

In respect of supply chain risk, the Council is following guidance issued by the Cabinet Office in late March 2020: 'Procurement Policy Note - Supplier relief due to COVID-19'. This Procurement Policy Note sets out information and guidance for public bodies on payment of their suppliers to ensure service continuity during and after the COVID-19 outbreak. The Council acted immediately to ensure suppliers at risk are in a position to resume normal contract delivery once the outbreak is over.

Supplies of personal protective equipment were required for staff. While challenging the Council has been able to obtain sufficient supplies from sources ensuring that the needs of staff on the front-line of our service delivery were and continue to be met.

Impact on reserves, financial performance and financial position

The Council has had to put considerable resources into ensuring that the most vulnerable in the community are cared for and the local economy is protected. These additional costs have not impacted on the financial outturn for 2019/20 as the financial impact of the response has fallen in 2020/21. The full impact of COVID-19 outbreak on the Council's finances continues to be monitored with initial indications suggesting further financial support from Central Government will be required to support the delivery of a balanced budget. As at Quarter 1 2020/21 there is a £2.207m forecasted Covid 19 related pressure (net of government funding). The Council also has reserves available to temporarily address pressures but the main concerns are the wider economic impacts on local raised taxation, fees and charges and the wider cost base of the Council. The Medium Term Financial Strategy has been updated to provide an initial assessment of this and savings plans are being developed to address the potential funding gaps identified.

Significant additional expenditure has been or is expected to be incurred across services and, for example, within social care, homelessness, home to school transport, hardship support for residents, supporting the voluntary and community sector and support for businesses. The Council has incurred or is expected to incur losses across many of its income streams including business rates, council tax, commercial income, parking, leisure services, regulatory and planning fees.

The Council has a general fund balance of £11m at the end of 2019/20, representing 9.8% of net revenue expenditure in the year. In addition, the Council has further reserves which could provide funding in the short term and these total of £11.434m at the end of 2019/20 (see note 15 to the accounts). These will need to be replaced to ensure the Council maintains its financial resilience in the longer term.

Cash Flow Management

The cashflows of the Council are managed on a daily basis as part of our treasury management function. Income from council tax, business rates, dwelling rents, commercial rents and service income such as fees and charges, all provide the cash to allow the Council to pay its bills. Continual cash-flow forecasting ensure that there are sufficient lenders in place to borrow from in a timely and affordable manner when the need arises. Surplus cash is held by the Council as investments until it is needed. These are shown in note 27 and note 29 to the accounts. It is expected that any negative cashflow effects from a reduction in income received, will be eased by the Government allowing councils to defer payment of business rates to Central Government for 3 months and by the upfront payment of section 31 grants due to us.

Major Risks to the Council

Despite the challenges, the council has maintained consistent essential services for residents, whilst adapting to provide alternative virtual services wherever possible. The council's strong collaborative approach has been effective at achieving a unified response, working with key partners in the NHS, police and voluntary and community sectors. The response to the crisis has added assurance to the effectiveness of the council's business continuity plans, communications strategy and governance arrangements.

The wider impact on Council services continues to be assessed in the aftermath of the Coronavirus pandemic. There is anticipated increased need for homelessness prevention, mental health and business support services. The longer term impact on the social care sector remains under review with potential concern over demand levels in both the short and longer term.

Plans for Recovery

The Council continues to review and consider scenarios in the Medium Term Financial Plan (MTFP) in recognition of the impact of the pandemic and the Council's strategic objectives. The changing environment and "new normal" in which we are likely to find ourselves will require the Council to review the services it provides, its delivery models and the outcomes that are of the highest priority. This will remain under review and reassessed throughout 2020/21.

13. STATEMENT OF ACCOUNTS & FINANCIAL PERFORMANCE

Statement of Accounts

The Statement of Accounts comprise of the following statements:

(i) The ***Comprehensive Income and Expenditure Statement*** shows the accounting cost in the year of providing services in accordance with proper accounting practices (rather than the amount to be funded from taxation). The taxation position is shown in the Movement in Reserves Statement.

(ii) The ***Movement in Reserves Statement*** shows the movement in the year on the different reserves held by the Council, analysed into Usable Reserves and Unusable Reserves. The Surplus or Deficit on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account Balance for Council Tax setting and housing rent setting purposes.

(iii) The ***Balance Sheet*** shows the value of the assets and liabilities of the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories:

- Usable Reserves – those the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use.
- Unusable Reserves – those the Council cannot use to provide services. These include reserves that hold unrealised gains and losses that would only become available to provide services if assets are sold; and reserves that hold adjustments between accounting and funding certain transactions which are permitted under regulations.

(iv) The ***Cash Flow Statement*** shows the changes in cash and cash equivalents, net of bank overdrafts that are repayable on demand, during the reporting period. The Statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing or financing activities.

(v) The ***Housing Revenue Account (HRA) Income and Expenditure Statement*** shows the annual economic cost of providing housing services in accordance with proper accounting practices, rather than simply the amount to be funded from rents and government grants.

(vi) The ***Collection Fund Statement*** records the Council tax and business rates transactions in the financial year. Billing authorities are required by statute to maintain a separate Collection Fund Statement. The actual costs of administering collection are accounted for in the Council's General Fund; the amount is an allowance fixed in accordance with the relevant regulations.

For Group Statement of Accounts comprise a group version of items (i) to (iv) incorporating the results of the group companies – Thurrock Regeneration Ltd and Thurrock Homes Ltd.

1. The Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

These accounts have been prepared in accordance with the Code of Practice 2019/20 (The Code), published by the Chartered Institute of Public Finance and Accountancy (CIPFA), which defines proper accounting practice for local authorities.

2. Financial Performance

Overall Position

The Council's outturn position as reported below is a surplus of £3.004m, this position is reflected in Expenditure Funding Account (EFA). The net cost of services in the Comprehensive Income and Expenditure Statement has been presented in accordance with the requirements of The Code. This is a different basis to the financial outturn presented to Cabinet as it contains a number of technical accounting charges that are later reversed out through the Movement in Reserves Statement (MIRS). The Expenditure and Funding Analysis brings together local authority performance reported on the basis of expenditure measured under proper accounting practices with statutorily defined charges to the General Fund (including the HRA). The Expenditure and Funding Analysis takes the net expenditure that is chargeable to taxation and rents and reconciles it to the Comprehensive Income and Expenditure Statement.

These adjustments include:

- Depreciation – the writing down of the value of an asset over its useful life;
- Revaluation/Impairments – where an asset has been re-valued, any reduction in value may be a charge against the service and some increases may be reflected as a credit against the service;
- Pension Fund Adjustments – the amount that the Council pays Essex County Council is based on a fixed percentage charged against actual salaries paid as well as a fixed sum towards the cost of the deficit – accounting standards requires the Council to charge amounts in line with the Actuary's assessment of the real net cost of the pension scheme in any year; and
- Untaken Annual Leave – services are charged for the 'additional service' that they received from employees through not having taken their full entitlement to leave.

These create significant charges and credits to the cost of the various services - these are then reversed out through the MIRS, have a zero impact on the Council's overall resources. The financial outturn will be reported to Cabinet on 22 July 2020 is set out in the section below.

The Financial Outturn

In 2019/20 Thurrock Council set a balanced budget for the next four years up to the 2023/24 financial year. This was prior to the impact of Covid-19 which remains under consideration as discussed above.

As at the end of the 2019/20 municipal year, the Council has maintained the General Fund Balance at £11m, and the Housing Revenue Account Balance has increased to £3.834m.

These balances are arguably the most important reserves that a Council holds as they are set aside for unplanned impacts on the budget which are now being felt through the ongoing impact of the pandemic. There is some additional reserves which provide some further financial resilience in the short term only and while the wider central government funding remains under assessment.

Services continue to be protected and Members have used the flexibility to support services during the year such allocating funding to build on the Ofsted good rating achieved in 2019/20 and to address the increases in demand in homelessness in the borough arising from recent legislative changes. The remaining funding from the surplus will support the response to COVID-19 alongside service reviews which will need to balance cost savings with continued high quality service delivery.

The council continues to focus on prudent financial management to meet the financial challenges arising in services. This challenge has increased exponentially through COVID-19 and there remains significant uncertainty, for example in the stability of the adult social care market and in the longer term impact on commercial income streams.

In 2019/20 demand-led social care pressures continued to be closely managed alongside wider budget management controls, further income generation, improved efficiency measures and the reduction of non-essential spend. These challenges have been achieved while improving levels of financial resilience and delivering improved outcomes for residents

This report provides a high level summary on the outturn for 2019/20 for the General Fund, Housing Revenue Account and Capital.

In summary, expenditure has been achieved within the overall budget envelope and enabled an increase to balances to mitigate some of the significant financial risk already arising in 2020/21. Capital funding continues to support the delivery of housing and regeneration priorities

Financial Outturn 2019/20

The table below summarises the outturn position in line with financial reporting requirements, including the movement in reserves, and the prior year position to allow year on year comparison.

Net expenditure chargeable to the GF and HRA balances

2018/19 £'000	Directorate	2019/20 £'000
38,465	Adults; Housing and Health	43,086
37,678	Children's Services	41,021
650	Commercial Services	769
2,292	Corporate Costs	(2,952)
21,972	Environment and Highways	22,724
10,296	Finance, IT & Legal	0
0	Finance, Governance & Property*	18,144
3,505	HR; OD and Transformation	3,927
3,798	Place	3,665
(188)	Schools	347
2,187	Strategy, Communications & Customer Services	2,985
120,654	**Net Cost of General Fund Services**	**133,716**
(2,519)	Housing Revenue Account	5,521
118,135	**Net Cost of Services**	**139,237**
(131,380)	Other Income & Expenditure	(142,241)
(13,245)	**(Surplus)/Deficit**	**(3,004)**
(21,972)	Opening General Fund and HRA Balance	(35,217)
(13,245)	(Surplus)/Deficit in year (per table above)	(3,004)
(35,217)	Closing General Fund and HRA Balance	(38,221)

** Finance, Governance & Property is a change in directorate heading for 2019/20 which reflects the transfer of property services from the Place directorate*

It should be noted that included in the above table is £4.300m received from Central Government in the form of a grant to ease the financial burdens associated with the Covid-19 pandemic. This is reflected within Corporate Costs category and is then held as a reserve for use in 2020/21.

The table above shows the total opening and closing usable reserves of the Council. This includes a number of reserves that are held for specific purposes and those relating to schools include the end of year balances specific to individual maintained schools.

The table below sets out the Council's reserves by category:

31-Mar-19 £'000	Reserve Category	31-Mar-20 £'000
909	Education and Schools	949
(1,635)	Adults, Community and Health	(463)
(93)	Grant Carried Forward	(0)
(4,574)	Other Earmarked Reserves	(6,047)
(0)	Covid 19 Funding	(4,374)
(3,450)	Budget Management Reserve	(5,272)
(4,000)	Financial Resilience Reserve	(6,162)
(11,000)	General Fund Balance	(11,000)
(11,374)	HRA Related	(5,852)
(35,217)	**TOTAL**	**(38,221)**

- Education and Schools – this includes individual schools balances and Dedicated Schools Grant which are ring-fenced for specific use. This reflects the current deficit DSG position;

- Adults, Community and Health – this includes carry forward funding from the Public Health grant and Better Care fund which are ring-fenced for specific use;

- Grant carried forward – ring-fenced grant allocations for specific use as per grant conditions;

- Other earmarked reserves – this captures all other earmarked reserves including ring-fenced accounts such as building control and planning;

- Budget Management Reserve – this includes the surplus funding and balances set aside to enable specific transformation projects and manage the funding and delivery of these between financial periods;

- Financial Resilience Reserve – This reserve has primarily been established to manage the funding implications associated with the fair funding review and transition into the new system of business rates retention. This anticipates a potential reduction in funding available from historic growth in the system when the business rate baselines are reset alongside wider changes to the system of funding. The reserve also enables wider financial resilience to offset any wider impacts of the introduction of IFRS 9, financial accounting guidance on the treatment of investment balances and other financial assets;

- The General Fund Balance – the balance has been maintained to protect the Council from unmitigated budget pressures; and

- HRA Related – a balance of £2.175m to protect the council from unmitigated budget pressures. The remaining balance represent the capital reserves supporting existing Council programmes.

Front Line Service Commentary

Adults, Housing & Health

Adults Social Care continues to operate in an ever challenging environment to deliver services within both their internal Provider Services and externally sourced care placements provisions. The demand for residential placements and support for people with learning disabilities, namely autism and challenging behaviours resulted in spend above the budgeted levels. Whilst some additional central government funding was allocated though the continued social care grant, this provided limited mitigation for the cost pressures in these key areas.

The budget has been rigorously managed through a combination of tight management of the waiting lists for Domiciliary Care and ongoing collaborative working with Health partners. This has enabled the Council to achieve one of the lowest number days of delayed discharges from hospital in the region. This is a key national indicator in tracking service user pathways through the Health and Social Care system.

Funds held within the pooled Better Care Fund further supported the directorate in their efforts to stabilise the domiciliary and residential care market but this area remains a high risk with providers experiencing ongoing issues with recruitment and retention of staff. Further investment has been allocated as part of the 2020/21 budget setting process including the adult social care precept.

A number of new initiatives continued to be implemented in the financial year to pilot alternative ways of working and service delivery.

In the absence of the Adult Social Care Green Paper there is still uncertainty surrounding future funding levels and proposed national reforms to the sector which makes long term planning difficult. In addition, the recent pandemic will have significant long term implications on the delivery of Adult Social Care services in the future and how services are delivered.

Housing General Fund

As a result of the implementation of the Homelessness Reduction Act in April 2018 and the changes to eligibility criteria for services, the Council's Housing Solutions service continued to receive increasing numbers of households presenting as homeless or at risk of homelessness throughout 2019/20. Members agreed to allocate a portion of the budget surplus to this area to offset the significant budget pressure.

Alongside this and in order to establish a longer term plan to be able to meet the increased demand, the service introduced a revised staffing structure to attract a stronger and qualified workforce and strengthen the service delivery. The service also continued to consider alternative accommodation solutions to try to limit the use of expensive nightly rate accommodation and bed and breakfast facilities to both improve the quality of accommodation and reduce the cost.

Children's Services

The Ofsted inspection carried out in November 2019 resulted in an improved rating of "Good" for the services delivered by the Local Authority to the children and families in the borough. The inspection outcome reflected the hard work and commitment by the department, further supported by the wider organisation. Additional funding from the budget surplus was allocated to support this process, as agreed by Members.

The number of Looked after Children being supported remained below 300 during the last quarter of the year (largely attributable to the dispersal of UASC across the Easter region) and the Directorate continued to focus on the use of in-house foster care placements as opposed to the more expensive independent fostering agency option. Although spend in this area remained high, there was a stabilisation of costs compared to the previous year.

As in previous years, difficulties in recruitment and retention of permanent staff, being over establishment for a number of posts and a reliance on the use of agency personnel caused an in year budget pressure. It should be noted that the levels of agency staff were lower than the previous financial year and work was undertaken to align the HR establishment list to the budget allocation to address this issue going forward.

Home to School Transport experienced significant budget pressures as a result of a combination of new contracts awarded in September 2019, increased costs for transportation to Independent Schools and an increase in numbers of pupils with Education, Health and Care plans. This continues to be an area of significant risk for Local Authorities across the country.

Environment and Highways

During 2019/20 the Directorate continued to build upon the significant investment made in the previous financial year and ensured funding allocations were in line with the key risk areas. Senior management continued to challenge non-essential spend and to further encourage residents to reduce contamination within their recycling waste.

Effective management of staffing levels provided mitigation to a number of risks identified throughout the year. Recruitment to permanent roles within Waste services reduced the levels of agency staff support in the last quarter.

The Waste contract (which is subject to a variable cost per tonne element for disposal) performed well against budget despite the fluctuating rates and continued high level of demand across the borough.

A mild winter and the use of the Thurrock based weather station allowed for more accurate local forecasting and a reduced need for gritting services than anticipated which also had a favourable impact on the budget.

Additional income was generated from the provision of parking bay suspensions in which parking bays were reserved for a specific purpose and the Local Authority charged the relevant fees.

Finance, Governance & Property

During 2019/20 the Authority's asset management and corporate landlord functions transferred from the Place directorate into Finance, Governance & Property.

There was significant spend incurred following a number of conditions surveys across a range of buildings to ensure compliance with health and safety regulations. In line with relevant legislation these costs could not be capitalised and remained a general fund pressure. A number of backdated utility charges further worsened the position but this was partially offset by increased rental income from commercial properties.

The Fraud Investigation team were unable to achieve their full income target following the decision to end their contract for work with another Local Authority. Attempts to secure alternative contracts with outside agencies had no significant budgetary impact but these plans remain in place for 2020/21.

The facilities management contract with an external supplier incurred a number of contract variations above the budgeted levels. There are plans to bring this service back under Local Authority management in 2020/21.

ICT incurred a number of software maintenance costs above expected levels which fell outside the scope for capitalisation and consequently became a general fund charge.

HR, OD & Transformation

Non-essential spend was tightly controlled across the directorate, a number of learning and development events were rescheduled and vacancies held to reduce the budgetary impact in 2019/20.

Staff training funded through the apprentice levy was maximised therefore reducing the level of spend allocated against the central training budget. The move to on-line training offers also led to a decrease in spend whilst still maintaining a diverse programme of courses.

The costs of the additional resources required to support the pay review project and the extra capacity needed in the Information Governance Team were absorbed and funded through vacant posts held elsewhere within the Directorate.

The costs associated with the continued roll out of Oracle Cloud were fully capitalised to reduce revenue costs pressures.

Place

Overall development income was lower than expected and when combined with consultancy costs related to the Local Plan this caused a significant pressure for the directorate. Income targets and staffing costs have been reviewed as part of the 2020/21 budget setting process.

The appropriate recharging of staffing time against the relevant regeneration capital project ensured the true cost of the scheme had been reflected for the year and there was no adverse effect on the revenue position. Additional staffing resource required to support the wider Place delivery service was funded through a combination of vacant post slippage and corporate funding.

The introduction of Performance Planning Agreements in which applicants pay a fee to access support for their scheme's planning application process achieved revenue in excess of anticipated levels.

The annual production of the pantomime at the Thameside Theatre received lower ticket sales compared to the previous year and this impacted income levels. As a result, the complex were unable to reach a break even position for the year.

Dedicated Schools Grant (DSG)

The high needs block remained a significant issue for Thurrock, with the number of EHCP's increasing by 4.2%, in 2019/20. This has required both additional top up funding to be paid to Schools and Academies and an increase in demand for specialist placements.

The DSG has a carried forward deficit of £2m. This is a decrease of £0.6m from 2018/19. Discussions continue with the ESFA and the Schools Forum on options available to reduce demand for EHCP's and to increase Thurrock's Local Offer. An updated recovery plan is to be submitted to the ESFA by the 30th June.

Other Income and Expenditure

The Council's investment approach and continued commercial focus has yielded additional returns in 2019/20 enabling greater investment in services and improved the level of useable reserves.

Housing Revenue Account

The HRA was successful in year in maintaining the overall financial outturn, and the level of general reserves in line with the HRA business plan. Throughout the service, expenditure was contained within the budgeted level, but there were some pressures as a result of additional, essential electrical testing works carried out as part of the repairs and maintenance programme for the year. These were mitigated by staff vacancies which were managed throughout the year.

Rental income exceeded expectation due to a reduction in Right-To-Buy sales. As in previous years this was used to offset a requirement to increase bad debt provision arising from an increase in tenant arrears due to roll out of Universal Credit and reduction of direct Housing Benefit payments. This situation will continue to be monitored closely, particularly in light of the recent situation regarding the pandemic, as the number of claimants continues to rise.

There was an increase in the number of water bills received as a result of changes to the supplier agreement on empty properties.

It is essential going forward that the HRA continues to maximise its income in order to sustain the levels of service provided, and to meet new challenging demands as a result of changes in legislation and stock maintenance requirements.

Capital Programme

Total capital expenditure for 2019/20 amounted to £101.398m. A summary of this expenditure analysed by service, is set out below and also shows the source of financing.

Service	Budget £'000s	Total £'000s	Variance £'000s
Adults; Housing and Health	3,723	1,618	(2,105)
Children's Services	11,870	9,825	(2,045)
Environment and Highways	9,813	6,430	(3,383)
Finance and Information Technology	6,896	3,344	(3,552)
Housing Revenue Account	29,567	28,656	(911)
HR; OD & Transformation	4,694	3,277	(1,417)
Corporate Strategy & Communications	151	34	(117)
Place	50,530	47,930	(2,600)
Total	**117,244**	**101,114**	**(16,130)**

Source of Finance	Budget £'000s	Total £'000s	Variance £'000s
Prudential Borrowing	36,981	25,753	(11,228)
Usable Capital Receipts	353	302	(51)
Earmarked Usable Capital Receipts	5,521	5,521	0
Major Repairs Reserve	10,540	10,540	0
Grants	15,272	11,816	(3,456)
Other Grants	36,138	35,788	(350)
Developers Contributions	5,249	4,204	(1,045)
Revenue Contribution to Capital	0	0	0
Reserves	7,190	7,190	0
Total	**117,244**	**101,114**	**(16,130)**

The capital outturn position includes the delivery of the following projects in 2019/20:

- £41.2m spent on improvements to the highways infrastructure, including drainage and bridge construction costs for the widening of the A13 between Orsett Cock and Manorway interchanges, works to the Stanford le Hope rail interchange, cycle and bus improvements to Tilbury station, works to Orsett Road Grays to enable two way traffic and drainage works at Buckles Lane South Ockendon.

- HRA new build schemes to the value of £15.5m have been delivered in year. This included the completion of the Topps Club development and further spend on the Calcutta Rd and Claudian Way sites.

- £12.3m spent on transforming council homes, with the replacement of kitchens, bathrooms, electrics, boilers, windows and roofs.

- £5.4m has been spent on the St Clere's school expansion with a further £2m spent on Tilbury Manor, Corringham Primary and Orsett Heath free school.

- £1.5m spent on the development of the Aveley Community Hub, completion and opening due in 2020/21.

- £1.0m spend on environmental improvements including works to war memorials, improvements to burial grounds and open spaces.

- New PC's and RFID (radio frequency identification) units at various libraries throughout the borough

- Works in progress - During the year a number of projects commenced which are expected to be completed during the current or next financial year.

As at 31 March 2020, the Council had authorised expenditure in future years of £15.8m. In addition a further £189.4m had been previously authorised for use in 2020/21 to 2022/23, giving a total future years' commitment of £205.2m.

This includes:

- £50.0m on East Facing access roads to the A13 from Lakeside;
- £18.7m on housing new build developments;
- £16.4m on widening of the A13;
- £12.8m on the Purfleet redevelopment;
- £12.5m on improvements to Stanford Le Hope rail/bus interchange;
- £12.3m on school expansions;
- £8.3m on a 21st Century Care Home;
- £6.8m on improvements to Grays South; and
- £5.0m on the expansion of the Riverside Business Centre.

Cash Management

The Council has cash management processes in place to ensure funds are available as required. This is supported by ready access to borrowings from the money markets to cover any day to day cash flow needs. While the PWLB provides access to longer term funds it also acts as a lender of last resort to local authorities. The Council is also required to produce a balanced budget each year under the Local Government Finance Act 2012, which ensures that sufficient monies are raised to cover annual expenditure. Hence the Council has processes in place to raise finance to meet its commitments as they fall due.

Corporate Performance

The Corporate Performance framework articulates the vision and corporate priority activities for the year, alongside the corporate key performance indicators which demonstrate the statistical evidence the Council will use to monitor the progress and performance against those priority activities.

Progress against the corporate performance framework is monitored on a monthly basis by Performance Board – a cross Council group of service-specific performance experts – who report to Directors Board and portfolio holders on a monthly basis. This is then reported for further scrutiny on a quarterly basis to Corporate Overview and Scrutiny Committee, before being presented to Cabinet.

The Corporate KPI Framework in 2019/20 included approximately 50 pieces of performance data which were used to monitor activities and progress in key areas.

At the time of publishing the final outturn of this suite of indicators was not available, however indications show that the percentage of indicators which achieved their target was significantly higher than the 68% achieved in 2018/19. The final outturn will be published as part of the Corporate Overview and Scrutiny Committee meeting papers scheduled for September 2020.

Pensions

Thurrock Council is a member of the Local Government Pension Scheme that is administered by Essex County Council. There are a number of entries included within the accounts that are further explained in Note 28 to the accounts but ,in summary, the Comprehensive Income and Expenditure Statement includes the amounts due for the year whilst the Balance Sheet includes the outstanding liability on the fund.

This liability is the estimate of future payments to retired employees against future income to the fund from contributions and investments. The liability has decreased by £3.715m to £158.894m between 31 March 2019 and 31 March 2020.

External Investments

The Council has approved an Investment Strategy to meet service pressures and support service improvements in the Borough. There has been an upwards movement in investment of £196m in 2019/20.

This includes further investments in the renewable energy sector and other bonds and the Council has further increased its investment with the Local Authority Property Fund run by the Churches, Charities and Local Authorities (CCLA) Investment Management Ltd.

These investments are reflected in the appropriate Balance Sheet categories.

3. Future Financial Issues

Economic Outlook

The Local Government Finance Settlement for 2020/21 was confirmed by the Ministry for Housing, Communities and Local Government (MHCLG) on 6 February 2020 and confirms the reductions in Government Funding. The latest Finance Settlement maintains the key changes in the way that Local Government is now financed, which were introduced in April 2013, with the main changes being from the launch of the Business Rates Retention (BRR) scheme as the principle form of local government funding. All forecasts continue with the principle of phasing out reliance on central government support and to replace this with income raised locally through Council Tax, Business Rates and income generation.

The main sources of income to fund general services remain government grants, business rates income and Council tax. This continues to be supported by an investment strategy to generate returns to meet service pressures while delivering service improvements in the Borough and improving the financial resilience of the Council. The continuing financial challenges have increased exponentially with COVID-19 - especially in children's and adult social care means the Council continues to identify and assess transformation opportunities to meet these challenges.

The localisation of business rates continues to increase uncertainty over the level of income retained from this source. The Council retains circa £36m from a total collection of £124m (30%) against a headline of 49% retention but continues to manage the risk arising from successful appeals against rateable value assessments. Gains for Thurrock Council through a greater headline retention cannot be guaranteed and so are not assumed. What is known at this time is that other grants, such as Public Health Grant, will be met from greater retention but then at the loss of the specific grant.

The Council continues to benefit from low interest rates as a result of the debt restructuring exercise carried out in 2010. Interest rates continue to be monitored and the debt profile will be considered going forward.

■ General Fund

The Council in Feb 2020 set a budget that was balanced for the period 2020/21 and a medium-term financial strategy that was balanced for three of the five financial years from 2020/21 through to 2024/25. The medium term financial strategy had a budget gap of £3.795m in 2023/24 and a further gap of £3.258m in 2024/25, a total deficit of £5.595m over the full four year period.

The impact of Covid-19 has now deteriorated this position to £33.673m deficit over the same period, including a projected deficit in 2021/22 of £19.3m. This represents a combination of reduction in locally raised taxes, increased costs especially social care resilience and expected reductions in fees and charges. The impact of Covid 19 remains under assessment but it is clear there will be significant additional funding gaps to meet.

The Council continues to monitor the implications of the medium term financial strategy to the delivery of services and the achievement of priorities going forward. There remains uncertainty over the wider economic impacts on the pandemic and the level of further financial support available to local authorities from central government. This continues to be monitored and updates to the MTFS will be made to reflect updated assessments of this position.

The Medium Term Financial Strategy assumes further grant reductions in line with government fiscal announcements as well as increases in business rate growth, annual Council tax increases and the delivery of savings. The Council’s investment and capital strategy has been paused for new activity with a projected impact of £11.973m over the life of the MTFS.

■ Capital and Treasury Issues

Councils continue to be reliant on a number of capital grants from central government towards building schools and highways works. The Council also continues to assess capital bids to support service areas and provides funding for those approved by the relevant boards. In light of the MTFS gap there are implications for the capital programme where only essential projects will be approved, minimising the use of prudential borrowing as a funding source.

In addition the Council continues to develop a place making capital programme to support wider regeneration aims in the borough. This will be supported by funding from a range of sources including internal resources, prudential borrowing, grant funding as well as seeking investment from relevant partners.

The Council continues to access the South Essex Local Enterprise Partnership funding for regeneration projects and highways.

4. Specific Accounting Issues

■ Accounting for Group Companies

The Council continues to consolidate the financial statements of the subsidiary companies Thurrock Regeneration Ltd and Thurrock Homes Ltd.

The group financial statements are included in this document.

5. The Council's Economy, Efficiency and Effectiveness in the Use of Resources

The Council has consistently come within the operational budget, despite significant in-year pressures, since 2010. This has demonstrated strong financial management between both Members and officers, and sets a strong foundation going forward.

The Council's senior Leadership Group continue to develop the approach to achieving the savings required over period of the Medium Term Financial Strategy. Significant actions across services have been taken in response to the savings gap identified and a short term plan to address the forthcoming financial year has been developed to support longer term actions to enable a sustainable base budget to be developed.

This approach has been developed with members and specifically Cabinet and shared with a wide range of stakeholders including senior management, trade unions and external audit. This continues to develop as part of the budget setting process.

6. Annual Governance Statement

The Accounts and Audit Regulations, require each English authority to 'conduct a review at least once a year of the effectiveness of its system of internal control'. The Annual Governance statement sets out the framework within which the control environment is managed and reports on areas of strengths and weaknesses. This statement is considered alongside the financial statements.

7. Further Information

Additional information is available from the Director of Finance and IT, Civic Offices, New Road, Grays, Essex, RM17 6SL

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs; in this Council, that officer is the Director of Finance, Governance and Property;

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

- approve the Statement of Accounts, which the Council has delegated to its Audit Committee.

The Director of Finance, Governance and Property's Responsibilities

The Director of Finance, Governance and Property 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 (the Code).

In preparing this Statement of Accounts the Director of Finance, Governance and Property has:

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

The Director of Finance, Governance and Property has also:

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

The Director of Finance, Governance and Property's Certificate

I certify that Statement of Accounts present a true and fair view of the financial position of the Council at the reporting date and of its income and expenditure for the year ended 31 March 2020.

Director of Finance, Governance and Property

Date: 30 November 2020

Chair of the Standards and Audit Committee

Date: 30 November 2020

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EXPENDITURE FUNDING ANALYSIS

The Expenditure and Funding Analysis (EFA) shows how annual expenditure is used and funded from resources (Government grants, rents, Council Tax and Business Rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's Directorates/Services/Departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2018/19				2019/20		
Net Expenditure Chargable to the General Fund and HRA Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargable to the General Fund and HRA Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	**£000**		£000	£000	**£000**
38,465	3,240	**41,705**	Adults; Housing and Health	43,086	3,751	**46,838**
37,678	4,143	**41,821**	Children's Services	41,021	14,278	**55,299**
650	113	**763**	Commercial Services	769	125	**894**
2,292	(691)	**1,601**	Corporate Costs	(2,952)	(130)	**(3,082)**
2,187	389	**2,576**	Strategy, Communications and Customer Services	2,985	619	**3,604**
21,972	7,842	**29,815**	Environment and Highways	22,724	9,073	**31,796**
10,296	969	**11,266**	Finance, IT & Legal	0	0	**0**
0	0	**0**	Finance, Governance & Property	18,144	10,941	**29,085**
3,505	773	**4,278**	HR; OD and Transformation	3,927	887	**4,814**
3,798	5,141	**8,938**	Place Directorate	3,665	6,218	**9,883**
(188)	903	**714**	Schools	347	0	**347**
120,654	**22,822**	**143,476**	**General Fund**	**133,716**	**45,761**	**179,478**
(2,519)	1,069	**(1,449)**	Housing Revenue Account	5,521	2,649	**8,169**
118,135	**23,892**	**142,027**	**Cost of Services**	**139,237**	**48,410**	**187,647**
(131,380)	(28,860)	**(160,240)**	Other Income and Expenditure	(142,241)	(35,320)	**(177,561)**
(13,245)	**(4,968)**	**(18,213)**	**Surplus or Deficit**	**(3,004)**	**13,091**	**10,086**
(21,972)			Opening General Fund and HRA Balance at 31 March 2019	**(35,217)**		
(13,245)			Less Deficit on General Fund and HRA	**(3,004)**		
(35,217)			**Closing General Fund and HRA Balance at 31 March 2020***	**(38,221)**		

*For a split of the balance between the General Fund and the HRA – see the Movement in Reserves Statement

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Primary Statement

2018/19					2019/20		
Gross Expenditure	Gross Income	Net Expenditure		Notes	Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000			£000	£000	£000
87,805	(46,100)	**41,705**	Adults; Housing and Health		95,554	(48,716)	**46,838**
88,328	(46,506)	**41,822**	Children's Services		105,073	(49,774)	**55,299**
759	4	**763**	Commercial Services		890	4	**894**
48,095	(46,494)	**1,601**	Corporate Costs		39,899	(42,982)	**(3,082)**
2,873	(297)	**2,576**	Strategy, Communications and Customer Services		4,033	(429)	**3,604**
33,226	(3,412)	**29,814**	Environment and Highw ays		35,439	(3,643)	**31,796**
12,768	(1,502)	**11,266**	Finance, IT & Legal		0	0	**0**
0	0	**0**	Finance, Governance & Property		30,252	(1,167)	**29,085**
47,547	(54,565)	**(7,017)**	Housing Revenue Account		47,512	(54,796)	**(7,284)**
4,600	(323)	**4,278**	HR; OD and Transformation		5,155	(341)	**4,814**
19,151	(10,213)	**8,938**	Place Directorate		20,478	(10,595)	**9,883**
26,111	(25,397)	**714**	Schools		9,527	(9,180)	**347**
371,262	**(234,804)**	**136,459**	**Cost of Services**		**393,813**	**(221,619)**	**172,194**
24,906	(12,126)	12,780	Other operating expenditure	8	22,853	(7,960)	14,893
20,185	(34,589)	**(14,404)**	Financing and investment income and expenditure	9	27,778	(49,928)	(22,150)
2,070	(155,118)	**(153,048)**	Taxation and non-specific grant income and expenditure	10	1,389	(156,241)	(154,851)
418,424	**(436,636)**	**(18,213)**	**(Surplus) or deficit on Provision of Services**		**445,834**	**(435,747)**	**10,086**
0	(24,280)	**(24,280)**	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets	24/25	0	(12,156)	**(12,156)**
0	(30,220)	**(30,220)**	Remeaurement of the net defined benefit liability/(asset)	28	0	(22,308)	**(22,308)**
0	0	**0**	(Surplus) or deficit on financial assets measured at fair value through other comprehensive income		0	0	**0**
0	**(54,500)**	**(54,500)**	**Other Comprehensive Income and Expenditure**		**0**	**(34,464)**	**(34,464)**
418,424	**(491,136)**	**(72,713)**	**Total Comprehensive Income and Expenditure**		**445,834**	**(470,211)**	**(24,378)**

MOVEMENT IN RESERVES STATEMENT

Primary Statement

	Notes	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Capital Grants Unapplied Account	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2018		**(13,329)**	**(8,643)**	**(27,378)**	**(21,875)**	**(71,225)**	**(520,720)**	**(591,945)**
Movement in reserves during 2018/19								
Total Comprehensive Income and Expenditure		(24,190)	5,977	0	0	(18,213)	(54,500)	(72,713)
Adjustments from income &expenditure charged under the accounting basis to the funding basis	5	13,674	(8,707)	(677)	(9,091)	(4,801)	4,801	0
Increase or (Decrease) in 2018/19		(10,516)	(2,730)	(677)	(9,091)	(23,014)	(49,699)	(72,713)
Balance at 31 March 2019 carried forward		**(23,845)**	**(11,373)**	**(28,055)**	**(30,966)**	**(94,239)**	**(570,419)**	**(664,658)**

MOVEMENT IN RESERVES STATEMENT

Primary Statement

		General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2019		**(23,845)**	**(11,373)**	**(28,055)**	**(30,966)**	**(94,239)**	**(570,419)**	**(664,658)**
Movement in reserves during 2019/20								
Total Comprehensive Income and Expenditure		1,917	8,169	0	0	10,086	(34,464)	(24,378)
Adjustments from income &expenditure charged under the accounting basis to the funding basis	5	(10,441)	(2,648)	(929)	7,147	(6,871)	6,871	0
Increase or (Decrease) in 2019/20		**(8,524)**	**5,521**	**(929)**	**7,147**	**3,215**	**(27,593)**	**(24,378)**
Balance at 31 March 2020 carried forward		**(32,369)**	**(5,852)**	**(28,984)**	**(23,819)**	**(91,024)**	**(598,012)**	**(689,036)**

BALANCE SHEET
Primary Statement

31 March 2019 £000		Notes	31 March 2020 £000
1,079,683	Property, Plant & Equipment	24	1,122,414
1,115	Intangible Assets		6,162
22,616	Heritage Assets		22,851
130,466	Long Term Investments	27	153,841
746,715	Long Term Debtors	17	817,918
1,980,595	**Long Term Assets**		**2,123,186**
27,507	Short Term Investments	27	88,995
1,605	Assets Held for Sale		1,605
282	Inventories		311
46,855	Short Term Debtors	17	77,685
15,308	Cash and Cash Equivalents	29	63,483
91,557	**Current Assets**		**232,079**
(971,266)	Short Term Borrowing	27	(1,073,010)
(48,316)	Short Term Creditors	18	(50,357)
(4,631)	Short Term Provisions	16	(6,466)
(1,024,213)	**Current Liabilities**		**(1,129,833)**
(660)	Long Term Provisions	16	(4,284)
(195,196)	Long Term Borrowing	27	(347,902)
(162,609)	Pension Liability	28	(158,894)
(132)	Long Term Creditors		(185)
(24,683)	Capital Grants Receipts in Advance	21	(25,131)
(383,280)	**Long Term Liabilities**		**(536,396)**
664,659	**Net Assets**		**689,036**
(94,239)	Usable reserves	19	(91,024)
(570,420)	Unusable Reserves	20	(598,012)
(664,659)	**Total Reserves**		**(689,036)**

I certify that the statement of accounts gives a true and fair view of the financial position of the authority at 31 March 2020 and its income and expenditure for the year ended 31 March 2020.

Director of Finance, Governance & Property

Date: 30 November 2020

CASH FLOW
Primary Statement

2018/19 £'000		Notes	2019/20 £'000
18,213	Net surplus or (deficit) on the provision of services		(10,086)
39,878	Adjustment to surplus or deficit on the provision of services for non cash movements		83,756
(51,740)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(52,621)
6,351	**Net Cash flows from operating activities**	**33**	**21,049**
(392,207)	Investing Activities	31	(224,223)
373,182	Financing Activities	32	251,349
(12,674)	**Net increase or decrease in cash and cash equivalents**		**48,175**
27,982	Cash and cash equivalents at the beginning of the reporting period		15,308
15,308	**Cash and cash equivalents at the end of the reporting period**	**29**	**63,483**

Note 1 ACCOUNTING POLICIES

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2019/20 financial year and its position at 31 March 2020. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which are prepared in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (The Code), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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

Amounts included in the financial statements are rounded to the nearest £1,000.

1.2 Accounting Estimation Techniques

Estimation techniques are the methods adopted by a local authority to arrive at monetary amounts for assets, liabilities, and assessments of fair value. An accounting policy specifies the basis on which an item is measured and, where appropriate, the estimation technique is used to determine the actual monetary amount. The Council has employed the estimation techniques specified in the Code or has otherwise determined the estimation technique that most closely reflects the economic reality of the relevant transaction.

1.3 Accounting Concepts

The Council prepares the financial statements using the accruals basis of accounting as set out in section 1.4. The financial statements are prepared on a going concern basis – i.e. on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The information contained within the financial statements has the following fundamental qualitative characteristics:

- ***Relevance*** – the financial statements provide information about the Council's performance and position that assists users of the accounts in assessing its stewardship of public funds and its economic decisions;

- ***Materiality*** – the financial statements disclose all items of a size and nature such that together they provide a true and fair presentation of the financial position and transactions of the Council;

- ***Faithful Representation*** – the financial information faithfully represents the substance of transactions, the activities underlying them and other events that have taken place, is free from deliberate or systematic bias and material error, and has been prepared on the basis of prudence where there is any uncertainty;

The information in the financial statements is further enhanced by these further qualitative characteristics:

- ***Comparability*** – the financial information has been prepared consistently and with adequate disclosures so that it can be compared with prior years and with that of other local authorities subject to the introduction of improved accounting practices as disclosed each year.

- ***Verifiability*** – the financial information faithfully represents the substance of the transactions of the Council and can be verified by knowledgeable independent observers. The financial information is presented in accordance with the accounting policies included below.

- ***Timeliness*** – The information is made available to key stakeholders of the Council in accordance with statutory timescales.

- ***Understandibility*** – the financial statements have been prepared clearly and concisely to ensure that they are as easy to understand as possible;

1.4 Accruals of Income and Expenditure

Activity is accounted for in the financial year in which it takes place and when a right to consideration exists, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract;

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;

- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;

- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

1.5 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 highly liquid investments that mature in no more than three months - or less 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 net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

1.6 Contingent Liabilities

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

1.7 Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled wholly 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 (eg cars) 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 (or any form of leave, eg time off in lieu) earned by employees but not taken before the year-end that employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to surplus or deficit on the provision of services, but then reversed out through the movement in reserves statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are payable as a result of a Council decision to terminate an employee's employment before the normal retirement date or as a result of an employee's decision to accept voluntary redundancy. The costs are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure statement when the Council becomes clearly committed to the costs. Voluntary early retirement is accounted for as a post-employment benefit as outlined below.

Where termination benefits involve the enhancement of pensions, the General Fund or HRA, under statutory provisions, can only be charged with the costs paid in the year to the Pension Fund or to the pensioner directly: the accounting costs are reversed to the Pensions Reserve in the Movement in Reserves Statement in accordance with the rules covering post-employment benefits.

Post-Employment Benefits

Employees of the Council may be members of one of two separate pension schemes:

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

Both schemes provide defined benefits to members (i.e. retirement lump sums and pensions), accrued as employees work for the Council.

Teachers' Pension Scheme

The arrangements for the teachers' scheme are such that the liabilities for these benefits cannot be identified to the Council. The scheme is therefore accounted for as if it were a defined contribution scheme in that no liability for the future payments of benefits is recognised in the Balance Sheet. The Comprehensive Income and Expenditure statement have been charged with the employer's contributions actually payable to Teachers' Pensions in the year.

Local Government Pension Scheme

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

- The liabilities of the Essex pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate of 4.4% (based on the indicative rate of return on the Merrill Lynch AA rated high quality corporate bond curve).

- The assets of Essex pension fund attributable to the Council are included in the Balance Sheet at their fair value:

  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – market value.

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

- ***Service cost comprising:***

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure statement to the services for which the employees worked

- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure statement

- net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

- ***Re-measurements comprising:***

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

- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

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

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

Discretionary Benefits

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

1.8 Events after the Reporting Period

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

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events

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

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

1.9 Financial Instruments

Financial Liabilities

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

For most of the borrowings that the authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

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

Financial Assets

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

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

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

Financial Assets Measured at Amortised Cost

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

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

Expected Credit Loss Model

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

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

Financial Assets Measured at Fair Value through Profit of Loss

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

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date The fair value measurements of the financial assets are based on the following techniques:

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

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

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

1.10 Grants and Contributions

Capital Grants

Where the acquisition or enhancement of a fixed asset is financed either wholly or in part by a capital grant or other capital contribution, the whole amount of all capital grants and contributions is credited, on an accruals basis, as 'Taxation and Non Specific Grant Income' to the Comprehensive Income and Expenditure statement provided that there is reasonable assurance the conditions attached to the grant are met. If not then the income is accounted for as Capital Grants Receipts in Advance in the Long Term Liabilities section of the Balance Sheet. When there is reasonable assurance the conditions of the grant will be subsequently met the income is recognised in the Comprehensive Income and Expenditure statement under 'Taxation and Non-Specific Grant Income' line.

Capital grants credited to the Comprehensive Income and Expenditure statement are reversed out of the General Fund balance or HRA balance in the Movement in Reserves statement. If the grant has not been used to finance capital expenditure in the year, it is posted to the Capital Grants Unapplied Reserve. If it has been used to finance capital expenditure in the year it is posted to the Capital Adjustment Account.

Revenue Grants

Revenue grants without conditions or revenue grants where there is reasonable assurance the conditions will be met are recognised in the CIES and if there is no matched expenditure, unspent grant will be transferred to earmarked reserves. When this grant is spent there will be a transfer from earmarked reserves to the general fund. If there is no reasonable assurance of conditions being met the income is credited to receipts in advance which forms part of the Short Term Creditors figure in the current liability section of the Balance Sheet.

Grants received to finance the general activities of the Council or to compensate for a loss of income are credited to the Comprehensive Income and Expenditure statement in the period in respect of which they are payable.

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

1.11 Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of the ownership of property, plant and equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for lease classification purposes.

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.

Finance Leases – the Council as Lessee

Any property, plant and equipment held under a finance lease is recognised as an asset in the Balance Sheet at the commencement of the lease at the lower of the fair value measured at the lease's inception or the present value of the minimum lease payments. This asset is matched by a long term liability representing the total future obligation to pay the lessor. The asset recognised is matched by an obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability.

Annual lease rental payments are apportioned between the finance charge and the reduction of the long-term liability, with the finance charge being debited to the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure statement. The amount that is debited to offset the long-term liability is then also debited to the appropriate service account within the Comprehensive Income and Expenditure statement and credited against the asset value in the Balance Sheet as depreciation. The entry to the Comprehensive Income and Expenditure statement is then reversed in the Movement in Reserves Statement to the Capital Adjustment Account, since the settling of the liability represents capital expenditure. Any depreciation, revaluation or impairment losses arising on leased assets are reversed to the Capital Adjustment Account in the Movement in Reserves Statement.

Under the Prudential Framework the setting up of the long-term liability is deemed to be a credit arrangement, the cost of which must be included in the calculation of the Council's Capital Financing Requirement and is therefore taken into account in the calculation of the Council's Minimum Revenue Provision.

Any hire purchase contracts that have similar characteristics to a finance lease and are of a financing nature are accounted for as finance leases where they meet the criteria.

Finance Leases – the Council as Lessor

The Council at present does lease assets to other entities under a finance lease.

Operating Leases – the Council as Lessee

Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals payable are charged to the relevant service revenue account on a straight-line basis over the term of the lease, generally meaning that rentals are charged when they become payable.

Operating Leases – the Council as Lessor

Where the Council grants an operating lease in respect of an item of property, plant and equipment, the asset is retained in the Balance Sheet and depreciated over its useful life. Rental income from operating leases is credited as Other Operating Expenditure in the Comprehensive Income and Expenditure statement on a straight line basis over the term of the lease, regardless of the pattern of payments. The initial direct cost of negotiating and arranging the lease may be added to the carrying value of the asset and charged as an expense over the term of the lease.

Recognition

De Minimis & Materiality Limits

All leases that meet the requirements below are considered material and are assessed against the requirements of IAS 17 to assess whether they are reflected in the financial statements as a finance or operating lease.

The capital value of an asset is not less than:	**£20,000**
The annual lease charge for an asset is:	**£20,000**
The minimum period of the lease for:	
Property	**10 years**
Equipment	**5 years**
Accounting cost 'versus' capital value whereby the lease will not be assessed.	**If Cost of assessment exceeds 1% of capital value**

1.12 Minimum Revenue Provision

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

- depreciation attributable to the assets used by the relevant service

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

However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement [equal to either an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance (England and Wales). Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the general fund balance (MRP), by way of an adjusting transaction with the capital adjustment account in the movement in reserves statement for the difference between the two.

1.13 Overheads and Support Services

The Council does not report overheads and support services within the management accounts and consequently not included in the Comprehensive Income and Expenditure Account.

1.14 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, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

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

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

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

1.15 Property, Plant and Equipment

Property, plant and equipment are assets with a physical substance held for use in the provision of services or for administrative purposes for a period of more than one year.

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

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

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

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

- infrastructure, community assets – depreciated historical cost
- assets under construction – historical cost
- dwellings – fair value, determined using the basis of existing use value for social housing(EUV–SH)
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

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

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

Where decreases in value are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure statement.

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

For the financial year 2019/20, a revaluation of 20% of Land and Building assets was undertaken. In addition a desktop review of the Land and Building assets (including dwellings) was also undertaken at the 31 March 2020. For 2019/20 the valuations of the Council's land and property for accounting purposes have been conducted by the Council's own valuers. The valuers are members of the Royal Institution of Chartered Surveyors (RICS). The valuations have been prepared in accordance with the UK Practice Statements contained in the RICS Appraisal and Valuation Standards (the "Red Book").

Impairments and Revaluation Losses

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

- Where impairment losses are identified, they are accounted for as follows:

  where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure statement.

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

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

The estimated useful lives of each category of asset are in the following ranges:

Asset Category	Useful Life (years)
Council Dwellings	60
Other Land and Buildings	10 - 60
Vehicles, Plant and Equipment	1 - 10
Land Awaiting Development	No life estimated – non-depreciable
Commercial Properties	10 - 60
Community Assets	10 - 60
Infrastructure Assets	30 - 40
Surplus Assets	10 - 60
Leased Assets	Over term of lease

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. The Council has applied the following criteria to identify material components of an asset:

The value below which assets will not be split into components	**£2,000,000**
The minimum value of a component as a proportion of total asset value	**10%**

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

1.16 Non-Current Assets Held for Sale, Surplus Assets, Disposals and De-recognitions

Assets Held for Sale

When it becomes probable that the carrying value of a non-current asset will be recovered through sale rather than through its continuing use, the asset is re-classified as an Asset Held for Sale. The asset is re-valued immediately before re-classification and is carried at the lower of that value or fair value less costs to sell with any gain posted directly to the Revaluation Reserve. Where fair value less costs to sell represents a decrease on that valuation, the loss is posted to the Other Operating Expenditure section of the Comprehensive Income and Expenditure statement and reversed in the Movement in Reserves Statement to the Capital Adjustment Account.

The values of Assets Held for Sale are reviewed at each the end of each year. Subsequent gains in fair value can only be recognised if they reverse revaluation or impairment losses previously charged to the Cost of Services in the Comprehensive Income and Expenditure statement.

Subsequent losses in fair value, adjusted for any depreciation that would have been charged had the asset held its value up to the re-classification date, are charged to the Comprehensive Income and Expenditure statement regardless of any balance in respect of that asset in the Revaluation Reserve which is left unadjusted. These entries are reversed to the Capital Adjustment Account in the Movement in Reserves statement. No depreciation is charged on Assets Held for Sale.

Assets Held for Sale are classified as Current Assets in the Balance Sheet. Assets that are to be abandoned or scrapped are not classified as Assets Held for Sale. To be classified as an Asset Held for Sale all the following criteria must be met:

- The asset is immediately available for sale in its present condition and on terms normal for that type of asset;
- The asset is being actively marketed at a price reasonable in relation to its current value; and
- Completion of sale is fully expected within one year of the classification of the asset as an Asset Held for Sale.

Where an asset is classified as an Asset Held for Sale between the Balance Sheet date and the date of issue of the financial statements, that fact is noted as a non-adjusting event.

Where an Asset Held for Sale ceases to meet the criteria for such assets, it is re-classified as a non-current asset and valued at the lower of its carrying value before it was classified as an Asset Held for Sale adjusted for any depreciation and revaluation gains or losses that would have been applied had it not been classified as an Asset Held for Sale, and its recoverable amount at the date of the decision not to sell.

Guidance from CIPFA states that, contrary to the conditions set out above, a tenant’s initiation of their Right to Buy (RTB) their Council house may trigger the transfer of that asset from Property, Plant and Equipment to Assets Held for Sale. In the Council’s experience only some 20% of expressions of desire to buy these properties result in a disposal. It is therefore the policy of the Council to retain and dispose of these assets without transfer to the Assets Held for Sale category. However, in order to ensure that the Balance Sheet presents a true and fair view, any RTBs processed early in 2019/20 where the transaction was fully committed as at 31 March 2020 have been shown as Assets Held for Sale.

Disposals and De-recognitions

When any asset is disposed of or de-commissioned, however categorised, the carrying amount in the Balance Sheet is written-off, (debited), to Other Operating Expenditure in the Comprehensive Income and Expenditure statement as part of the Gain or Loss on Disposal of Assets. Receipts from disposals, if any, also as part of the Gain or Loss on Disposal of Assets, are credited to Other Operating Expenditure in the Comprehensive Income and Expenditure statement, that is, they are netted off against the carrying value at the time of disposal. This net sum is then transferred to the

Capital Adjustment Account through the movement in Reserves Statement. Any revaluation gains accumulated in the Revaluation Reserve in respect of an asset disposed of are transferred to the Capital Adjustment Account.

Amounts received for a disposal, above the de minimis sum, are categorised as capital receipts. A proportion of capital receipts relating to Housing Revenue Account disposals, net of statutory deductions and other allowances, is payable to central Government. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used to finance the Council's capital investment or set aside to reduce the Council's need to borrow. Receipts are appropriated to the Capital Receipts Reserve through the Movement in Reserves Statement.

Any repayment of grant arising from the disposal of an asset is classified under statute as capital expenditure to be financed from the capital receipt. Under IFRS it is defined as Revenue Expenditure met from Capital Resources.

Where a property, plant or equipment asset is disposed of for other than a cash consideration, or the payment is deferred, an equivalent asset is recognised and included in the Balance Sheet at its fair value.

1.17 Fair Value Measurement

The Council measures surplus assets and some financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:
Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the management date.
Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 – unobservable inputs for the asset or liability

1.18 Provisions

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

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

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

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

1.19 Reserves

The Council sets aside specific amounts as reserves for policy purposes or for contingencies. Reserves are established by charging amounts to the General Fund Balance in the Movement in Reserves Statement. Transfers to and from reserves are distinguished from service expenditure since transactions involving reserves are shown in the Movement in Reserves Statement. Balances on reserves are shown in the Balance Sheet and are reported in two categories:

- ***Unusable Reserves*** - Unusable reserves are not available for revenue purposes. The Revaluation Reserve can only be used when the gains are realised through asset disposal. The adjustment accounts, such as the Pension Reserve and Capital Adjustment Account, deal with situations where statute requires expenditure and income to be recognised on a different basis from that required by accounting standards. The adjustments between accounting basis and funding basis are shown in the Movement in Reserves Statement.

- ***Usable Reserves*** - Usable Reserves can be used to finance expenditure or to undertake capital investment and include the General Fund Balance, Earmarked Reserves, the Housing Revenue Account Balance, the Capital Receipts Reserve and the Major Repairs Reserve. All transactions involving expenditure financed by revenue reserves are charged to the Cost of Services in the Comprehensive Income and Expenditure statement. The Capital Receipts Reserve and Major Repairs Reserve can only be used to finance capital expenditure. All appropriations to and from reserves, including any interest payable, are accounted for in the Movement in Reserves statement.

1.20 Revenue Expenditure Funded from Capital under Statute

Legislation allows for specified expenditure to be classified as capital for funding purposes covering statutory provisions when it does not result in a non-current asset being carried in the Balance Sheet. The purpose of this is to enable such expenditure to be funded from capital resources rather than to be charged to the General Fund and impact upon Council Tax.

Where a statutory provision allows capital resources to meet such expenditure, that expenditure has been charged to the Cost of Services in the Comprehensive Income and Expenditure statement. It has subsequently been accounted for by debiting the Capital Adjustment Account and crediting the General Fund Balance in the Movement in Reserves Statement. Any grants received in respect of revenue expenditure funded from capital resources are accounted for as revenue grants, even if described as capital grants by the grantor, and reversed in the Movement in Reserves Statement to the Capital Adjustment Account

1.21 Value Added Tax (VAT)

VAT is included in the Comprehensive Income and Expenditure statement, whether of a capital or revenue nature, only to the extent that it is irrecoverable from Revenue and Customs. VAT receivable is excluded from income.

1.22 Heritage Assets

The Council holds two categories of Heritage Assets – historic buildings and artefacts and these are accounted for on the following bases:

Historic buildings – these were initially valued at cost as community assets and were then revalued on a restoration basis with any increases or decreases in value recognised in the revaluation reserve or Comprehensive Income and Expenditure statement as appropriate. The valuations are reviewed periodically (and at least every 5 years) as at 31 March by the Council's building surveyor – Geoffrey Bailey FRICS. It is noted the valuations are approximate but the Council is satisfied their valuations are reasonable. Magazine No 5 at Purfleet and Coalhouse Fort at Tilbury are open to the public.

Artefacts – These are valued on the basis of insurance valuations with any increases or decreases in value recognised in the revaluation reserve. The valuations are reviewed periodically (and at least every 5 years) as at 31 March by the Council's specialist valuer. These assets are held within the Grays museum and are accessible by the public.

There is no depreciation charged on these assets as they have indeterminate lives and the Council does not consider it appropriate to charge this.

The Council holds and manages these assets and there is no intention to acquire additional heritage assets nor dispose of existing ones.

1.23 Council tax and non-domestic rates (England)

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

Accounting for council tax and NDR

The council tax and NDR income included in the comprehensive income and expenditure statement (CIES) is the authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the authority's general fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the general fund is taken to the collection fund adjustment account and included as a reconciling item in the movement in reserves statement.

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

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

1.24 Interests in Companies and Other Entities

The Council is required to produce Group Accounts alongside its own financial statements where it has material interests in subsidiaries, associates and/or joint ventures. The Council has identified two group companies – Thurrock Regeneration Ltd and Thurrock Homes Ltd. Inclusion in the group is dependent upon the extent of the council's control over the company or entity and the materiality of the interest. The council considers that it has a material interest in various entities detailed in Note 17 and has classified them as a subsidiaries. There has been a full consolidation of the companies into the group accounts, all transactions and balances between the council and the subsidiary are eliminated in full. In the Council accounts the investment in Thurrock Regeneration Ltd is held at amortised cost.

Note 2 ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

Standards that have been issued but not yet adopted, which will require disclosure in 2019/20 accounts, which are introduced in the 2020/21 Code are:

- **Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures**
  The amendment changes are:
  i) Paragraph 14A has been added to clarify that an entity applies IFRS 9 including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.
  ii) Paragraph 41 has been deleted.

- **Annual Improvements to IFRS Standards 2015 - 2017 Cycle**
  The following standards have been amended:
  i) IFRS 3 Business Combinations – clarified that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business.
  ii) IFRS 11 Joint Arrangements – clarified that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business.
  iii) IAS 12 Income Taxes – clarified that the requirements in the former paragraph 52B (to recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognised) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits.
  iv) IAS 23 Borrowing Costs – clarified that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings

- **Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement**
  This amendment will require the re-measurement of net pension asset/liability following plan amendments, curtailments or settlements to be used to determine current service cost and net interest for the remainder of the year after the change to the plan. The updating of these assumptions only applies to changes from 1st April 2020, no prediction can be made of the possible accounting impact.

It is not anticipated that these new standards and amendments will have a material impact on the Council's Statement of Accounts.

The Code required implementation from 1 April 2020 and there is therefore no impact on the 2019/20 Statement of Accounts.

Note 3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1 the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements underlying these financial statements are:

- There is a degree of uncertainty about the future funding levels of local government. However the Council has determined that this uncertainty is not sufficient to provide an indication that the assets of the Council should be impaired as a result of a need to close facilities or to reduce levels of service provision. The Council has recently critically reviewed its portfolio of assets;

- Property, plant and equipment assets included in the balance sheet at fair value are revalued sufficiently regularly to ensure their carrying amount is not materially different from their fair value at the year-end. As a minimum this is at least once every five years. At the end of each year the valuer determines whether the carrying amount of the assets is consistent with their fair value.

- The Council recognises school assets for Community schools and Foundation schools on its Balance Sheet. The Council has not recognised non-current assets relating to Voluntary Aided schools or Academies as it is of the opinion that these assets are not controlled by the Council.

- When a school that is held on the Council's Balance Sheet transfers to Academy status, the Council accounts for this as a disposal for nil consideration on the date that the schools converts to Academy status, rather than as an impairment on the date that approval to transfer to Academy status is announced. During 2019/20, four maintained schools converted to academy status.

- Group boundaries have been estimated using the criteria associated with the Code of Practice. The Council has a wholly owned company, Thurrock Regeneration Ltd. The aim of this company is to deliver a range of affordable, private rented and for sale housing. Thurrock Regeneration has a wholly owned subsidy, Thurrock Housing Ltd. Both Thurrock Regeneration Ltd and Thurrock Housing Ltd are deemed to constitute a material group interest and these wholly-owned subsidiaries have been consolidated within the Council's Group Accounts.

- Local authorities are required by the Code of Practice on Local Authority Accounting 2019/20 to prepare their accounts on a going concern basis, that is that the functions of the Authority will continue to operate for the foreseeable future, as it can only be discontinued under statutory prescription. This is despite the impact of COVID-19 on the financial sustainability of the Authority because the going concern basis and the rationale behind it remains unchanged.

Note 4 ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for the revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The items in the Authority's Balance Sheet at 31 March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainty	Effect
Property, Plant and Equipment	Assets are depreciated over their estimated useful lives. If in the current economic climate historic levels of repairs and maintenance expenditure cannot be sustained, the useful lives of assets may reduce. Assets are held on a valuation basis. Valuations are inherently subjective and based on the expert judgement of the Council's valuers. The outbreak of Covid-19 has impacted global financial markets and as at the valuation date, less weight can be attached to previous market evidence to inform opinions of value. There is an unprecedented set of circumstances on which to base a judgement. Valuations are therefore reported on the basis of 'material valuation uncertainty' as per the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to the valuation. At the current time, it is not possible to accurately predict the longevity and severity of the impact of Covid-19 on the economy. Therefore, values have been based on the situation prior to Covid-19, on the assumption that values will be restored when the real estate market becomes more fluid	The incorrect application of expert judgement in the valuation of assets could result in a material misstatement of the asset values on the balance sheet.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements and assumptions. This includes: mortality assumptions, the rate of inflation, the rate of increase in salaries, the rate of increase in pensions and the rate for discounting scheme liabilities. There has been judgements and assumptions made in relation to McCloud and Sergeant when estimating the pension liability. Barnett Waddingham as the pension fund's actuary has provided expert advice about the assumptions applied. The ongoing impact of the Covid-19 pandemic has created uncertainty surrounding illiquid asset values. As such, the Pension Fund property allocations as at 31 March 2020 are difficult to value. Valuations by Investment Managers are therefore	The Actuaries' sensitivity analysis indicates that an increase in the discount for liabilities of 0.1% would reduce the pension liability by £11.51m

Item	Uncertainty	Effect
	reported on the basis of 'material valuation certainty'. As a consequent less certainty and a higher degree of caution should be attached to the valuation than normally be the case.	
Fair Value Measurements	When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (ie Level 1 inputs), their fair value is measured using valuation techniques Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the authority's assets and liabilities. Where Level 1 inputs are not available, the authority employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example surplus assets, an external valuer is employed). At the current time, it is not possible to accurately predict the longevity and severity of the impact of Covid-19 on the economy. Therefore, it has been difficult to value property assets. Values have been based on the situation prior to Covid-19, on the assumption that values will be restored when the real estate market becomes more fluid. However, where observable data has changed in the weeks following 31 March 2020 asset values have been reviewed and adjusted accordingly Information about the valuation techniques and inputs used in determining the fair value of the authority's assets and liabilities is disclosed in note 24.	The authority has relied on expert valuations to measure the fair value of surplus assets, assets held for sale and financial instruments. These are based on observable inputs used in the fair value measurement which for property assets include industrial land values, residential sales, and consideration of the lease status of these assets. For financial instruments the observable inputs are set out in detail in Note 27 to the financial statements.

Item	Uncertainty	Effect
Arrears	At 31 March 2020, the Council had a balance of short term debtors of £6.4m. A review of significant balances suggested that an impairment allowance for doubtful debts of £1.9m is appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient. The economic impact of the Covid-19 pandemic has made the estimation of debt impairment more difficult as there is more uncertainty about the economic viability of debtors and hence their ability to settle their debts.	If collection rates were to deteriorate an increase in the amount of the impairment for doubtful debts would be required. The impairment allowances held are based on policies adapted to historic experience and success rates experienced in collection. The nature of the debt and service area have been considered and further review has been carried out to reflect the uncertainty of the collection rates as a result of Covid-19.
Britain leaving the European Union	There is still a high level of uncertainty about the implications of Britain leaving the European Union. It is not possible to predict what affect our leaving will have and whether asset values and the discount rate will consequently change. The assumption has been made that this will not significantly impair the Council's assets or change the discount rate.	Higher impairment allowances may need to be charged in the future if asset values fall. If the discount rate changes, the size of the net pension liability will also vary.

Note 5(i) NOTE TO THE EXPENDITURE FUNDING ANALYSIS - ADJUSTMENTS BETWEEN FUNDING AND ACCOUNTING BASIS

ADJUSTMENTS FOR CAPITAL PURPOSES

1) Adjustments for capital purposes- this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- **Other operating expenditure-** adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Financing and investment income and expenditure-** the statutory charges for capital financing ie Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under proper accounting practices.
- **Taxation and non-specific grant income and expenditure-** capital grants are adjusted for income not chargeable under proper accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions were satisfied in the year.

NET CHANGE FOR THE PENSIONS ADJUSTMENTS

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

- **For services** this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- **For Financing and investment income and expenditure** - the net interest on the defined benefit liability is charged to the CIES.

OTHER DIFFERENCES

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

- **For Financing and investment income and expenditure** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for Council tax and NDR that was projected to be received at the start of the year and the income recognised under proper accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses of Deficits on the Collection Fund.

Adjustment from General Fund to arrive at the Comprehensive Income and Expenditure Statement Accounts 2018/19	Adjustments for Capital Purposes (Note 1)	Net Change for the Pensions Adjustments (Note 2)	Other Differences (Note 3)	Total Adjustments
	£000	£000	£000	£000
Adults, Housing and Health	1,324	1,935	(18)	3,240
Children's Services	1,698	2,251	194	4,143
Commercial Services	0	72	42	113
Corporate Costs	13	175	(879)	(691)
Corporate Strategy & Communications	30	362	(2)	389
HR; OD and Transformation	52	402	319	773
Schools	0	903	0	903
Place Directorate	4,350	828	(37)	5,141
Environment and Highways	6,733	1,114	(5)	7,842
Finance, IT & Legal	41	942	(14)	969
Net Cost of Services	**14,241**	**8,982**	**(401)**	**22,822**
Housing Revenue Account	**10,121**	**909**	**(9,960)**	**1,069**
Other Income and Expenditure	**(23,752)**	**4,417**	**(9,525)**	**(28,860)**
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit	**610**	**14,308**	**(19,886)**	**(4,968)**

Adjustment from General Fund to arrive at the Comprehensive Income and Expenditure Statement Accounts 2019/20	Adjustments for Capital Purposes (Note 1)	Net Change for the Pensions Adjustments (Note 2)	Other Differences (Note 3)	Total Adjustments
	£000	£000	£000	£000
Adults, Housing and Health	485	3,139	128	3,751
Children's Services	9,597	4,466	215	14,278
Commercial Services	0	127	(2)	125
Corporate Costs	0	142	(272)	(130)
Strategy, Communications and Customer Services	31	573	16	619
HR; OD and Transformation	0	652	235	887
Schools	0	0	0	0
Place Directorate	4,892	1,218	108	6,218
Environment and Highways	7,236	1,781	55	9,073
Finance, Governance & Property	9,478	1,382	81	10,941
Net Cost of Services	**31,719**	**13,479**	**564**	**45,761**
Housing Revenue Account	**18,585**	**1,729**	**(17,665)**	**2,649**
Other Income and Expenditure	**(37,668)**	**3,385**	**(1,037)**	**(35,320)**
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit	**12,636**	**18,593**	**(18,138)**	**13,091**

Note 5(ii) ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This Note details the adjustments that have been made to adjust the figures shown in the Comprehensive Income and Expenditure statement for the year to reflect the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. It provides a breakdown of the totals in the Movement in Reserves Statement.

	2018/19						
	Usable Reserves						
	General Fund Balance £000	Housing Revenue Account Balance £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Usable Reserves (total) £000	Movement in Unusable Reserves (total) £000
Adjustments primarily involving the Capital Adjustment Account:							
Reversal of items debited or credited to the CIES							
Amortisation of intangible assets	(1,541)	0	0	0	0	(1,541)	1,541
Charges for depreciation and impairment of non-current assets	(9,250)	(9,261)	0	0	0	(18,511)	18,511
Revaluation losses on property, plant and equipment	(4,094)	(2,541)	0	0	0	(6,635)	6,636
Revaluation gains reversing previous losses	3,250	1,719	0	0	0	4,969	(4,969)
Revaluation Depreciation Adjustments	(7)	(31)	0	0	0	(38)	38
Movement in the fair value of long term debtors	5,517	0	0	0	0	5,517	(5,517)
Movement in the value of held for sale assets	0	(7)	0	0	0	(7)	7
Capital Grants and contributions applied	24,257	0	0	0	0	24,257	(24,257)
Revenue expenditure funded from capital under statute (REFCUS)	(7,413)	0	0	0	0	(7,413)	7,413
Grant Funding for REFCUS	4,815	0	0	0	0	4,815	(4,815)
Amounts of assets written off on disposal or sale as part of the net gain or loss on disposal or sale to the CIES	(8,469)	(14,739)	0	0	0	(23,208)	23,208
Capital expenditure funded from revenue reserves	22	0	0	0	0	22	(22)
Insertion of items not debited or credited to the CIES							
Statutory provision for the financing of capital investment	2,811	0	0	0	0	2,811	(2,811)

	2018/19						
	Usable Reserves						
	General Fund Balance	Housing Revenue Account Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Usable Reserves (total)	Movement in Unusable Reserves (total)
	£000	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Grants Unapplied Account:							
Application of grants to capital financing transferred to the capital adjustment account	0	0	0	0	1,484	1,484	(1,484)
Capital Grants and contributions unapplied credited to the CIES	10,576	0	0	0	(10,576)	0	0
Adjustments primarily involving the Capital Receipts Reserve:							
Use of the capital receipts reserve to finance new capital expenditure	0	0	9,835	0	0	9,835	(9,835)
Transfer of sale proceeds credited as part of the gains or losses on disposal to the CIES	4,611	7,515	(12,126)	0	0	0	0
Capital Receipts from the repayments of external loans	0	0	(37)	0	0	(37)	37
Statutory provision for the financing of capital investment	0	0	0	0	0	0	0
Contribution from the capital receipts reserve towards administration costs of non-current assets disposal	0	(72)	72	0	0	0	0
Contribution from the capital receipts reserve to finance the payments to the Government capital receipts pool	(1,032)	0	1,032	0	0	0	0
Use of capital receipts funding transformation expenditure	(548)	0	548	0	0	0	0
Adjustments primarily involving the Major Repairs Reserve:							
Reversal of notional major repairs allowance credited to the HRA	0	10,015	0	(10,015)	0	0	0
Use of major repairs reserve to finance new capital expenditure	0	0	0	10,015	0	10,015	(10,015)

	2018/19						
	Usable Reserves						
	General Fund Balance	Housing Revenue Account Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Usable Reserves (total)	Movement in Unusable Reserves (total)
	£000	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Pension Reserve:							
Reversal of items relating to retirement benefits debited or credited to the CIES	(22,152)	(2,267)	0	0	0	(24,419)	24,419
Employer's pension contributions and direct payment to pensioners payable in year	9,165	946	0	0	0	10,111	(10,111)
Adjustments involving the Collection Fund Adjustment Account (Council Tax)							
Amount by which council tax credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	292	0	0	0	0	292	(292)
Adjustments involving the Collection Fund Adjustment Account:							
Amount by which non-domestic rating income credited to the CIES is different from non-domestic rating income calculated for the year in accordance with statutory requirements	2,369	0	0	0	0	2,369	(2,369)
Adjustment involving the Accumulated Absences Account:							
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	504	17	0	0	0	521	(521)
Total Adjustments	**13,683**	**(8,706)**	**(676)**	**0**	**(9,092)**	**(4,791)**	**4,792**

	2019/20						
	Usable Reserves						
	General Fund Balance £000	Housing Revenue Account Balance £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Usable Reserves (total) £000	Movement in Unusable Reserves (total) £000
Adjustments primarily involving the Capital Adjustment Account:							
Reversal of items debited or credited to the CIES							
Amortisation of intangible assets	(681)	0	0	0	0	(681)	681
Charges for depreciation and impairment of non-current assets	(9,810)	(9,216)	0	0	0	(19,026)	19,026
Revaluation losses on property, plant and equipment	(13,421)	(2)	0	0	0	(13,423)	13,423
Revaluation gains reversing previous losses	2,598	271	0	0	0	2,869	(2,869)
Revaluation Depreciation Adjustments	(1)	(6)	0	0	0	(7)	7
Movement in the fair value of long term debtors	0	0	0	0	0	0	0
Movement in the value of held for sale assets	0	(2)	0	0	0	(2)	2
Capital Grants and contributions applied	39,750	0	0	0	0	39,750	(39,750)
Revenue expenditure funded from capital under statute (REFCUS)	(13,875)	0	0	0	0	(13,875)	13,875
Grant Funding for REFCUS	3,472	0	0	0	0	3,472	(3,472)
Amounts of assets written off on disposal or sale as part of the net gain or loss on disposal or sale to the CIES	(3,736)	(17,375)	0	0	0	(21,111)	21,111
Capital expenditure funded from revenue reserves	10	7,180	0	0	0	7,190	(7,190)
Insertion of items not debited or credited to the CIES							
Statutory provision for the financing of capital investment	6,019	0	0	0	0	6,019	(6,019)

	2019/20						
	Usable Reserves						
	General Fund Balance	Housing Revenue Account Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Usable Reserves (total)	Movement in Unusable Reserves (total)
	£000	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Grants Unapplied Account:							
Application of grants to capital financing transferred to the capital adjustment account	0	0	0	0	8,586	8,586	(8,586)
Capital Grants and contributions unapplied credited to the CIES	1,439	0	0	0	(1,439)	0	0
Adjustments primarily involving the Capital Receipts Reserve:							
Use of the capital receipts reserve to finance new capital expenditure	0	0	5,823	0	0	5,823	(5,823)
Transfer of sale proceeds credited as part of the gains or losses on disposal to the CIES	215	7,819	(8,034)	0	0	0	0
Capital Receipts from the repayments of external loans	0	0	(39)	0	0	(39)	39
Statutory provision for the financing of capital investment	0	0	0	0	0	0	0
Contribution from the capital receipts reserve tow ards administration costs of non-current assets disposal	0	(74)	74	0	0	0	0
Contribution from the capital receipts reserve to finance the payments to the Government capital receipts pool	(1,032)	0	1,032	0	0	0	0
Use of capital receipts funding transformation expenditure	(215)	0	215	0	0	0	0
Adjustments primarily involving the Major Repairs Reserve:							
Reversal of notional major repairs allow ance credited to the HRA	0	10,540	0	(10,540)	0	0	0
Use of major repairs reserve to finance new capital expenditure	0	0	0	10,540	0	10,540	(10,540)
Adjustments primarily involving the Financial Instrument Adjustment and Available for Sale Reserves:							
Movement in the fair value of pooled investments	(3,412)	0	0	0	0	(3,412)	3,412
Amounts by w hich finance costs charged to the CIES are different from the finance costs chargeable in the year in accordance w ith statutory requirements	422	0	0	0	0	422	(422)

	General Fund Balance £000	Housing Revenue Account Balance £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Usable Reserves (total) £000	Movement in Unusable Reserves (total) £000
	2019/20						
	Usable Reserves						
Adjustments primarily involving the Pension Reserve:							
Reversal of items relating to retirement benefits debited or credited to the CIES	(26,862)	(2,763)	0	0	0	(29,625)	29,625
Employer's pension contributions and direct payment to pensioners payable in year	9,998	1,034	0	0	0	11,032	(11,032)
Adjustments involving the Collection Fund Adjustment Account (Council Tax)							
Amount by which council tax credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	106	0	0	0	0	106	(106)
Adjustments involving the Collection Fund Adjustment Account:							
Amount by which non-domestic rating income credited to the CIES is different from non-domestic rating income calculated for the year in accordance with statutory requirements	(644)	0	0	0	0	(644)	644
Adjustment involving the Accumulated Absences Account:							
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(781)	(55)	0	0	0	(836)	834
Total Adjustments	**(10,441)**	**(2,649)**	**(929)**	**0**	**7,147**	**(6,872)**	**6,870**

Note 6 EXPENDITURE AND INCOME ANALYSED BY NATURE

2018/19 Carrying amount £000		2019/20 Carrying amount £000
	Expenditure	
115,847	Employee expenses	125,482
228,460	Other service expenses	225,558
(2,262)	Support Services Recharges	(1,112)
29,176	Depreciation, Amortisation, Impairment & REFCUS	43,687
20,273	Interest payments and pension movement	24,578
664	Precepts and Levies	711
2,025	NNDR Pooling Expenses	1,375
1,032	Payments to housing capital receipts pool	1,032
23,208	Gains/losses on disposals of non current assets	21,111
0	Movement in Fair Value of Pooled investments	3,412
418,424	**Total Expenditure**	**445,834**
	Income	
(93,116)	Fees, charges and other service income	(89,300)
(34,589)	Investment income	(49,928)
(106,389)	Income from Council Tax and Non-Domestic Rates	(105,289)
(185,602)	Government Grants and Contributions	(183,270)
(12,126)	Gains/losses on disposals of non current assets	(7,960)
(4,815)	Depreciation, Amortisation and Impairment	0
(436,637)	**Total Income**	**(435,747)**
(18,213)	**Surplus or Deficit on the Provision of Services**	**10,086**

Note 7 DEPLOYMENT OF DEDICATED SCHOOLS GRANT

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education (DfE) - the Dedicated Schools Grant (DSG). An element of DSG is recouped by the DfE to fund academy schools in the Council's area. DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School and Early Years Finance (England) Regulations 2018. The Schools Budget includes elements for range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of the DSG receivable for 2019/20 are as follows:

Notes	Schools Budget Funded By Dedicated Schools Grant (DSG)	Central Expenditure £000	Individual Schools Budget £000	Total £000
A	Final DSG for 2019/20 before Academy Recoupment			156,969
B	Academy and high needs figure recouped for 2019/20			(113,787)
C	Total DSG after academy and high needs recoupment for 2019/20			43,182
D	Plus: Brought Forward from 2018/19			(2,656)
E	Less: Carry Forward to 2020/21 agreed in advance			1,409
F	Agreed initial budgeted distribution in 2019/20	34,657	7,278	41,935
G	In Year Adjustments	218	0	218
H	Final Budget Distribution for 2019/20	34,875	7,278	42,153
I	Less: Actual Central Expenditure	(35,444)	0	(35,444)
J	Less: Actual ISB deployed to schools	0	(7,278)	(7,278)
K	Plus: Local authority contribution 2019/20	0	0	0
L	Carry Forward to 2020/21	**(569)**	**0**	**(1,978)**

On the 30 January 2020 the secretary of state for education laid before Parliament the School and Early Years Finance (England) Regulations 2020.

The new regulations from the Department for Education (DfE) mandate that a DSG deficit from 2019/20 may only be funded and recovered through DfE financial support and recovery arrangements.

Thurrock in 2019/20 has a deficit of £1.978m, this is an in year reduction of £0.678m. The deficit has arisen from significant increase in demand for Education, Health and Care Plans and specialist placements. Thurrock is working with the DfE in the development of a DSG Deficit recovery plan.

Note 8 OTHER OPERATING EXPENDITURE

Other Operating Expenditure in the Comprehensive Income and Expenditure statement comprises the following:

2018/19 £000		2019/20 £000
666	Levies	710
1,032	Payments to the Government Housing Capital Receipts Pool	1,032
11,082	Gains/losses on the disposal of non current assets	13,151
12,780	**Total**	**14,893**

Note 9 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure statement comprise the following:

2018/19 £000		2019/20 £000
15,768	Interest payable and similar charges	20,632
4,417	Net interest on the net defined benefit liability	3,735
(34,589)	Interest receivable and similar income	(49,928)
0	Movement in Fair Value of Pooled Investments	3,412
(14,404)	**Total**	**(22,149)**

Note 10 TAXATION AND NON-SPECIFIC GRANT INCOME

Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure statement comprises the following:

2018/19 £000		2019/20 £000
(65,709)	Council tax income	(66,325)
(38,654)	Non domestic rates	(37,574)
(13,853)	Non-ringfenced grants	(9,763)
(34,832)	Capital grants and contributions	(41,189)
(153,048)	**Total**	**(154,851)**

Note 11 MEMBERS' ALLOWANCES

The Council paid the following amounts to Members during the year:

2018/19 £000	Members' Allowances	2019/20 £000
662	Allowances	678
662	**Total**	**678**

One Member was underpaid by £2,500 in 2019/20 which has been corrected in 2020/21.

Note 12 REMUNERATION OF SENIOR STAFF

Senior officer remuneration for 2019/20 is set out in the table below:

Senior Staff Emoluments 2019/20	Note	Salary, Fees and Allowances £	Pension Contribution £	Total £
Chief Executive – Lyn Carpenter		178,500	28,739	207,239
Corporate Director of Adults, Housing & Health and Children's Services		145,150	23,369	168,520
Director of HR, OD & Transformation		108,000	17,388	125,388
Director of Children's and Families		106,056	17,075	123,131
Director of Place		120,794	19,448	140,241
Director of Finance, Governance and Property		120,263	19,362	139,625
Director of Public Health		113,001	18,193	131,194
Director of Strategy, Communication & Customer Services		108,000	17,388	125,388
Director of Adult Social Care and Community Development		103,273	16,627	119,900
Director of Environment Highways and Counter Fraud		111,626	17,972	129,597

Senior officer remuneration for 2018/19 is set out in the table below:

Senior Staff Emoluments 2018/19	Note	Salary, Fees and Allowances	Pension Contribution	Total
		£	£	£
Chief Executive – Lyn Carpenter		171,501	27,612	199,113
Corporate Director of Children's Services		136,002	21,896	157,898
Director of HR, OD & Transformation		106,002	17,066	123,068
Corporate Director of Adults, Housing and Health		135,501	21,816	157,317
Corporate Director of Place		136,002	21,896	157,898
Director of Corporate Finance & IT		111,000	17,871	128,871
Director of Public Health		111,000	17,871	128,871
Director of Strategy, Communication & Customer Services		106,002	17,066	123,068
Director of Commercial Services		102,289	17,066	119,355
Director of Environment and Highways		106,021	17,066	123,087

The number of employees whose remuneration (including severance payments where applicable) was £50,000 or more, in bands of £5,000 is shown in the table below. This does not include the senior officers shown above.

Remuneration of Senior Staff	2018/19	2019/20
Pay Band	Numbers of Employees	Numbers of Employees
50,001 - 55,000	75	77
55,001 - 60,000	37	45
60,001 - 65,000	43	41
65,001 - 70,000	25	41
70,001 - 75,000	12	20
75,001 - 80,000	8	9
80,001 - 85,000	9	5
85,001 - 90,000	2	3
90,001 - 95,000	2	9
95,001 - 100,000	6	4
100,001 - 105,000	2	2
105,001 - 110,000	1	1
110,001 - 115,000	0	0
115,001 - 120,000	1	0
120,000+	0	0

Note: The above includes Council officers and staff at grant maintained schools.

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below. The total cost of the exit package includes the redundancy payment to the individual and the pension contribution paid directly to Essex County Council.

	No of Compulsory Redundancies		Other Departures		Total number of Exit package by cost		Total Cost of Exit Packages	
Exit Package cost Band £	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
0 – 20,000	0	1	0	4	0	5	0	63,040
20,001 - 40,000	1	0	0	1	1	1	25,455	28,505
40,001 - 60,000	1	0	0	0	1	0	47,076	0
60,001 - 80,000	0	0	0	0	0	0	0	0
80,001 - 100,000	0	0	0	0	0	0	0	0
100,001 - 150,000	0	0	0	0	0	0	0	0
150,001 - 200,000	0	0	0	0	0	0	0	0
Total	2	1	0	5	2	6	72,531	91,545

Note 13 RELATED PARTY TRANSACTIONS

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

Central Government

Central government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. Council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 21.

Members and Other Public Bodies

Members have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2019/20 is shown in Note 11.

The Council paid amounts to voluntary organisations in which members had positions on the governing body as noted in the table below. In all instances the grants and payments 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. Details of the relevant member declarations are recorded in the Register of Members' interest open to public inspection at Civic Offices during office hours.

The following current Councillor has not provided a declaration return: Councillor John Kent.

Officers

The Chief Executive is a director of High House Production Park. This is an arts organisation whose transactions with the Council are noted in the table below:

Entity	Income £	Expenditure £
High House Production Park	68,703	31,256
Thurrock CVS	426	764,500
Thurrock Lifestyle Solutions	152,539	3,512,091
Thurrock Open Door	286	31,444
Thurrock Regeneration Ltd	211,300	377,107
Trans Vol	440	167,675
EDS Minibus & Coach Hire	162	157,693
Essex Partnership University	23,601	182,627
Impulse Leisure	239,399	134,488

The transactions between the Council and Thurrock Regeneration Ltd are noted in the table below, these transactions are also included within the group accounts:

Thurrock Regeneration Ltd	2019/20 £	31-Mar-2020 £
Expenditure with Council	1,317,470	
Capital Expenditure with Council	170,000	
Debtors	0	0
Short Term Creditors	(2,160)	(2,160)
Long Term Creditors	(571,117)	(31,960,928)
Share Equity	0	5,629,348

Note 14 EXTERNAL AUDIT COSTS

In 2019/20 the Council incurred the following costs relating to the audit of the Statement of Accounts, certification of grant claims:

2018/19 £000	External Audit Costs	2019/20 £000
	Fees Payable to Auditors:	
108	External Audit Services including Statutory Inspections	108
23	Certification of Grant Claims and Returns	25
0	Non-Audit Work	0
131	**Total**	**133**

Note 15 TRANSFERS TO/ FROM EARMARKED RESERVES

The Council maintains a number of reserves which have been set up as a means of earmarking resources to meet future spending needs. This note shows details of amounts set aside in the year and of amounts posted back to meet General Fund expenditure during the year.

Balance at 01 April 2018 £000	Net Transfers (In)/Out £000	Balance at 31 March 2019 £000		Balance at 01 April 2019 £000	Net Transfers (In)/Out £000	Balance at 31 March 2020 £000
(1,542)	0	**(1,542)**	Balances held by Schools under a Scheme of Delegation	(1,542)	1,255	**(288)**
(1,770)	(753)	**(2,523)**	Budget Management	(2,523)	2,523	**0**
(154)	0	**(154)**	Commuted Sums	(154)	0	**(154)**
(200)	107	**(93)**	Grant Carried Forward	(93)	93	**0**
(192)	57	**(135)**	School Improvement Reserve	(135)	(315)	**(450)**
4,044	(1,389)	**2,655**	DSG	2,655	(677)	**1,978**
(377)	72	**(305)**	Public Health Grant	(305)	130	**(175)**
(4,351)	(1,434)	**(5,785)**	Development Reserve	(5,785)	5,785	**0**
(1,274)	0	**(1,274)**	Housing Zones	(1,274)	0	**(1,274)**
0	(3,471)	**(3,471)**	Transformation Reserve	(3,471)	(1,800)	**(5,272)**
0	(4,000)	**(4,000)**	Financial Resilence Reserve	(4,000)	(162)	**(4,162)**
0	0	**0**	Adult Social Care Reserve	0	(1,500)	**(1,500)**
0	0	**0**	Covid-19 Funding	0	(4,374)	**(4,374)**
0	0	**0**	Treasury Equalisation Reserve	0	(2,000)	**(2,000)**
(2,979)	(2,434)	**(5,414)**	Other Earmarked Reserves	(5,414)	(302)	**(5,715)**
(8,795)	**(13,245)**	**(22,041)**	**Earmarked Reserves**	**(22,041)**	**(1,344)**	**(23,386)**

- The ***Balances held by Schools under a Scheme of Delegation*** comprise the working balances controlled by School Governors in the management of their annual share of DSG and other income;

- The ***Revenue Grants Unapplied Reserve*** has been set up from revenue grants received but the expenditure has yet to be incurred (i.e. the grants have no conditions or conditions have been met and have therefore been recognised in Comprehensive Income and Expenditure statement).The reserve will be drawn down once the associated expenditure has been incurred;

- The ***Budget Management Reserve*** was set up to provide a contingency to meet service demand over and above that budgeted for.

- The ***DCLG DC Reserve*** is the amount of funding remaining for the implementation of the Development Corporation staff into Thurrock Council.

- The ***Grant Carried Forward Reserve*** relates to grants where the conditions have been yet, but the expenditure is yet to be incurred.

- The ***School Improvement Reserve*** was identified as a requirement during the budget setting process.

- The ***Development Reserve*** was established to fund regeneration and new development works within the Housing Revenue Account.

- The ***Public Health Grant Reserve*** has been established to fund expenditure in relation to public health which is a Council responsibility from 1 April 2013.

- The ***Transformation Reserve*** is to provide investment to support the implementation of the service transformation projects.

- The ***Financial Resilience Reserve*** is to provide stability to Council funds and mitigate against external funding and treasury management risks.

- ***Other Earmarked Reserves***—all other earmarked reserves.

Note 16 PROVISIONS

A provision has been made to reflect the likely financial impact of business rate appeals against the Council. This represents the Council's proportion of the overall provision of £13.4m.

Provision has been made for potential insurance claims against the Council. This includes claims made for Mesothelioma (a form of cancer caused by exposure to asbestos) which were fully covered under the policy with Municipal Mutual Insurance Ltd (MMI) until 2011/12.

A judgement by the Supreme Court on 28 March 2012 confirmed that employers insurance liability applies to the time when employees were first exposed to asbestos as opposed to when symptoms appeared. This meant the MMI insurance cover would not be sufficient to cover all potential claims. The Councils' maximum exposure was estimated at £1.1m but officers have been advised a provision of £0.330m remains appropriate.

A further provision has been made to reflect potential contractual obligations the Council may need to meet in 2020/21

The table below summarises the movements in the Council's financial provisions during the year:

Short Term Provisions	MMI Insurance £'000	Business Rate Appeals £000	Other Provision £000	Total £000
Balance at 01 April 2019	(106)	(4,495)	(30)	(4,631)
Additional Provision/Amount Used 2019/20	0	2,010	(3,845)	(1,835)
Balance at 31 March 2020	**(106)**	**(2,485)**	**(3,875)**	**(6,466)**
Balance at 01 April 2018	(106)	(3,500)	(30)	(3,636)
Additional Provision/Amount Used 2018/19	0	(995)	0	(995)
Balance at 31 March 2019	**(106)**	**(4,495)**	**(30)**	**(4,631)**

Long Term Provisions	MMI Insurance £'000	Business Rate Appeals £000	Other £000	Total £000
Balance at 01 April 2019	(224)	(436)	0	(660)
Additional Provision/Amount Used 2019/20	0	(3,623)	0	(3,623)
Balance at 31 March 2020	**(224)**	**(4,059)**	**0**	**(4,283)**
Balance at 01 April 2018	(228)	(2,864)	0	(3,092)
Additional Provision/Amount Used 2018/19	4	2,428	0	2,432
Balance at 31 March 2019	**(224)**	**(436)**	**0**	**(660)**

Note 17 DEBTORS

Long-Term Debtors

The Long term debtors consist of a combination of the following:

- Long term capital investments in projects in the 100% owned subsidiary company Thurrock Regeneration Ltd £31.127m
- Long term capital investment in projects with external companies predominantly in the housing and energy sectors £816.791m

Short-Term Debtors

The table below provides an analysis of the Short-Term Debtors figure (net of provision for impairment) in the Balance Sheet:

31 March 2019 £000		31 March 2020 £000
18,689	Trade receivables	28,632
5,548	Prepayments	3,759
22,618	Other receivable amounts	45,294
46,855	**Total**	**77,685**

Note 18 CREDITORS

Short-Term Creditors

The table below provides an analysis of the Short-Term Creditors figure in the Balance Sheet:

31 March 2019 £000		31 March 2020 £000
(23,663)	Trade payables	(21,052)
(24,653)	Other payables	(29,305)
(48,316)	**Total**	**(50,357)**

Note 19 USABLE RESERVES

The balances on the Usable Reserves in the Balance Sheet are detailed in the following table:

31 March 2019 £000		Notes	31 March 2020 £000
(11,000)	General Fund Balance	(a)	(11,000)
(2,175)	Housing Revenue Account Balance	(b)	(3,834)
(12,842)	General Fund Earmarked Reserves	(c)	(21,368)
(9,199)	HRA Earmarked Reserves		(2,018)
(28,057)	Capital Receipts Reserve	(d)	(28,986)
(30,966)	Capital Grants Unapplied	(e)	(23,818)
(94,239)	**Total Usable Reserves**		**(91,024)**

The movements in the year and balances at 31 March of the Council's Usable Reserves are set out in the Movement in Reserves Statement supported by Note 5.

(a) General Fund Balance
Resources available to meet the future running cost of non-Housing Revenue Account services. This is the accumulated surplus of income over expenditure after allowing for any General Fund earmarked reserves. Its strategic use is to safeguard against budget risk and adverse impact on future Council Tax levels.

(b) Housing Revenue Account
Resources available to meet the future running costs of the Council Housing Landlord service. Its strategic use is to safeguard against budget risk and adverse impact on future Council rent levels. An element is earmarked towards potential bad debts.

(c) Earmarked Reserves Balance
Resources earmarked for particular spending plans and contingencies. These are shown in more detail in Note 15.

(d) Capital Receipts Reserve
Proceeds of fixed asset sales available to finance capital expenditure or repay debt.

(e) Capital Grants Unapplied
These are grants received for specific purposes but remain unspent at the end of each year.

Note 20 UNUSABLE RESERVES

The balances on the Unusable Reserves in the Balance Sheet are detailed in the following table:

31 March 2019 £000		Notes	31 March 2020 £000
(239,035)	Revaluation Reserve	(a)	(247,946)
(506,127)	Capital Adjustment Account	(b)	(525,456)
14,041	Financial Instruments Adjustment Account	(c)	13,619
162,609	Pensions Reserve	(d)	158,894
(621)	Collection Fund Adjustment Account - Council Tax		(727)
(2,009)	Collection Fund Adjustment Account - NNDR		(1,365)
323	Pooled Investment Fund Adjustment Account		3,735
399	Accumulated Absences Account		1,234
(570,420)	**Total Unusable Reserves**		**(598,012)**

(a) Revaluation Reserve

This reserve functions as a store of the gains made by the Council from the increases in the value of its Property, Plant and Equipment since 1 April 2007 when the reserve was created. Gains prior to that date are consolidated in the Capital Adjustment Account. The balance is reduced when assets with accumulated gains are re-valued downwards or impaired, used in the provision of services with the gains consumed through depreciation and disposed of with the gains being realised.

31 March 2019 £000		31 March 2020 £000
(219,323)	**Balance at 1 April**	**(239,035)**
(26,084)	Upward revaluation of assets	(13,032)
1,804	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	876
(24,280)	**Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services**	**(12,156)**
1,973	Difference between fair value depreciation and historical cost depreciation	2,002
2,595	Accumulated gains on assets sold or scrapped	1,243
4,568	**Amount written off to the Capital Adjustment Account**	**3,245**
(239,035)	**Balance at 31 March**	**(247,946)**

(b) Capital Adjustment Account

This 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 and enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction and enhancement as depreciation, impairment losses and amortisation are charged to the Comprehensive Income and Expenditure statement, with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis. The account is credited with the amount set aside by the Council as finance for the costs of acquisition, construction and enhancement. The account includes accumulated gains and losses on Investment Properties and gains recognised on any donated assets that have yet to be consumed by the Council. The account also contains revaluation gains accumulated on Property, Plant and Equipment prior to 1 April 2007 when the Revaluation Reserve was created to hold such gains. The source of the majority of postings in the table below can be seen in Note 5.

31 March 2019 £000		31 March 2020 £000	
(495,220)	**Balance at 1 April**	**(506,127)**	
	Reversal of items relating to capital expenditure debited or credited to the CIES:		
18,549	Charges for depreciation of non current assets (PPE)	19,033	
6,636	Revaluation and Impairment losses on Property, Plant and Equipment	13,423	
(4,969)	Revaluation gains reversing previous losses (PPE)	(2,869)	
1,541	Amortisation of intangible assets	681	
7,413	Revenue expenditure funded from capital under statute (REFCUS) - net of Funding	13,875	
17,787	PPE w ritten off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	16,504	
(5,517)	Fair value (increase)/decrease of long term capital debtors	0	
5,421	Assets Held for Sale w ritten off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	4,607	
(2,595)	Accumulated gains on assets sold or scrapped	(1,243)	
44,266		**64,011**	
(1,973)	Adjusting amounts w ritten out of the Revaluation Reserve		(2,002)
42,293	**Net written out amount of the cost of non current assets consumed in the year**		**62,009**
	Capital financing applied in the year:		
(9,798)	Use of the Capital Receipts Reserve to finance new capital expenditure	(5,784)	
(10,015)	Use of the Major Repairs Reserve to finance new capital expenditure	(10,540)	
(30,556)	Application of grants to capital financing from the Capital Grants Unapplied Account	(51,807)	
(2,811)	Statutory provision for the financing of capital investment charged against the General Fund and HRA Balances (including finance lease liabilities)	(6,019)	
(22)	Capital expenditure charged against the General Fund and HRA balances (DRC)	(7,190)	
(5)	Other Adjustments (Roundings)	**0**	
(53,207)			**(81,340)**
7	Movements in assets held for sale debited or credited to the CIES		2
(506,127)	**Balance at 31 March**		**(525,456)**

(c) Financial Instruments Adjustment Account

This account absorbs the timing differences arising from the different arrangements for accounting for the income and expenditure relating to certain financial instruments and for bearing losses or benefiting from gains according to statutory provisions. The Council uses the account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure statement when they are incurred but reversed out of the General Fund Balance to this Account in the Movements in Reserves statement. Over time the expense is posted back to the General Fund Balance in accordance with the statutory arrangements for spreading the burden on Council Tax. Usually this means writing off the balance over the unexpired term of the loans when they were redeemed. The large balance is due to the debt rescheduling undertaken in August 2010 whereby the premium payable on each loan has been written down over remaining life of the loan. When rescheduled in 2010/11 the remaining life of the loans repaid ranged from 3–48 years. Therefore the balance on this account will be cleared over a period of 48 years with currently a further 46 years remaining.

31 March 2019 £000		31 March 2020 £000
14,463	**Balance at 1 April**	**14,041**
(422)	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(422)
14,041	**Balance at 31 March**	**13,619**

(d) Pensions Reserve

This reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding those benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation and changing assumptions about investment returns on those resources set aside to meet the costs. However statutory arrangements require benefits earned to be financed as the Council makes employer contributions to the Pension Fund or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve shows the substantial shortfall in the benefits earned by past and present employees and the resources 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.

31 March 2019 £000		31 March 2020 £000
178,521	**Balance at 1 April**	**162,609**
(30,220)	Actuarial gains or losses on pensions assets and liabilities	(22,308)
24,419	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	29,625
(10,111)	Employer’s pensions contributions and direct payments to pensioners payable in the year	(11,032)
162,609	**Balance at 31 March**	**158,894**

Note 21 ANALYSIS OF GOVERNMENT GRANTS

The Council credited the following material grants and contributions to the Comprehensive Income and Expenditure statement:

2018/19 £000		2019/20 £000
	Credited to Taxation and Non Specific Grant Income:	
	Revenue	
(65,709)	Council Tax	(66,325)
(38,653)	National Non Domestic Rates	(37,574)
(10,698)	Revenue Support Grant	(6,654)
(3,153)	New Homes Bonus	(3,107)
0	Other	(2)
	Capital	
(3,955)	Department for Transport	(3,069)
(10,309)	Department for Education	(624)
(18,862)	South Essex Local Enterprise Partnership	(34,937)
(1,707)	Other	(2,559)
(153,046)	**Total**	**(154,852)**

2018/19 £000		2019/20 £000
	Credited to Services:	
	Revenue	
(43,351)	Housing Benefit	(36,430)
(11,042)	Public Health Grant	(10,750)
(49,630)	Dedicated Schools Grant	(43,400)
(16,485)	Better Care Fund	(16,888)
(3,927)	Better Care Fund - Improved BCF	(4,752)
0	COVID-19 LA Support	(4,374)
(1,494)	Unaccompanied Asylum Seekers Grant	(735)
(1,919)	LOCASM	(718)
(409)	Adult social care support grant	(605)
(8,497)	Other	(10,194)
	Capital	
(2,007)	DOE	(665)
0	S106	(2,101)
(2,808)	Other	(706)
(141,568)	**Total**	**(132,319)**

The Council has received a number of capital grants and contributions that have yet to be recognised as income as they have conditions attached to them that would require the monies or property to be returned to the giver if those conditions are not met. The balances on these at the end of each year and are as follows:

31 March 2019 £000		31 March 2020 £000
	Capital Grants & Contributions - Receipts in Advance	
(12,874)	Section 106	(11,222)
(132)	Department of Communities and Local Government	(126)
(2,113)	South Essex Local Enterprise Partnership	(4,189)
(8,813)	Other Contributions	(8,893)
(751)	Port of London Authority	(701)
(24,683)	**Total**	**(25,131)**

Note 22 CONTINGENT LIABILITIES

The Council has responsibility for the aftercare of a landfill site in the borough. The Council considers that, while the remaining annual maintenance costs associated with the site are not material, there remains a small possibility of the release of pollutants during the aftercare phase. The costs associated with this risk are uncertain to date.

Note 23 EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was authorised for issue by the Director of Finance, Governance and Property on 30 June 2020. There have been no events arising between the 31 March 2020 and 30 November 2020 that provides information about conditions existing at 31 March 2020 which need to be reflected in the financial statements.

Note 24 PROPERTY, PLANT AND EQUIPMENT

Movement 2019/20	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant & Equipment £000	Community Assets £000	Infrastructure Assets £000	Assets Under Construction £000	Surplus Assets £000	Total PP&E £000
Cost or Valuation								
At 01 April 2019	730,211	134,351	34,926	19,438	156,685	10,839	59,277	**1,145,727**
Adjustment - Note 1	0	0	(3,856)	0	0	0	0	**(3,856)**
Additions / Donations	13,055	5,065	4,173	95	41,723	19,459	64	**83,634**
Derecognition - Disposals	0	(54)	(367)	0	0	0	0	**(421)**
Derecognition - Other - Note 2	(12,768)	(4,731)	0	0	0	0	0	**(17,499)**
Revaluations Recognised in Revaluation Reserve	(5,840)	7,167	0	0	0	0	1,045	**2,372**
Revaluations Recognised in Surplus/Deficit on Provision of Services	(205)	(15,440)	0	0	0	0	1,735	**(13,910)**
								0
Assets reclassified (to)/from Held for Sale	(4,681)	0	0	0	0	0	0	**(4,681)**
Assets reclassified (to)/from Investment Property	0	0	0	0	0	0	0	**0**
Other movements in Cost or Valuation	0	0	0	0	0	0	0	**0**
At 31 March 2020	**719,772**	**126,358**	**34,876**	**19,533**	**198,408**	**30,298**	**62,121**	**1,191,366**

Movement 2019/20	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant & Equipment £000	Community Assets £000	Infrastructure Assets £000	Assets Under Construction £000	Surplus Assets £000	Total PP&E £000
Accumulated Depreciation and Impairment								
At 01 April 2019	0	(8,979)	(16,137)	(8,209)	(32,541)	0	(178)	**(66,044)**
Adjustment - Note 1	0	0	1,559	0	0	0	0	**1,559**
Depreciation charge	(9,023)	(1,699)	(3,332)	(734)	(4,169)	0	(69)	**(19,026)**
Depreciation w ritten back to the Revaluation Reserve	8,606	1,176	0	0	0	0	4	**9,786**
Depreciation w ritten back to Surplus/Deficit on Provision of Services	417	2,939	0	0	0	0	0	**3,356**
Derecognition - Disposals	0	3	346	0	0	0	0	**349**
Derecognition - Other - Note 2	0	1,068	0	0	0	0	0	**1,068**
Other movements in Depreciation and Impairment	0	0	0	0	0	0	0	**0**
At 31 March 2020	**0**	**(5,492)**	**(17,564)**	**(8,943)**	**(36,710)**	**0**	**(243)**	**(68,952)**
NBV At 31 March 2019	**730,211**	**125,372**	**18,789**	**11,229**	**124,144**	**10,839**	**59,099**	**1,079,683**
NBV At 31 March 2020	**719,772**	**120,866**	**17,312**	**10,590**	**161,698**	**30,298**	**61,878**	**1,122,414**

Note 1 – Reclassification of vehicles, plant and equipment from PPE to Intangible assets

Note 2 – For Council Dwellings this includes in year capital expenditure for new kitchens, bathrooms and roofing. Other Land and Buildings relates to derecognition of schools as they convert to Academies.

Movement 2018/19	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant & Equipment £000	Community Assets £000	Infrastructure Assets £000	Assets Under Construction *Restated* £000	Surplus Assets £000	Total PP&E £000
Cost or Valuation:								
At 01 April 2018	728,213	141,611	31,853	19,301	130,749	1,929	59,986	**1,113,642**
Additions / Donations	13,564	1,676	6,845	137	25,936	8,911	0	**57,069**
Additions - Other	0	0	0	0	0	0	0	**0**
Derecognition - Disposals	0	(750)	(3,772)	0	0	0	0	**(4,522)**
Derecognition - Other	(10,376)	(7,293)	0	0	0	0	(132)	**(17,801)**
Revaluations Recognised in Revaluation Reserve	4,309	2,692	0	0	0	0	(635)	**6,366**
Revaluations Recognised in Surplus/Deficit on Provision of Services	(1,232)	(2,482)	0	0	0	0	58	**(3,656)**
Assets reclassified (to)/from Held for Sale	(4,267)	(1,103)	0	0	0	0	0	**(5,370)**
Assets reclassified (to)/from Investment Property	0	0	0	0	0	0	0	**0**
Other movements in Cost or Valuation	0	0	0	0	0	0	0	**0**
At 31 March 2019	**730,211**	**134,351**	**34,926**	**19,438**	**156,685**	**10,840**	**59,277**	**1,145,728**

Movement 2018/19	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant & Equipment £000	Community Assets £000	Infrastructure Assets £000	Assets Under Construction *Restated* £000	Surplus Assets £000	Total PP&E £000
Accumulated Depreciation and Impairment								
At 01 April 2018	(9,103)	(9,080)	(17,194)	(7,500)	(29,037)	0	(127)	**(72,041)**
Depreciation charge	(9,072)	(2,487)	(2,672)	(710)	(3,504)	0	(68)	**(18,513)**
Depreciation written back to the Revaluation Reserve	17,248	729	0	0	0	0	4	**17,981**
Depreciation written back to Surplus/Deficit on Provision of Services	925	1,060	0	0	0	0	5	**1,990**
Derecognition - Disposals	0	0	3,729	0	0	0	0	**3,729**
Derecognition - Other	0	798	(1)	0	0	0	8	**805**
Other movements in Depreciation and Impairment	0	0	0	0	0	0	0	**0**
At 31 March 2019	**(2)**	**(8,980)**	**(16,138)**	**(8,210)**	**(32,541)**	**0**	**(178)**	**(66,049)**
NBV At 31 March 2018	**719,110**	**132,531**	**14,659**	**11,801**	**101,712**	**1,929**	**59,859**	**1,041,601**
NBV At 31 March 2019	**730,209**	**125,371**	**18,788**	**11,228**	**124,144**	**10,840**	**59,099**	**1,079,679**

Note 24 PROPERTY, PLANT AND EQUIPMENT (cont.)

Valuation of Property, Plant and Equipment

The freehold and leasehold properties which comprise the Council's property portfolio have been valued at 31 March 2020 by the Council's own valuers. The valuers are members of the Royal Institution of Chartered Surveyors (RICS). The valuations have been prepared in accordance with the UK Practice Statements contained in the RICS Appraisal and Valuation Standards (the "Red Book").

From the 1st April 2016 the Social Housing Factor, the amount by which the open market value is multiplied by (for properties used for social housing) was amended from 39% to 38%, in line with guidelines issued by the Department for Communities and Local Government.

The last full valuation of Council dwellings was undertaken at 1 April 2017 and this is followed by an annual desktop valuation to determine any further increases or decreases in property values as at the balance sheet date. The 2019/20 desktop review referenced four indices (Halifax, Land Registry, Nationwide and Office for National Statistics) in order to reach a decision. Information from the Land Registry and Office for National Statistics of actual sold prices of similar archetype properties, provided the best evidence of the movement in the values of the housing stock and the percentage increase of +0.4 was applied.The next full valuation of Council dwellings is scheduled to take place in 2022.

A desktop review of other land and building assets was undertaken as at 31 March 2020. Three categories were reviewed (Retail, Offices and Industrial) and each indicated a 0% change. A desktop review of the former Development Corporation Assets was undertaken at 31 March 2020 and based on the evidence obtained, no increase was applied.

Details of the basis for the valuation of Property, Plant and Equipment are outlined in Note 1 to these financial statements – Accounting Policies.

Revaluations

The authority carries out a rolling programme that ensures that all property, plant and equipment required to be measured at current value is revalued at least every five years. All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset. Please refer to the accounting policies note for details (Note 1.15).

	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Community Assets	Infrastructure Assets	Assest Under Construction	Surplus Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Valued at current value as at:								
31st March 2020	719,773	118,593	17,311	10,590	161,982	30,298	61,878	1,120,425
31st March 2019	730,210	125,372	18,789	11,228	124,145	10,840	59,099	1,079,683
31st March 2018	719,110	132,531	14,659	11,801	101,712	1,929	59,859	1,041,601
31st March 2017	604,450	146,600	11,356	12,041	80,920	453	60,566	916,386
31st March 2016	608,185	148,206	11,915	12,246	70,846	3,392	61,262	916,052

SURPLUS ASSETS

Fair Value Hierarchy

Details of the Council's surplus properties and information about the fair value hierarchy as at 31 March 2019 and 31 March 2020 are as follows:

31/03/2019	Other Significant Observable Inputs (Level 2) £'000	Significant Unobservable Inputs (Level 3) £'000	Fair Value as at 31 March 2019 £'000
Recurring Fair Value Measurements Using:			
Land	9,659	377	10,036
Industrial properties	45,349	0	45,349
Other properties	3,320	394	3,714
Total	**58,328**	**771**	**59,099**

31/03/2020	Other Significant Observable Inputs (Level 2) £'000	Significant Unobservable Inputs (Level 3) £'000	Fair Value as at 31 March 2020 £'000
Recurring Fair Value Measurements Using:			
Land	11,340	441	11,781
Industrial properties	45,456	0	45,456
Other properties	3,867	774	4,641
Total	**60,663**	**1,215**	**61,878**

Transfers between Levels of the Fair Value Hierarchy

There were no transfers between Levels 1, 2 and 3 during the year.

Valuation Techniques used to Determine Level 2 and 3 Fair Values for Surplus Properties

Significant Observable Inputs – Level 2

The value of the surplus industrial properties has been based on market data, such as publicly available information about market sale values or rental evidence, and that reflect the assumptions that market participants use when pricing the asset. The income and comparable methods have been used for these valuations, relying on evidence from arms-length market transactions of similar industrial properties, and leading to the Council properties being categorised at Level 2 in the fair value hierarchy.

The fair value for the residential properties (at market rents) has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

The value of the assets disclosed at Level 3 in the table above are not material to the Council accounts and have been valued at existing use value by the Council's internal valuers. It has been confirmed these values would not alter materially if valued on the open market.

Note 25 CAPITAL EXPENDITURE AND FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below, including the value of assets acquired under finance leases, together with the resources that have been used to finance them. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The methodology for the calculation of the CFR is set by Central Government regulation.

2018/19 £000		2019/20 £000
692,689	**Opening Capital Financing Requirement**	**1,106,573**
	Capital investment	
57,069	Property, Plant and Equipment	83,634
1,115	Intangible Assets	3,432
350	Heritage Assets	173
7,413	Revenue Expenditure Funded from Capital under Statute	13,875
401,176	Long Term Debtors	101,244
	Sources of finance	
(9,835)	Capital receipts	(5,823)
(30,578)	Government grants and other contributions (includes REFCUS & MRA)	(58,997)
(10,015)	Major Repairs Reserve (MRR)	(10,540)
(2,811)	MRP (including finance leases liabilities)	(6,019)
1,106,573	**Closing Capital Financing Requirement**	**1,227,552**
	Explanation of movements in year	
413,884	Increase in underlying need to borrowing (unsupported by government financial assistance)	120,979
413,884	**Increase/(Decrease) in Capital Financing Requirement**	**120,979**

Reconciliation of the capital financing requirement to the Balance Sheet is shown in the table below:

2018/19 £000 *Restated*	Balance Sheet Item	2019/20 £000
1,079,683	Property Plant & Equipment	1,122,414
1,605	Assets Held for Sale	1,605
1,115	Intangible Assets	6,162
22,616	Heritage Assets	22,851
746,715	Long Term Debtors	847,921
(239,035)	Revaluation Reserve	(247,946)
(506,127)	Capital Adjustment Account	(525,456)
1,106,572	**Total Capital Financing Requirement**	**1,227,551**

Note 26 CAPITAL COMMITMENTS

As at 31 March 2020, the Council had authorised expenditure in future years of £15.8m. In addition a further £189.4m had been previously authorised for use in 2020/21 and 2021/22, giving a total future years' commitment of £205.2m. These commitments included contractual commitments of £54.9m. Projects include the A13 widening and new housing schemes.

Note 27 FINANCIAL INSTRUMENTS

(a) Financial Instruments - Classifications

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council.

All of the Council's financial liabilities held during the year are measured at amortised cost and comprised:

- long-term loans from the Public Works Loan Board and commercial lenders,
- short-term loans from other local authorities,
- trade payables for goods and services received.

Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council. The financial assets held by the Council during the year are accounted for under the following classifications:

Amortised cost (where cash flows are solely payments of principal and interest and the Council's business model is to collect those cash flow) comprising:

- cash in hand,
- bank current and deposit accounts with RBS bank,
- fixed term deposits with banks and building societies,
- loans to other local authorities,
- bonds issued by large companies,
- trade receivables for goods and services provided.

Fair value through profit and loss (all other financial assets) comprising:

- pooled bond, equity and property funds managed by CCLA fund managers
- Long Term debtor - capital investment

Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Council.

(b) Financial Instruments - Balances

The financial liabilities disclosed in the Balance Sheet are analysed across the following categories:

Financial Liabilities	Long Term		Short Term	
	31.03.2020 £000	31.3.2019 £000	31.03.2020 £000	31.3.2019 £000
Loans at amortised cost:				
- Principal sum borrowed	(348,642)	(195,942)	(1,068,200)	(968,100)
- Accrued interest	0	0	(4,809)	(3,165)
- EIR adjustments	741	747	0	0
At fair value through profit & loss:				
Total Borrowing	**(347,901)**	**(195,195)**	**(1,073,009)**	**(971,265)**
Liabilities at amortised cost:				
- Trade payables	0	0	(10,197)	(1,936)
Included in Creditors	**0**	**0**	**(10,197)**	**(1,936)**
Total Financial Liabilities	**(347,901)**	**(195,195)**	**(1,083,206)**	**(973,201)**

The financial assets disclosed in the Balance Sheet are analysed across the following categories:

Financial Assets	Long Term		Short Term	
	31/03/2020 £000	31.3.2019 £000	31.3.2020 £000	31.3.2019 £000
At amortised cost:				
- Principal	54,832	28,129	88,015	26,500
- Accrued interest	0	0	22	49
- Loss allowance	0	(341)	(41)	(41)
At fair value through profit & loss:				
- Fair value	99,008	102,678	1,000	1,000
Total Investments	**153,840**	**130,466**	**88,996**	**27,508**
At amortised cost:				
- Principal	0	0	63,483	15,549
Total Cash and Cash Equivalents	**0**	**0**	**63,483**	**15,549**
At amortised cost:				
- Trade receivables	0	0	41,520	36,158
- Long term capital debtors	544,400	434,551	0	0
- Capital debtors	0	0	30,000	0
At fair value through profit & loss:				
- Long term capital debtors	273,517	273,517	0	0
Included in Debtors	**817,917**	**708,068**	**71,520**	**36,158**
Total Financial Assets	**971,757**	**838,534**	**223,999**	**79,215**

The Council holds long term debtors of £847m as at 31 March 2020. £815m of the balance relates to long term capital investment in the renewable energy sector secured by the associated assets. These investments are repayable to the Council as set out below based on the contracted maturity dates:

Maturing within:
1 to 5 years: £78m
5 to 10 years £663m
Over 10 Years £74m

Within the capital investments, £274m is reflected at Fair Value through Profit and loss. This fair value has been assessed at level 3 and is calculated based on contractual cash flows discounted back to 31 March 2019. In 2018/19, the movement of £5.791m in FV was posted to CIES Financing and Investment Income and Expenditure and then reversed in the MIRS and posted to CAA. With this financial asset FV will not fall below the costs of this investment.

The Council has an investment of £103m within the Local Authorities Property Fund with CCLA. This investment is valued at fair value which is based on the bid price. As at 31 March 2020 the fair value of the Local Authorities Property Fund with CCLA was £99.008m. The difference between the carrying value and the fair value, £3.4m has been posted to CIES Financing and Investment Income and Expenditure and then reversed in the MIRS and posted to CAA.

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Financial Assets at at Fair Value through Profit & Loss

The Council has the following financial assets at fair value through profit and loss.

	Fair Value		Returns	
	31.03.20	**31.03.19**	**2019/20**	**2018/19**
	£000	**£000**	**£000**	**£000**
Long Term Capital Debtors	273,517	273,517	12,891	8,135
Pooled investments	99,008	103,678	4,746	3,732
Total	**372,525**	**377,195**	**17,637**	**11,867**

(c) Financial Instruments - Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following:

	2019/20 Total	**2018/19 Total**
	£'000	**£'000**
Interest expense	20,872	15,547
Losses from changes in fair value	3,411	0
Impairment losses	(41)	(382)
Interest payable and similar charges	**24,242**	**15,165**
Interest income	(50,168)	(29,071)
Gains from changes in fair value	0	(5,839)
Interest and investment income	**(50,168)**	**(34,910)**
Net impact on surplus/deficit on provison of services	**(25,926)**	**(19,745)**
Net Gain/(Loss) for the Year	**(25,926)**	**(19,745)**

(d) Financial Instruments - Fair Values

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including bonds, treasury bills and shares in money market funds and other pooled funds, the fair value is taken from the market price.

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2020, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The value of "Lender's Option Borrower's Option" (LOBO) loans have been increased by the value of the embedded options. Lenders' options to propose an increase to the interest rate on the loan have been valued according to a proprietary model for Bermudan cancellable swaps. Borrower's contingent options to accept the increased rate or repay the loan have been valued at zero, on the assumption that lenders will only exercise their options when market rates have risen above the contractual loan rate.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31st March.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment.

Fair values are shown in the table below, split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness

	Fair Value Level	Balance Sheet 31.3.2020 £000	Fair Value 31.3.2020 £000	Balance Sheet 31.3.2019 £000	Fair Value 31.3.2019 £000
Financial liabilities held at amortised cost:					
Long-term loans from PWLB	2	(260,889)	(324,027)	(160,889)	(209,672)
Long-term LOBO loans	2	(28,259)	(60,822)	(28,257)	(58,377)
Other long-term loans	2	(58,753)	(58,626)	(6,050)	(5,322)
TOTAL		**(347,901)**	**(443,475)**	**(195,196)**	**(273,371)**

	Fair Value Level	Balance Sheet 31.3.2020 £000	Fair Value 31.3.2020 £000	Balance Sheet 31.3.2019 £000	Fair Value 31.3.2019 £000
Financial assets held at fair value:					
Long term capital debtors	3	273,517	273,517	273,517	273,517
Bond, equity and property funds	1	99,008	99,008	103,678	103,678
Financial assets held at amortised cost:					
Corporate, covered and government bonds	1	49,209	49,209	32,500	32,679
Long-term capital debtors	3	544,400	544,400	434,551	434,551
TOTAL		**966,134**	**966,134**	**844,246**	**844,425**
TOTAL FINANCIAL ASSETS		**966,134**		**844,246**	
Recorded on balance sheet as:					
Long-term debtors		817,917		708,068	
Long-term investments		148,217		136,178	
TOTAL FINANCIAL ASSETS		**966,134**		**844,246**	

(e) Financial Instruments - Risks

The Council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities, both revised in December 2017.

In line with the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with financial instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Investment Strategy in compliance with the Ministry for Housing, Communities and Local Government Guidance on Local Government Investments. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Management Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return or cost.

The main risks covered are:

- *Credit Risk:* The possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to the Council.
- *Liquidity Risk:* The possibility that the Council might not have the cash available to make contracted payments on time.
- *Market Risk:* The possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices.

Credit Risk: Treasury Investments

The Council manages credit risk by ensuring that treasury investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of A-, the UK government, other local authorities, and organisations without credit ratings upon which the Council has received independent investment advice. Recognising that credit ratings are imperfect predictors of default, the Council has regard to other measures including credit default swap and equity prices when selecting commercial entities for investment.

The table below summarises the credit risk exposures of the Council's treasury investment portfolio by credit rating and remaining time to maturity:

Credit Rating	31.3.2020 Long-term £000	31.3.2020 Short-term £000	31.3.2019 Long-term £000	31.3.2019 Short-term £000
Pooled property fund - unratec	103,000	1,000	103,000	1,000
Bonds - Unrated	822,402	30,000	708,068	0
Bond - rated A	39,203	35,015	22,500	10,000
Credit Rating A	0	0	0	1,000
Unrated local authorities	0	52,500	0	15,500
Unrated building societies	0	20,500	0	10,000
Total	**964,605**	**139,015**	**833,568**	**37,500**
Total Investments	**964,605**	**139,015**	**833,568**	**37,500**

Credit Risk: Trade Receivables

The Council's trade receivables as at 31 March 2020 was £6.4m (31 March 2019 £6.3m).

Debts are written off to the Surplus or Deficit on the Provision of Services when they are deemed uneconomical to pursue or, for example, subject to insolvency. However where appropriate and, where there is no legal or ethical reason to cease collection (and in recognition that debtors circumstances can change over time or in the case of absconding debtors rearise) selected cases are passed to an external Debt Collection Agency (DCA) to monitor. Should the DCA identify cases where they believe the likelihood of recovery has improved then they will commence collection action.

	Lifetime expected credit losses				
	Stage 1	Stage 2	Stage 3	Simplified approach for receivables	Total loss allowance - service loans
	£000	£000	£000	£000	£000
New loans made	0	0	0	41	41
Closing allowance 31.3.20	**0**	**0**	**0**	**41**	**41**

Liquidity Risk

The Council has ready access to borrowing at favourable rates from the Public Works Loan Board and other local authorities, and at higher rates from banks and building societies. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. It is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates.

The maturity analysis of financial instruments is as follows:

	31.3.2020			31.3.2019		
Time to maturity	Liabilities	Assets	Net	Liabilities	Assets	Net
(years)	£000	£000	£000	£000	£000	£000
Not over 1	(1,096,051)	253,535	(842,516)	(982,786)	146,376	(836,410)
Over 1 but not over 2	(166,317)	69,203	(97,114)	(12,428)	23,637	11,209
Over 2 but not over 5	(22,286)	48,455	26,169	(22,286)	44,713	22,427
Over 5 but not over 10	(37,144)	667,000	629,856	(37,143)	10,000	(27,143)
Over 10 but not over 20	(74,288)	0	(74,288)	(74,287)	610,380	536,093
Over 20 but not over 40	(257,718)	0	(257,718)	(146,737)	43,800	(102,937)
Over 40	(72,784)	74,506	1,722	(170,817)	0	(170,817)
Total	**(1,726,588)**	**1,112,700**	**(613,888)**	**(1,446,484)**	**878,906**	**(567,578)**

Market Risks: Interest Rate Risk

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

- borrowings at variable rates – the interest expense will rise
- borrowings at fixed rates – the fair value of the liabilities will fall
- investments at variable rates – the interest income will rise
- investments at fixed rates – the fair value of the assets will fall.

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services. Movements in the fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the Provision of Services as appropriate.

The risk at the Council is immaterial as all borrowings are fixed.

Market Risks: Price Risk

The market prices of the Council’s fixed rate bond investments and its units in pooled bond funds are governed by prevailing interest rates and the price risk associated with these instruments is managed alongside interest rate risk. However, price risk is low as the Council intends to hold all bonds until maturity.

The Council’s investment in the CCLA property fund is subject to the risk of falling commercial property prices. A 5% fall in property prices could affect the capital value of the fund by up to £5.15m. This risk is limited by the terms of the Council’s Treasury Management Strategy and that any investment requires approval by the Director of Finance & IT following appropriate due diligence.

Note 28 DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

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

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

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation of the Fund will be carried out as at 31 March 2022 and will set contributions for the period from 1 April 2023 to 31 March 2026. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

The Essex Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of Essex County Council. Policy is determined in accordance with the Pensions Fund Regulations. The investment managers of the fund are appointed by the committee and consist of the director of finance and resources of Essex and Barnabus Investment Fund managers.

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 the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note.

On an Employer's withdrawal from the Fund, a cessation valuation will be carried out in accordance with Regulation 64 of the LGPS Regulations 2013 which will determine the termination contribution due by the Employer, on a set of assumptions deemed appropriate by the Fund Actuary.

In addition, as many unrelated employers participate in the Essex Pension Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

Discretionary Post-retirement Benefits

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

Transactions Relating to Post-Employment Benefits

The cost of retirement benefits is recognised in the reported Cost of Services within the Comprehensive Income and Expenditure statement when those benefits are earned by employees, rather than when the benefits are eventually paid to them as pensions. However, the charge that is required to be made against Council Tax is based upon the cash payable in the year, so that the real cost of post-employment/retirement benefits is reversed out of the General Fund by way of the Movement in Reserves Statement.

The following transactions have been made during the year:

	Local Government Pension Scheme 2018/19 £'000	Local Government Pension Scheme 2019/20 £'000	Unfunded Benefits 2018/19 £'000	Unfunded Benefits 2019/20 £'000
Comprehensive Income and Expenditure Statement				
Cost of Services:				
Service cost comprising:				
• current service costs	19,827	21,769	0	0
• past service costs/gains	0	3,979	0	0
• administration costs	175	142	0	0
Financing and Investment Income and Expenditure:				
• Net interest cost	4,417	3,735	216	187
Total Post-Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**24,419**	**29,625**	**216**	**187**
Other Post-Employment Benefit Charged to the Comprehensive Income and Expenditure Statement				
Remeasurement of the net defined benefit liability comprising:				
• return on plan assets (excluding the amount included in the net interest expense)	24,115	(34,421)	0	0
• actuarial (gains) and losses arising on changes in demographic assumptions	34,682	5,395	0	0
• actuarial (gains) and losses arising on changes in financial assumptions	(28,577)	58,656	(178)	289
• experience loss (gain) on defined benefit obligation	0	(12,641)	0	0
• other	0	5,319	0	0
Total Post-Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**54,639**	**51,933**	**38**	**476**

	Local Government Pension Scheme 2018/19 £'000	Local Government Pension Scheme 2019/20 £'000	Unfunded Benefits 2018/19 £'000	Unfunded Benefits 2019/20 £'000
Movement in Reserves Statement				
• reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(24,419)	(29,625)	(216)	(187)
Actual amount charged against the General Fund Balance for pensions in the year:				
• Employers' contributions payable to scheme	10,111	11,032		
• Retirement benefits payable to pensioners			618	624

Current service costs of £21.769m in 2019/20 includes (£1.822m) of gains/losses on settlements and curtailments.

The cumulative amount of actuarial gains and losses, since 1 April 2005 recognised in the Comprehensive Income and Expenditure statement to 31 March 2020 is a £27.051m loss.

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:

	Local Government Pension Scheme 2018/19 £'000	Local Government Pension Scheme 2019/20 £'000	Unfunded Benefits 2018/19 £'000	Unfunded Benefits 2019/20 £'000
Present value of defined benefit obligation	614,015	585,520	8,106	7,436
Fair Value of plan assets	(459,512)	(434,062)	0	0
Sub-total	154,503	151,458	8,106	7,436
Net liability arising from defined benefit obligation	154,503	151,458	8,106	7,436

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

	Local Government Pension Scheme 2018/19 £'000	Local Government Pension Scheme 2019/20 £'000
Opening fair value of scheme assets	**427,819**	**459,512**
Opening adjustment		
Interest income	10,892	10,921
Remeasurement gain/(loss)	0	5,319
- The return on plan assets, excluding the amount included in the net interest expense	24,115	(34,421)
- Other	(175)	(142)
Contributions from employer	10,111	11,032
Contributions from employees into the scheme	4,061	4,415
Benefits paid	(14,334)	(19,563)
Settlements Received/(Paid)	(2,977)	(3,011)
Closing fair value of scheme assets	**459,512**	**434,062**

The expected return on scheme assets is determined by considering the expected returns available on assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the relevant markets.

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

	Local Government Pension Scheme (all benefits)	Local Government Pension Scheme (all benefits)	Unfunded Liabilities: Discretionary Benefits	Unfunded Liabilities: Discretionary Benefits
	2018/19	2019/20	2018/19	2019/20
	£'000	£'000	£'000	£'000
Opening balance at 1 April	606,340	622,121	(8,768)	(8,106)
Current service cost	21,525	23,591	0	0
Interest cost	15,309	14,656	(216)	(187)
Contributions by scheme participants	4,061	4,415	0	0
Liabilities assumed/(extinguished) on settlements	(4,681)	(4,833)	0	0
- Actuarial (gains) and losses arising from changes in demographic assumptions	(34,682)	(5,395)	438	(22)
- Experience loss/(gain) on defined benefit obligation	0	12,641	0	(34)
- Actuarial (gains) and losses arising from in financial assumptions	28,577	(58,656)	(178)	289
Estimated Benefits Paid Net of Transfers In	(13,716)	(18,939)	0	0
Curtailments & Settlements	6	3,979	0	0
Unfunded Pension Payments	(618)	(624)	618	624
Closing balance at 31 March	622,121	592,956	(8,106)	(7,436)

Local Government Pension Scheme assets comprised:

	Fair Value of Scheme Assets 2018/19	Fair Value of Scheme Assets 2019/20
	%	%
Cash and Cash Equivalents	**3**	**4**
Equity	**62**	**59**
Bonds		
- Corporate	6	6
- Government	5	4
Sub-total Bonds	**11**	**10**
Property	**9**	**9**
Alternative Assets	**10**	**12**
Other Managed Funds	**5**	**6**
Total assets	**100**	**100**

	Fair Value of Scheme Assets 2018/19	Fair Value of Scheme Assets 2019/20
	%	%
Equity instruments:	**62**	**59**

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The scheme is administered by Essex County Council and fund liabilities have been assessed by Barnett Waddingham LLP, an independent firm of actuaries. Estimates for Thurrock Council are based on the latest full valuation of the scheme as at 31 March 2019.

The principal assumptions used by the actuary are as follows:

	Local Government Pension Scheme 31 March 2019	Local Government Pension Scheme 31 March 2020
Mortality assumptions:		
Longevity at 65 for current pensioners:		
* Men	21.3 yrs	21.8
* Women	23.6 yrs	23.7
Longevity at 65 for future pensioners:		
* Men	22.9 yrs	23.2
* Women	25.4 yrs	25.2
Rate of inflation	2.40%	1.90%
Rate of increase in salaries	3.90%	2.90%
Rate of increase in pensions	2.40%	1.90%
Rate for discounting scheme liabilities	2.40%	2.35%
Take-up of option to convert annual pension into retirement lump sum	n/a	n/a

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

Impact on the Defined Benefit Obligation in the Scheme:

	Increase in Assumption £'000	Decrease in Assumption £'000
Longevity (increase or decrease in 1 year)	616,400	570,458
Rate of increase in salaries (increase or decrease by 0.1%)	593,880	592,040
Rate of increase in pensions (increase or decrease by 0.1%)	603,822	582,301
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	581,446	604,705
	2,395,548	2,349,504

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100%. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2021.

The expected employer contribution to the plan for the year to 31 March 2021 is £14.463m.

Note 29 CASH AND CASH EQUIVALENTS

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

31 March 2019 £'000		31 March 2020 £'000
258	Cash held by the Council and in transit	50
5,051	Bank current accounts	43,434
9,999	Short-term deposits in UK banks & investments in money market funds	19,999
15,308	**Total Cash and Cash Equivalents**	**63,483**

Note 30 OPERATING ACTIVITIES CASH FLOW STATEMENT

A breakdown of the cash flows arising from the Council operating activities is shown below:

2018/19 £'000		2019/20 £'000
22,234	Interest Received	49,036
(9,263)	Interest Received Opening Debtor	(15,903)
15,903	Interest Received Closing Debtor	16,795
(7,889)	Interest paid	(13,508)
1,386	Interest Paid Opening Creditor	3,283
(3,283)	Interest Paid Closing Creditor	(4,934)
19,088	Total Operating Acivities	34,769

Note: the table above only includes interest received and interest paid in line with the disclosure requirements of the Code, and therefore does not correlate to the figures in the Cash Flow Statement.

Note 31 INVESTING ACTIVITIES CASH FLOW STATEMENT

A breakdown of the cash flows arising from the Council investing activities is shown below:

2018/19 £'000		2019/20 £'000
(59,835)	Purchase of property, plant and equipment, investment property and intangible assets	(82,397)
(673,450)	Purchase of short-term and long-term investments	(861,802)
(402,678)	Other payments for investing activities	(101,090)
12,092	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	7,960
680,950	Proceeds from short-term and long-term investments	773,500
50,714	Other receipts from investing activities (including capital grants)	39,606
(392,207)	**Net cash flows from investing activities**	**(224,223)**

Note 32 FINANCING ACTIVITIES CASH FLOW STATEMENT

A breakdown of the cash flows and liabilities arising from the Council financing activities is shown below:

2018/19 £'000		2019/20 £'000
1,976,320	Cash receipts of short and long-term borrowing	2,345,600
(1,606,520)	Repayments of short- and long-term borrowing	(2,092,800)
3,382	Other payments for financing activities	(1,451)
373,182	**Net cash flows from financing activities**	**251,349**

	2019/20 1 April £000s	Financing Cashflows £000s	Reclassification/ Movements £000s	2019/20 31 March £000s
Long Term borrowings	195,196	152,700	6	347,902
Short Term borrowings	971,266	100,100	1,644	1,073,010
Other payments for financing activities	9,684	(1,451)		8,233
Total Liabilities from Financing activities	**1,176,146**	**251,349**	**1,650**	**1,429,145**

Note 33 NON CASH MOVEMENT CASH FLOW STATEMENT

A breakdown of the cash flows arising from the Council non cash movement is shown below:

2018/19 £'000		2019/20 £'000
12,696	**Net Surplus or (Deficit) on the Provision of Services**	**(10,086)**
	Adjust net surplus or deficit on the provision of services for non cash movements:	
18,550	Depreciation	19,033
1,996	Impairment and downward valuation	10,557
1,541	Amortisation	681
9,794	Increase/Decrease in Creditors	354
(23,538)	Increase/Decrease in Debtors	4,588
865	Increase/Decrease in Inventories	(30)
14,308	Movement in Pension Liability	18,593
(1,438)	Other non-cash items charged to the net surplus or deficit on the provision of services	8,869
23,208	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	21,111
45,286		**83,756**
	Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	
(39,648)	Any other items for which the cash effects are investing or financing cash flows	(44,661)
0	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0
(12,092)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(7,960)
(51,740)		**(52,621)**
6,242	**Net Cash Flows for Operating Activities**	**21,049**

NOTE 34 BETTER CARE FUND

The Better Care Fund is a collaborative arrangement governed by a Section 75 agreement with Thurrock Clinical Commissioning Group (CCG) to enable the joint provision of a range of adult social care and health services. Thurrock Council is the "host " organisation and responsible for accounting and audit of the pooled budget. Consequently the Council reflects all the transactions in these financial statements as well as the associated funding from Thurrock CCG.

The total value of the pool was £48.62m which includes the Council contribution of £26.33m, the Improved Better Care funding (iBCF) of £4.75m and the additional Winter Pressures funding of £0.65m. At the end of 2019/20 the pool had an underspend of £0.24m which is held in an earmarked reserve by the Council.

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT

2018/19 £'000		Notes	2019/20 £'000
	EXPENDITURE		
13,202	Repairs and Maintenance		13,684
23,651	Supervision and Management		24,429
166	Rents, rates, Taxes and Other Charges		30
10,121	Depreciation and Impairment of Non Current Assets	1	8,956
211	Debt Management Costs		211
197	Movement in the Allowance for Bad Debts		203
47,548	**Total Expenditure**		**47,513**
	INCOME		
(43,197)	Gross Rent from Dwellings		(42,788)
(43,197)	**Net Rent from Dwellings (sub total)**		**(42,788)**
	Non Dwelling Rents:		
(12)	Shop Rents		(3)
(760)	Garage Rents		(784)
(75)	Premises Income		(84)
(847)	**Non Dwelling Rents (sub-total)**		**(871)**
	Charges for Services and Facilities:		
(5,637)	Water Charges		(5,645)
(43)	Central Heating Charges		(44)
(5,680)	**Charges for Services and Facilities (sub total)**		**(5,689)**
	Contributions Towards Expenditure:		
(864)	Leaseholder Charges		(831)
(3,512)	Tenants Service Charges		(3,984)
(4,376)	**Contributions Towards Expenditure (sub total)**		**(4,815)**
(465)	Micellaneous Income		(632)
(54,565)	**Total Income**		**(54,795)**
(7,017)	**Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement**		**(7,282)**
(7,017)	**Net Expenditure for HRA Services**		**(7,282)**
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:		
7,224	(Gain) or loss on sale of HRA non-current assets		9,630
5,555	Interest payable and similar charges (Deferred Purchase Interest)		5,714
(198)	Interest and Investment Income		(240)
413	Pensions interest cost and expected return on Pension Assets	2	350
5,977	**(Surplus)/ Deficit for the Year on HRA Services**		**8,172**

MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

MOVEMENT ON THE HRA STATEMENT

2018/19 £'000		2019/20 £'000
(2,175)	**Balance on HRA at 1 April**	**(2,175)**
5,976	(Surplus)/Deficit for the Year on HRA Services	8,169
(8,706)	Adjustments Betw een Accounting Basis and Funding Basis under Statute:	(2,648)
(4,905)	**Total**	**3,346**
2,730	**Transfer to/(from) Reserves:**	**(7,180)**
(2,175)	**Balance on HRA at 31 March**	**(3,834)**

ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

2018/19 £'000		2019/20 £'000
	Reversal of Items debited or credited to the HRA Income and Expenditure Account	
(9,292)	Depreciation of non-current assets	(9,222)
(2,541)	Revaluation and Impairment losses on Property, Plant and Equipment	(2)
1,719	Revaluation gains reversing previous losses	271
(7)	Movement in value of Held for Sale Assets	(2)
(14,739)	Amounts of Assets Held for Sale w ritten off on disposal or sale as part of the net gain or loss on disposal or sale to the CIES	(17,375)
7,515	Amounts of Property, Plant and Equipment w ritten off on disposal or sale as part of the net gain or loss on disposal or sale to the CIES	7,819
(72)	Contribution from the capital receipts reserve tow ards administration costs of non-current assets disposal	(74)
(17,417)		**(18,585)**
	Insertion of items not debited or credited to the HRA Income and Expenditure Account	
0	Use of HRA Earmarked Reserves	7,180
10,015	Reversal of Major Repairs Allow ance credited to the HRA	10,540
(2,267)	Reversal of items relating to requirement benefits debited or credited to the CIES	(2,763)
946	Employer's pension contributions and direct payment to pensioners payable in year	1,034
17	Amount by w hich officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance w ith statutory requirements	(55)
8,711		**15,936**
(8,706)	**Total**	**(2,649)**

Note 1 DEPRECIATION

Depreciation of £9.22m was charged to the HRA in relation to operational assets comprising dwellings, other land and buildings. There were further charges in respect of impairments of (£0.26m).

2018/19 £'000	Analysis of Depreciation and Impairment Charges	2019/20 £'000
	Depreciation:	
9,072	Dwellings	9,023
132	Other Land and Buildings	135
33	Plant and Equipment	34
24	Non-Operational Property, Plant and Equipment	24
860	Impairment of Property, Plant and Equipment	(261)
10,121	**Total for Year**	8,955

Note 2 PENSION RESERVE MOVEMENT

In order to comply with proper accounting practices under IFRS the current service costs of pensions and interest costs/ expected return on scheme assets applicable to the HRA have been included in the HRA Income and Expenditure Statement. The impact has been reversed out in the Movement on the HRA Balance Statement to the Pensions Reserve leaving no overall impact upon HRA balance.

Note 3 HOUSING STOCK

The Council was responsible for housing stock split into the following categories:

31 March 2019	Number and Types of Properties at 31 March	31 March 2020
5,185	Number of Houses and Bungalows	5,154
3,456	Number of Flats and Maisonettes	3,431
1,214	Number of Aged Person Dwellings	1,214
9,855	**Total**	**9,799**

The change in the stock of properties is analysed as follows:

2018/19	Change in Stock of Properties	2019/20
9,899	Stock at 1 April	9,855
(55)	Less Sales	(57)
11	Additions	1
9,855	**Total**	**9,799**

The Balance Sheet value of the land, houses and other properties within the Council's HRA is:

31 March 2019 £'000	Balance Sheet Value of HRA Properties	31 March 2020 £'000
	Operational Non-Current Assets:	
742,131	Dwellings and other land and buildings	732,295
21,435	Non-Operational Non-Current Assets	37,146
763,566	**Total**	**769,441**

The vacant possession value of dwellings within the HRA as at 1st April 2019 was £1.95bn. The vacant possession value compared with the Balance Sheet value of the dwellings show the economic cost to the Government of providing Council housing at less than open market rents.

Note 4 MAJOR REPAIRS RESERVE

The following table analyses the movement on the Major Repairs Reserve:

2018/19 £'000	Major Repair Reserve	2019/20 £'000
(10,015)	Transfer to HRA	(10,540)
10,015	Financing of Capital Expenditure	10,540
0	**Total**	0

Note 5 CAPITAL EXPENDITURE

Capital expenditure on land, houses and other properties within the HRA in 2019/20 was financed as follows:

2018/19 £'000	Financing of Capital Expenditure	2019/20 £'000
10,015	Major Repairs Reserve	10,540
0	Grants / Section 106	1,104
5,871	Capital Receipts	5,800
5,417	Prudential Borrowing	4,032
0	Reserves	7,180
21,303	**Total**	28,656

Note 6 CAPITAL RECEIPTS

Capital receipts from the sale of dwellings under the tenants' "Right to Buy" provisions and from sales of other land and buildings held within the HRA were as follows:

2018/19 £'000	Capital Receipts	2019/20 £'000
(7,515)	Sales of Dwellings	(7,819)

THE COLLECTION FUND STATEMENT
COUNCIL TAX

Notes		2018/19 £'000	2019/20 £'000	£'000
	INCOME			
2	Council Tax	(78,321)	(80,804)	
	Total Income	**(78,321)**		**(80,804)**
	EXPENDITURE			
	Precepts and Demands:			
	Essex Police Authority	8,585	9,898	
	Essex Fire Authority	3,575	3,717	
	Thurrock Borough Council	65,408	66,062	
	Precepts and Demands (sub-total)	**77,567**		**79,677**
	Provision for Bad Debts:			
	Change in Provision	0	385	
	Write offs	414	411	
	Provision for Bad Debts (sub-total)	**414**		**797**
	CONTRIBUTIONS			
	Essex Police Authority	0	24	
	Essex Fire Authority	0	9	
	Thurrock Borough Council	1	158	
	Contributions (sub-total)	**2**		**190**
	Total Expenditure	**77,983**		**80,664**
	(Surplus)/ Deficit for Year	**(338)**		**(140)**
	Fund Balance Brought Forward	**85**		**(253)**
	Fund Balance Carried Forward	**(253)**		**(393)**

Share of Collection Fund (Council Tax) Balance:

	2018/19 £'000	2019/20 £'000
Thurrock Council	**(213)**	**(326)**
Essex Police Authority	**(28)**	**(49)**
Essex Fire Authority	**(12)**	**(18)**
Total	**(253)**	**(393)**

THE COLLECTION FUND STATEMENT
NATIONAL NON-DOMESTIC RATES

Notes		2018/19 £'000	2019/20 £'000	£'000
	INCOME			
3a	Income Collectable from Non-Domestic Ratepayers	(121,106)	(123,729)	
	Transitional Protection Payments	2,006	1,327	
	Cost of Collection	229	230	
	Total Income	**(118,871)**		**(122,172)**
	EXPENDITURE			
	Share of Business Rates:			
	Essex Fire Authority	1,160	1,178	
	Thurrock Borough Council	56,864	57,740	
3b	**Share of Non-Domestic Rates (sub-total)**	**58,025**		**58,918**
	Payment of the Central Share of the Non-Domestic Rating Income to Central Government	**58,025**		**58,918**
	Provision for Bad Debts:			
	Change in Provision	759	943	
	Write Offs	71	1,197	
	Provision for Bad Debts (sub-total)	**830**		**2,140**
	Provision for Appeals:			
	Change in Provision	(2,925)	3,294	**3,294**
	Interest	0	0	**0**
	CONTRIBUTIONS			
	Essex Fire Authority	1	2	
	Thurrock Borough Council	70	106	
	Central Government	71	109	
	Contributions (sub-total)	**143**		**217**
	Total Expenditure	**114,098**		**123,487**
	(Surplus)/ Deficit for Year	**(4,773)**		**1,315**
	Fund Balance Brought Forward	**737**		**(4,036)**
	Fund Balance Carried Forward	**(4,036)**		**(2,721)**

Share of Collection Fund (NDR) Balance:		
Thurrock Council	**(1,978)**	**(1,333)**
Essex Fire Authority	**(40)**	**(27)**
Central Government	**(2,018)**	**(1,360)**
Total	**(4,036)**	**(2,721)**

Note 1 GENERAL

This account represents the statutory requirement for billing authorities to maintain a separate Collection Fund. The transactions of the Collection Fund are wholly prescribed by legislation. The fund account is prepared on an accruals basis and complies with the appropriate Regulations and with the Code. The balance on the account attributable to Thurrock Council is consolidated into the Council's Balance Sheet as an Unusable Reserve, the remainder is consolidated into debtors or creditors on the Balance Sheet as amounts owed to or owing by the other preceptors on the Fund (i.e. Police and Fire Authorities).

Note 2 COUNCIL TAX

For 2019/20 the Council's tax base, which is the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of Band D dwellings, was calculated as follows:

Band	Estimated Number of Taxable Properties after Effect of Discounts	Ratio	Band D Equivalent Dwelling
A*	5	5:9	5
A	2,962	6:9	2,992
B	7,866	7:9	7,946
C	19,984	8:9	20,186
D	10,905	9:9	11,016
E	5,242	11:9	5,295
F	3,000	13:9	3,030
G	1,268	15:9	1,280
H	66	18:9	67
	51,298		**51,817**
Less adjustment for collection rate and for anticipated changes during the year for successful appeals against valuation banding, new properties, demolitions, disabled persons relief and exempt properties.			0
Council Tax Base			**51,817**

Note 3 INCOME FROM BUSINESS RATE PAYERS

a) Non-Domestic Rates are organised on a national basis. Local businesses pay rates calculated by multiplying their rateable value by an amount specified by the Government. In 2019/20 49.1p was the small business multiplier and 50.4p the large business multiplier (48p small business multiplier and 49.3p large business multiplier in 2018/19). The Council is responsible for collecting rates due from the ratepayers in its area. The total amount, less certain reliefs and other deductions, is collected by the Council and then redistributed to the major preceptors - The Government (50%) and Essex Fire Authority (1%) The remainder of £57.74m was paid into the Council's General Fund, and this amount has been credited to the Comprehensive Income and Expenditure statement. Overall amount collected from NNDR Rate payers was £122.4m.

The total Non-Domestic rateable value at the 31 March 2020 was £282,088,120 (£277,456,380 as at 31 March 2019).

b) The Council precept of £57.740m is transferred to the Comprehensive Income and Expenditure Statement as part of Taxation and Non-Specific Grant Income. As the Council is deemed to have received more funding from this source then it needs a tariff of £22.193m which is chargeable to the Comprehensive Income and Expenditure Statement. Hence the net funding from business rates is £35.547m in 2019/20.

Group Accounts

2019/20

STATEMENT OF ACCOUNTS - GROUP ACCOUNTS

Introduction

In order to provide a full picture of the Council's economic activities and financial position, the accounting statements of the Council has been consolidated with the group companies - Thurrock Regeneration Ltd and Thurrock Homes Ltd. The Group Accounts are presented in addition to the Council's 'single entity' financial statements and comprise:

- Group Expenditure Funding Analysis
- Group Comprehensive Income and Expenditure Statement
- Group Movement in Reserves Statement
- Group Balance Sheet
- Group Cash Flow Statement

These statements, together with those explanatory notes that are considered necessary in addition to those accompanying the Council's 'single entity' accounts, and accounting policies, are set out in the following pages, as detailed below.

GROUP EXPENDITURE FUNDING ANALYSIS

2018/19				2019/20		
Net Expenditure Chargable to the General Fund and HRA Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargable to the General Fund and HRA Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	**£000**		£000	£000	**£000**
37,826	3,240	**41,066**	Adults; Housing and Health	42,874	3,751	**46,626**
37,678	4,143	**41,821**	Children's Services	41,021	14,278	**55,299**
650	113	**763**	Commercial Services	769	125	**894**
2,292	(691)	**1,601**	Corporate Costs	(2,952)	(130)	**(3,082)**
2,187	389	**2,576**	Strategy, Communications and Customer Services	2,985	619	**3,604**
21,972	7,842	**29,815**	Environment & Highways	22,724	9,073	**31,796**
10,296	969	**11,266**	Finance, IT & Legal	0	0	**0**
0	0	**0**	Finance, Governance & Property	18,144	10,941	**29,085**
3,505	773	**4,278**	HR; OD and Transformation	3,927	887	**4,814**
3,798	5,141	**8,938**	Place Directorate	3,665	6,218	**9,883**
(188)	903	**714**	Schools	347	0	**347**
120,016	**22,822**	**142,838**	**General Fund**	**133,504**	**45,761**	**179,266**
(2,519)	1,069	**(1,450)**	Housing Revenue Account	5,521	2,649	**8,170**
117,497	**23,891**	**141,388**	**Cost of Services**	**139,025**	**48,410**	**187,435**
(130,083)	(28,860)	**(158,943)**	Other Income and Expenditure	(140,967)	(35,320)	**(176,287)**
(12,586)	**(4,969)**	**(17,555)**	**Surplus or Deficit**	**(1,942)**	**13,091**	**11,148**
(17,497)			Opening General Fund and HRA Balance at 01 April	**(30,083)**		
			Adjustment to 01 April 2019 balance	**(1,195)**		
			Revised General Fund and HRA Balance at 01 April	**(31,278)**		
(12,586)			Add Surplus on General Fund and HRA Balance in Year	**(1,942)**		
(30,083)			**Closing General Fund and HRA Balance at 31 March 2020**	**(33,220)**		

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Core Statement

2018/19				2019/20		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
88,436	(47,370)	**41,066**	Adults; Housing and Health	96,451	(49,825)	**46,625**
88,328	(46,506)	**41,822**	Children's Services	105,073	(49,774)	**55,299**
759	4	**763**	Commercial Services	890	4	**894**
48,095	(46,493)	**1,602**	Corporate Costs	39,899	(42,982)	**(3,082)**
2,873	(297)	**2,576**	Strategy, Communications and Customer Services	4,033	(429)	**3,604**
33,226	(3,412)	**29,814**	Environment & Highw ays	35,439	(3,643)	**31,796**
12,768	(1,502)	**11,267**	Finance, IT & Legal	0	0	**0**
0	0	**0**	Finance, Governance & Property	30,252	(1,167)	**29,085**
47,547	(54,565)	**(7,018)**	Housing Revenue Account	47,512	(54,796)	**(7,284)**
4,600	(323)	**4,277**	HR; OD and Transformation	5,155	(341)	**4,814**
19,151	(10,213)	**8,938**	Place Directorate	20,478	(10,595)	**9,883**
26,111	(25,397)	**714**	Schools	9,527	(9,180)	**347**
371,893	**(236,073)**	**135,820**	**Cost of Services**	**394,709**	**(222,728)**	**171,981**
24,906	(12,126)	**12,780**	Other operating expenditure	22,853	(7,960)	**14,893**
20,185	(33,292)	**(13,107)**	Financing and investment income and expenditure	27,778	(48,654)	**(20,876)**
2,070	(155,118)	**(153,048)**	Taxation and non-specific grant income and expenditure	1,389	(156,241)	**(154,851)**
419,054	**(436,609)**	**(17,556)**	**(Surplus) or deficit on Provision of Services**	**446,730**	**(435,583)**	**11,148**
0	(24,280)	**(24,280)**	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets	0	(15,301)	**(15,301)**
0	(30,220)	**(30,220)**	Actuarial gains/ losses on pension assets/ liabilities	0	(22,308)	**(22,308)**
0	**(54,500)**	**(54,500)**	**Other Comprehensive Income and Expenditure**	**0**	**(37,609)**	**(37,609)**
419,054	**(491,109)**	**(72,056)**	**Total Comprehensive Income and Expenditure**	**446,730**	**(473,192)**	**(26,461)**

GROUP MOVEMENT IN RESERVES STATEMENT

Core Statement

		General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000	Group's share of Reserves of Subsidiaries - Usable	Group Reserves
Balance at 1 April 2018		**(13,329)**	**(8,643)**	**(27,378)**	**(21,875)**	**(71,225)**	**(520,720)**	**(591,945)**	**4,435**	**(587,510)**
Movement in reserves during 2018/19										
Total Comprehensive Income and Expenditure		(24,190)	5,977	0	0	(18,213)	(54,500)	(72,713)	658	(72,055)
Adjustments from income &expenditure charged under the accounting basis to the funding basis	6	13,674	(8,707)	(677)	(9,091)	(4,801)	4,801	0	0	0
Increase or (Decrease) in 2018/19		**(10,516)**	**(2,730)**	**(677)**	**(9,091)**	**(23,014)**	**(49,699)**	**(72,713)**	**658**	**(72,055)**
Balance at 31 March 2019 carried forward		**(23,845)**	**(11,373)**	**(28,055)**	**(30,966)**	**(94,239)**	**(570,419)**	**(664,658)**	**5,093**	**(659,565)**

GROUP MOVEMENT IN RESERVES STATEMENT

Core Statement

	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000	Group's share of Reserves of Subsidiaries - Usable	Group's share of Reserves of Subsidiaries - Unusable	Group Reserves
Balance at 31 March 2019 carried forward	**(23,842)**	**(11,374)**	**(28,057)**	**(30,966)**	**(94,239)**	**(570,420)**	**(664,659)**	**5,093**	**0**	**(659,566)**
Adjustment to Subsidiary reserve opening balance								**(1,155)**		**(1,155)**
Revised Balance as at 1 April 2019 carried forward	**(23,842)**	**(11,374)**	**(28,057)**	**(30,966)**	**(94,239)**	**(570,420)**	**(664,659)**	**3,938**	**0**	**(660,721)**
Movement in reserves during 2019/20										
Total Comprehensive Income and Expenditure	1,917	8,169	0	0	10,086	(34,464)	(24,378)	1,062	(3,145)	(26,461)
Adjustments from income &expenditure charged under the accounting basis to the funding basis	(10,441)	(2,649)	(929)	7,147	(6,872)	6,872	0	0	0	0
Increase or (Decrease) in 2019/20	**(8,524)**	**5,520**	**(929)**	**7,147**	**3,214**	**(27,592)**	**(24,378)**	**1,062**	**(3,145)**	**(26,461)**
Balance at 31 March 2020 carried forward	**(32,366)**	**(5,854)**	**(28,986)**	**(23,819)**	**(91,025)**	**(598,012)**	**(689,037)**	**5,000**	**(3,145)**	**(687,182)**

GROUP BALANCE SHEET

Core Statement

31 March 2019 £000		Notes	31 March 2020 £000
1,112,016	Property, Plant & Equipment	8	1,157,844
1,115	Intangible Assets		6,162
22,616	Heritage Assets		22,851
124,837	Long Term Investments		148,211
715,325	Long Term Debtors		787,727
1,975,909	**Long Term Assets**		**2,122,796**
27,508	Short Term Investments		88,995
1,605	Assets Held for Sale		1,605
282	Inventories		311
47,520	Short Term Debtors		76,436
16,312	Cash and Cash Equivalents		64,261
93,226	**Current Assets**		**231,609**
(971,266)	Short Term Borrowing		(1,073,010)
(50,586)	Short Term Creditors		(51,351)
(4,631)	Short Term Provisions		(6,466)
(1,026,483)	**Current Liabilities**		**(1,130,827)**
(660)	Long Term Provisions		(4,284)
(195,196)	Long Term Borrowing		(347,902)
(162,609)	Pension Liability		(158,894)
62	Long Term Creditors		(185)
(24,683)	Capital Grants Receipts in Advance		(25,131)
(383,087)	**Long Term Liabilities**		**(536,396)**
659,567	**Net Assets**		**687,182**
(89,147)	Usable reserves	6	(86,025)
(570,420)	Unusable Reserves	7	(601,157)
(659,567)	**Total Reserves**		**(687,182)**

I certify that the statement of accounts gives a true and fair view of the financial position of the authority at 31 March 2020 and its income and expenditure for the year ended 31 March 2020.

Director of Finance, Governance & Property
Date: 30 November 2020

GROUP CASH FLOW

Core Statement

2018/19		Notes	2019/20 £'000
17,556	Net surplus or (deficit) on the provision of services		(11,148)
41,426	Adjustment to surplus or deficit on the provision of services for non cash movements		85,667
(51,740)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(52,621)
7,242	**Net Cash flows from operating activities**		**21,898**
(393,422)	Investing Activities		(224,588)
374,366	Financing Activities		250,639
(11,814)	**Net increase or decrease in cash and cash equivalents**		**47,949**
28,125	Cash and cash equivalents at the beginning of the reporting period		16,312
16,311	**Cash and cash equivalents at the end of the reporting period**		**64,261**

GROUP STATEMENTS

Notes to the Accounts

Notes to the Group Accounts

Notes to the Group accounts have been completed where consolidation of the group companies has a specific impact. Where this is not the case then please refer to the equivalent note in the Council accounts.

Note 1 GROUP BOUNDARY

The Council owns 100% of the share capital of Thurrock Regeneration Ltd. Thurrock Regeneration Ltd is the owner of 100% of the share capital of the subsidiary company – Thurrock Regeneration Homes Ltd. Both Thurrock Regeneration Ltd and Thurrock Regeneration Homes Ltd have been consolidated into the group financial statements.

Note 2 ACCOUNTING POLICIES

In preparing the Group Accounts the Council has:

- Aligned the accounting policies of the company with those of the Council and made consolidation adjustments where necessary;
- Consolidated the financial statements of the company with those of the Council on a line by line basis; and
- Eliminated in full balances, transactions, income and expenses between the Council and its subsidiary.

GROUP STATEMENTS

Notes to the Accounts

Note 3 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure statement comprise the following:

2018/19 £000		2019/20 £000
15,768	Interest payable and similar charges	20,632
4,417	Net interest on the net defined benefit liability	3,735
(33,292)	Interest receivable and similar income	(48,654)
0	Movement in Fair Value of Pooled Investments	3,412
(13,107)	**Total**	**(20,875)**

Note 4 SHORT-TERM DEBTORS

The table below provides an analysis of the Short-Term Debtors figure (net of provision for impairment) in the Balance Sheet:

31 March 2019 £000		31 March 2020 £000
19,354	Trade receivables	27,383
5,548	Prepayments	3,759
22,618	Other receivable amounts	45,294
47,520	**Total**	**76,436**

Note 5 SHORT-TERM CREDITORS

The table below provides an analysis of the Short-Term Creditors figure in the Balance Sheet:

31 March 2019 £000		31 March 2020 £000
(25,933)	Trade payables	(22,048)
(24,653)	Other payables	(29,305)
(50,586)	**Total**	**(51,353)**

Notes to the Accounts

Note 6 USABLE RESERVES

The balances on the Usable Reserves in the Balance Sheet are detailed in the following table:

31 March 2019 £000		Notes	31 March 2020 £000
(5,908)	General Fund Balance		(11,000)
(2,175)	Housing Revenue Account Balance		(3,834)
(22,040)	Earmarked Reserves		(23,386)
(28,057)	Capital Receipts Reserve		(28,986)
(30,966)	Capital Grants Unapplied		(23,818)
0	Group’s share of Reserves of Subsidiaries - Usable		5,000
(89,146)	**Total Usable Reserves**		**(86,024)**

Note 7 UNUSABLE RESERVES

The balances on the Unusable Reserves in the Balance Sheet are detailed in the following table:

31 March 2019 £000		Notes	31 March 2020 £000
(239,035)	Revaluation Reserve		(251,091)
(506,127)	Capital Adjustment Account		(525,456)
14,041	Financial Instruments Adjustment Account		13,619
162,609	Pensions Reserve		158,894
(621)	Collection Fund Adjustment Account - Council		(727)
(2,009)	Collection Fund Adjustment Account - NNDR		(1,365)
323	Pooled Investment Fund Adjustment Account		3,735
399	Accumulated Absences Account		1,234
(570,420)	**Total Unusable Reserves**		**(601,157)**

Note 8 PROPERTY, PLANT AND EQUIPMENT

Movement in 2018/19	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant & Equipment £000	Community Assets £000	Infrastructure Assets £000	Assets Under Construction £000	Surplus Assets £000	Total PP&E £000
Cost or Valuation								
At 1 April 2018	728,213	171,715	31,852	19,300	130,749	1,928	59,985	**1,143,742**
Additions / Donations	13,564	1,676	6,845	137	25,936	11,646	0	**59,804**
Additions - Other	0	0	0	0	0	0	0	**0**
Derecognition - Disposals	0	(750)	(3,772)	0	0	0	0	**(4,522)**
Derecognition - Other	(10,378)	(7,293)	0	0	0	0	(132)	**(17,803)**
Revaluations Recognised in Revaluation Reserve	4,309	2,692	0	0	0	0	(635)	**6,366**
Revaluations Recognised in Surplus/Deficit on Provision of Services	(1,231)	(2,482)	0	0	0	0	58	**(3,655)**
								0
Assets reclassified (to)/from Held for Sale	(4,267)	(1,103)	0	0	0	0	0	**(5,370)**
Assets reclassified (to)/from Investment Property	0	0	0	0	0	0	0	**0**
Assets reclassified (to)/from Stock	0	0	0	0	0	0	0	**0**
Other movements in Cost or Valuation	0	0	0	0	0	0	0	**0**
At 31 March 2019	**730,210**	**164,455**	**34,925**	**19,437**	**156,685**	**13,574**	**59,276**	**1,178,562**

Notes to the Accounts

Movement in 2018-19	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant & Equipment £000	Community Assets £000	Infrastructure Assets £000	Assets Under Construction £000	Surplus Assets £000	Total PP&E £000
Accumulated Depreciation and Impairment								
At 1 April 2018	(9,104)	(9,083)	(17,195)	(7,498)	(29,036)	0	(126)	**(72,042)**
Depreciation charge	(9,073)	(2,989)	(2,672)	(710)	(3,504)	0	(68)	**(19,016)**
Depreciation written back to the Revaluation Reserve	17,249	729	0	0	0	0	4	**17,982**
Depreciation written back to Surplus/Deficit on Provision of Services	925	1,060	0	0	0	0	5	**1,990**
Derecognition - Disposals	0	0	3,729	0	0	0	0	**3,729**
Derecognition - Other	0	799	0	0	0	0	8	**807**
Other movements in Depreciation and Impairment	0	0	0	0	0	0	0	**0**
At 31 March 2019	**(3)**	**(9,484)**	**(16,138)**	**(8,208)**	**(32,540)**	**0**	**(177)**	**(66,550)**
NBV At 31 March 2018	**719,109**	**132,532**	**14,657**	**11,802**	**101,713**	**1,928**	**59,859**	**1,041,600**
NBV At 31 March 2019	**730,207**	**154,971**	**18,787**	**11,229**	**124,145**	**13,574**	**59,099**	**1,112,012**

Movement in 2019/20	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant & Equipment £000	Community Assets £000	Infrastructure Assets £000	Assets Under Construction £000	Surplus Assets £000	Total PP&E £000
Cost or Valuation								
At 1 April 2019	730,211	164,451	34,926	19,438	156,685	13,824	59,277	**1,178,812**
Adjustment	0	0	(3,856)	0	0	0	0	**(3,856)**
Additions / Donations	13,055	5,065	4,173	95	41,723	19,654	64	**83,829**
Additions - Other	0	0	0	0	0	0	0	**0**
Derecognition - Disposals	0	(54)	(367)	0	0	0	0	**(421)**
Derecognition - Other	(12,768)	(4,731)	0	0	0	0	0	**(17,499)**
Revaluations Recognised in Revaluation Reserve	(5,840)	9,317	0	0	0	0	1,045	**4,522**
Revaluations Recognised in Surplus/Deficit on Provision of Services	(205)	(15,440)	0	0	0	0	1,735	**(13,910)**
								0
Assets reclassified (to)/from Held for Sale	(4,681)	0	0	0	0	0	0	**(4,681)**
Assets reclassified (to)/from Investment Property	0	0	0	0	0	0	0	**0**
Assets reclassified (to)/from Stock	0	0	0	0	0	0	0	**0**
Other movements in Cost or Valuation	0	0	0	0	0	0	0	**0**
At 31 March 2020	**719,772**	**158,608**	**34,876**	**19,533**	**198,408**	**33,478**	**62,121**	**1,226,796**

Notes to the Accounts

Movement in 2019-20	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant & Equipment £000	Community Assets £000	Infrastructure Assets £000	Assets Under Construction £000	Surplus Assets £000	Total PP&E £000
Accumulated Depreciation and Impairment								
At 1 April 2019	0	(9,481)	(16,137)	(8,209)	(32,541)	0	(178)	**(66,546)**
Adjustment	0	0	1,559	0	0	0	0	**1,559**
Depreciation charge	(9,023)	(2,192)	(3,332)	(734)	(4,169)	0	(69)	**(19,519)**
Depreciation w ritten back to the Revaluation Reserve	8,606	2,171	0	0	0	0	4	**10,781**
Depreciation w ritten back to Surplus/Deficit on Provision of Services	417	2,939	0	0	0	0	0	**3,356**
Derecognition - Disposals	0	3	346	0	0	0	0	**349**
Derecognition - Other	0	1,068	0	0	0	0	0	**1,068**
Other movements in Depreciation and Impairment	0	0	0	0	0	0	0	**0**
At 31 March 2020	**0**	**(5,492)**	**(17,564)**	**(8,943)**	**(36,710)**	**0**	**(243)**	**(68,952)**
NBV At 31 March 2019	**730,211**	**154,970**	**18,789**	**11,229**	**124,144**	**13,824**	**59,099**	**1,112,266**
NBV At 31 March 2020	**719,772**	**153,116**	**17,312**	**10,590**	**161,698**	**33,478**	**61,878**	**1,157,844**

Accruals
This is the concept that income and expenditure are recognised as they are earned or incurred, not when cash is received or paid and is reflected in the accounts by the inclusion of debtors and creditors.

Actuarial Gains and Losses
These arise in defined benefit pension schemes when there are changes in actuarial deficits or surpluses. They occur because:

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- The actuarial assumptions have changed.

Assets Held for Sale
These are classified as current assets in the Balance Sheet on the basis that they are currently being actively marketed with every expectation that they will be disposed of within 12 months.

Balances
Balances are maintained to meet expenditure pending the receipt of income and to provide a cushion against expenditure being higher or income lower than expected or budgeted for. Contributions to balances can be financed by either a planned contribution from the revenue budget or by a transfer of any fortuitous revenue surplus at the year end. The maintenance of an appropriate level of balances is a fundamental aim of prudent financial management.

Capital Adjustment Account (CAA)
This is a reserve set up in 2007 in accordance the then new accounting standards. The opening balance comprised the sum of the balances on the Capital Finance Account (CFA) and on the Fixed Asset Restatement Account (FARA). It is a store of the capital resources that have been deployed to finance past capital expenditure. It is classified as an Unusable Reserve.

Capital Receipts
These are the proceeds of the sale of fixed assets and repayments of capital grants and some loans. Many housing capital receipts are subject to a national pooling arrangement.

Chartered Institute of Public Finance and Accountancy (CIPFA)
This is the UK accounting Institute that produces the standards and Codes of Practice that must be followed in preparing a local authority's financial accounts and statements.

Contingent Assets and Liabilities

- A contingent asset is a possible receipt of economic benefit that may arise in the future if certain events take place;
- A contingent liability is a loss, charge or obligation that may arise in the future if certain events take place; and
- In both cases, these events may not be wholly within the control of the Council. Contingent assets and liabilities are not recognised in the accounts but must be disclosed in a note.

Corporate and Democratic Core
The corporate and democratic core comprises all activities in which local authorities engage specifically because they are elected democratic multi-purpose authorities. It has two elements – corporate management and democratic representation and management. The activities within the corporate and democratic core are in addition to those which would be carried out by a series of independent, single purpose bodies managing the same services.

GLOSSARY OF TERMS

Corporate Governance
Corporate Governance is the system by which local authorities direct and control their functions. It is described and reviewed in the Annual Governance Statement.

Current Service Cost (Pensions)
This is the cost at present value of a defined benefit scheme's liabilities expected to arise from employees' service in the current period.

Curtailment Costs (Pensions)
For a defined benefit scheme, these arise from an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include:

- Termination of employees' services earlier than expected, for example, by a restructure of operations, and
- Termination of, or amendment to, the terms of a defined benefit scheme so that some or all future service of current employees will no longer qualify for benefits or will qualify only for reduced benefits.

Defined Benefit Scheme (Pensions)
This comprises a pension or retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits available independently of the contributions payable. Further, the benefits are not related to the yield of the investments of the scheme. The scheme may be funded, notionally funded, or unfunded.

Depreciation
This is the annual charge to a local authority's Comprehensive Income and Expenditure Statement to reflect the reduction in the useful economic life of fixed assets after each year's use.

Discretionary Benefits
These are retirement benefits which an employer has no legal or contractual obligation to award, such as unfunded compensatory added years. They are awarded under discretionary powers, such as the Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011.

Fair Value
The fair value is the value of an asset or liability in an arm's length transaction between unrelated, willing and knowledgeable parties. Whenever possible this is taken as market value but, where there is no market, depreciated replacement cost can be used.

Finance Lease
A finance lease is a lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to a lessee.

Financial Instrument
A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability in another. In practice, this covers both financial assets and financial liabilities and includes bank deposits, investments, debtors, loans, creditors and borrowings.

General Fund
This is the main non capital fund of a local authority from which all expenditure is met and into which all income is paid, with the exception of those items that by statute must be kept separate, such as the Collection Fund and the Housing Revenue Account.

Government Grants
These comprise financial assistance by government in the form of cash transfers to an authority and are the main sources of local government funding; some are general, whilst others are specific and require compliance with certain conditions.

Housing Revenue Account (HRA)
This is a statutory account that shows all income and expenditure relating to the provision, management and maintenance of a local authority's housing stock.

Impairment
This is the loss in value of a fixed asset arising from physical damage and/or deterioration in the quality of service provided by the asset or from a general fall in prices. Impairments also occur where further capital is invested in an asset which does not produce a fully matching increase in the fair value of an asset.

Infrastructure Assets
These are non-current assets that have no realistic expectation of being sold and are held to deliver mostly transport services, such as roads, traffic management and road safety assets and drainage works. They are recorded at historic cost and are not re-valued.

Intangible Assets
Intangible assets are defined in as 'non-financial fixed assets that do not have physical substance but are identifiable and are controlled by the entity through custody and legal rights'. The only example relevant to local authorities is computer software.

Interest Cost (Pensions)
For a defined benefit scheme, this is the expected increase during the year in the present value of the scheme liabilities because the benefits are one year closer to settlement date.

International Financial Reporting Standards (IFRS)
These are international accounting standards, applicable throughout the European Union and many other countries (but not the United States, which have replaced UK GAAP from 1 April 2010 as the standards with which local authority accounts must comply.

Investments (Pensions)
This comprises the share of pension scheme assets in Essex County Pension Fund attributable to the Council and associated with its underlying obligations, as calculated by the Actuary to the Fund.

Investments (Non - Pension)
A long-term investment is one that is held for in excess of 12 months for its yield and/or capital appreciation. Most local authority investments, however, are short term and are held for cash management purposes.

Levies
These are amounts raised by statutory bodies from their constituent local authorities to enable them to carry out their functions.

Minimum Revenue Provision (MRP)
This is the minimum amount which must be charged to a local authority's revenue account each year as a provision for the repayment of debt.

Net Worth
The net worth of a local authority comprises the total of its usable reserves (such as fund balances and earmarked reserves), and its unusable reserves (such as the capital adjustment account, revaluation reserve and pensions reserve).

Non-Current Assets
These comprise Property, Plant and Equipment, Intangible Assets, Investment Property, Surplus Assets not Held for Sale, and Assets Held for Sale all of which yield economic benefits to a local authority and the services it provides for a period of more than one year.

Non-Distributed Costs
These are overheads from which no service benefits and that should not be allocated over services. They include curtailments, past service costs, and the running costs of unused assets.

Non-Domestic Rate (NNDR)
This is a national tax on non-domestic properties based on the rateable value of the premises occupied. NNDR is collected by a billing authority and paid into a national pool. The Government then redistributes the yield to all local authorities pro rata to their population.

Past Service Costs (Pensions)
For a defined benefit scheme, this is the increase in the present value of scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Post Balance Sheet Events
These are events which arise after the end of an accounting period. They comprise:

- Adjusting events which provide further evidence of conditions that existed by the end of the accounting period and that require adjustments to the accounts; and
- Non adjusting events which are indicative of conditions that arose subsequent to the end of the accounting period, and are reported by way of a note to the accounts.

Precept
This is an amount required by another statutory body (such as a police authority) and collected on its behalf by a billing authority as part of its overall Council tax demand.

Property, Plant and Equipment
These are assets which yield economic benefits to a local authority and the services it provides for a period of more than one year. They are assets which are held and occupied, used or consumed by the local authority in the delivery of those services for which it has either a statutory or discretionary responsibility.

Provisions
These are amounts set aside for any liabilities or losses which are likely to be incurred, but which are uncertain as to the amounts or the dates on which they will arise.

Reserves
These are amounts set aside for specific purposes. A local authority has discretion in setting aside amounts for reserves whereas the setting aside of amounts for provisions is an accounting requirement.

Revaluation Reserve
This reserve was introduced in 2007 for all local authorities and started off with a nil balance at 1 April 2007. Revaluation gains and losses are calculated on an asset by asset basis and subsequent losses can be offset against accumulated revaluation gains after which they must be charged to the Comprehensive Income and Expenditure Statement. It is classified as an Unusable Reserve

Scheme Liabilities (Pensions)
These are the liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities are measured using the projected unit method to reflect the benefits that an employer is committed to provide for employees up to the valuation date.

Settlement Costs (Pensions)
These comprise irrevocable actions that relieve an employer (or the defined benefit scheme) of the primary responsibility for a pension obligation and eliminate significant risks relating to the obligation and the assets used to effect the settlement. Settlements include:

- Lump-sum cash payments to scheme members in exchange for their rights to receive specified pension benefits;
- The purchase of irrevocable annuity contracts sufficient to cover vested benefits; and
- The transfer of scheme assets and liabilities relating to a group of employees leaving the scheme.

Support Services
These are services, such as finance and legal, that are not statutory local authority services but which give support to authorities' statutory (and discretionary) services.

Supported Capital Expenditure
This is the term for central government support for local authority capital expenditure financed from borrowing with effect from 1 April 2004. Under this "Prudential system" local authorities receive funding through the revenue support grant to meet the costs of specified borrowing.

Unsupported Borrowing
This is borrowing permitted to authorities under the "Prudential Code" framework but which does not receive revenue support through the grant system.

Useful Life
This is the period over which a local authority derives benefit from the use of a Non-current asset.