Thurrock Council

Statement of Accounts

2018/19

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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 investing more than £70million to create over 3,500 new school places across the borough in the coming years. We are working towards a future where every resident has a job – 24,500 new jobs are planned for over the next 20 years - with better educated children and skilled residents who can access employment opportunities.

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 170,400 (as at time of publication), and to 175,000 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 mid-2015.

Population section	Estimate
Male	49.25%
Female	50.75%
0 to 14 year-olds	21.13%
15 to 24 year-olds	11.63%
25 to 44 year-olds	29.17%
45 to 64 year-olds	25.19%
65 year-olds and older	12.88%

6. Homes and Houses

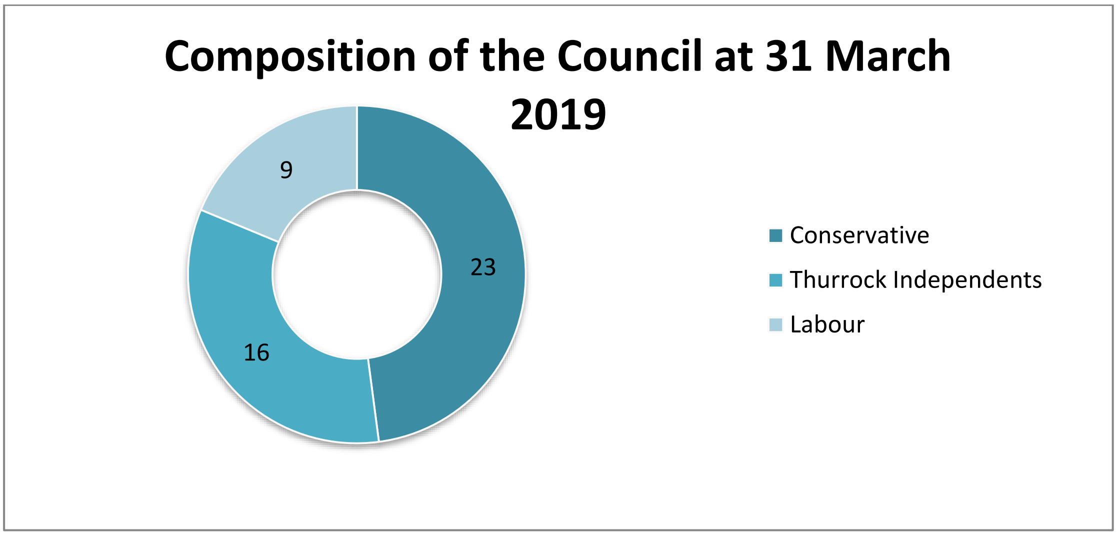
According to the Valuation Office, March 2019, there are 68,266 dwellings in Thurrock. The borough has a target to build 30,000 new homes by 2037 to meet the demand expected from people wanting to live here.

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, March 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	£268,143	£291,415	£240,949

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 7 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 2019:

Cabinet Member	Role	Portfolio
Councillor Rob Gledhill	Leader of the Council	Public Protection & Anti-Social Behaviour
Councillor Shane Hebb	Deputy Leader of the Council	Finance
Councillor Gary Collins		Central Services
Councillor Mark Coxshall		Regenaration
Councillor James Halden		Education & Health
Councillor Deborah Huelin		Communities
Councillor Barry Johnson		Housing
Councillor Susan Little		Children & Adults Social Care
Councillor Aaron Watkins		Environment & Highways

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.

- **Health and Social Care Transformation - Risk 1 (Rating: 12 Critical/Likely)**

Significant programme management capacity and expertise is required to deliver both the Adult Social Care Transformation Programme and the Health and Social Care Integration Programme (including the Better Care Fund). There are also challenges to overcome to progress a programme which is truly ‘whole system’.

This includes current pressures on the Essex-wide health economy, a ‘local’ health agenda which is geographically broader than Thurrock, and how decisions made by non-Thurrock parts of the Essex-wide system will impact upon what Thurrock wants and needs to achieve. Thurrock is a very low spending authority per capita on Adult Social Care (ASC) and also faces significant challenge in its ability to meet the growth in demand and complexity.

The department has though received additional funding for ASC which it has used to help provide stability and capacity, including helping to deliver the essential transformation required.

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

Adult Social Care has received additional funding during the last two 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. Further work will continue during 18-19 that will contribute towards the stability and sustainability of the market place – including diversification. Despite this, the risk is very real but will be reviewed once the new domiciliary care tender has had sufficient time to embed.

- **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 although as anticipated it has led to an increase in the volume of work to children's social care, this is ongoing. The service continues to maximize the external investment and opportunities presented through the Troubled Families Programme and continuously measures impact of the MASH. Ongoing savings to be made across Children's Services including from the Children's Social care budget will be risk assessed to mitigate the impact on front line services. The service has to be 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. An incident of civil disorder could result in more young people being placed in custody and a resulting increase in remand costs to the local authority. Caseloads are too high in some teams and this represents a pressing safeguarding concern. Areas for improvement have been identified within the recent Ofsted (SIF). 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.

- **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 S.E.T (Southend, Essex & Thurrock) 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 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. Within the context of this work we have a high level and critical risk that is being proactively managed.

The management of the risk across partner agencies is reducing the likelihood of such risk, where the potential for such risks are known but cannot reduce the potential magnitude for the child in incidents such as child death or permanent disability. The unknown element of risk for families not known to the service means that overall the likelihood remains high.

- **Business Continuity Planning - Risk 21 (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 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. A recent internal audit report on emergency planning, separately recommended a review of BCP arrangements at service level.

- **Fraud - Risk 23 (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. In the 2016/17 year the service detected £4.5m of fraud and recovered £3.2m back in to the council. A persistent training and education regime is in place, where experts from the service work with staff, contractors, and members 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.

- **Impact of UK Withdrawal from the EU - Risk 28 (Rating: 12 Critical/Likely)**

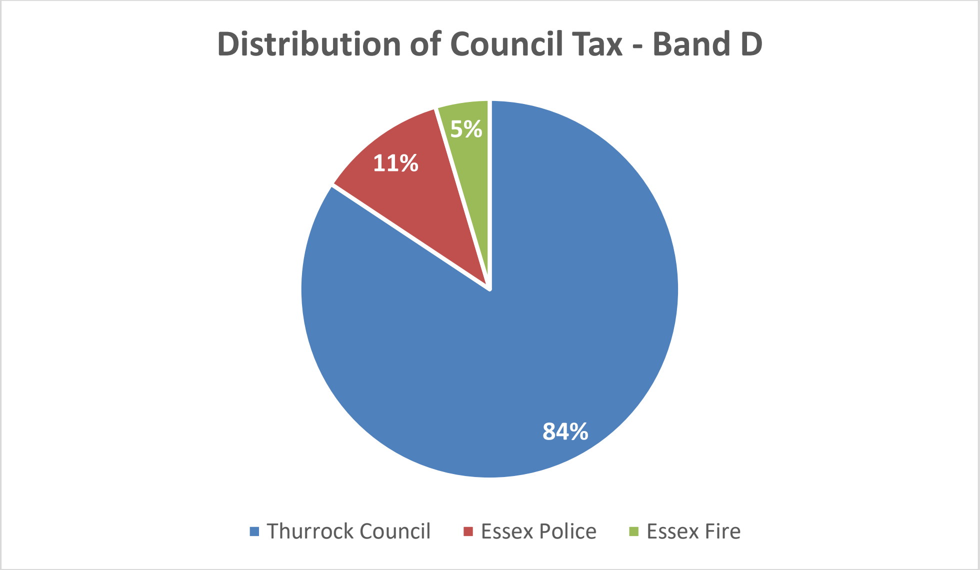
Although Central government remains confident that a deal will be made prior to the UK leaving the EU, there is still an element of uncertainty that it will not be reached or in place by March 2019. Withdrawal from the EU involves a complex set of negotiations and the outcome of the process is difficult to predict. The Council is working with the Essex Resilience Forum and wider stakeholders to consider and plan for the potential impact of Brexit on Thurrock and the Council.

10. Council Tax 2018/19

The net budget requirement for a Council is the amount needed to finance Council services after allowing for planned expenditure and income. For 2018/19, this was set by the Council at £114.742m. The amount met by Revenue Support Grant, other grants from Central Government, the projected surplus/deficit in the collection fund, transfers to and from reserves and Business Rates (under the retention arrangements) was £49.334m leaving £65.408m to be raised locally from Council Tax (the Council Tax Requirement).

The 2018/19 Band D Council tax for Thurrock Council services, including the adult social care precept was £1,287.61. 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 £1,527.21 distributed amongst the preceptors as set out in the chart below.



11. Regeneration and Investment

Thurrock has a growth strategy to create 24,500 jobs. 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. The design team is looking at the town as it is now, along with new opportunities for improvement and will soon be asking for the views of local residents, community groups and businesses.

- 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.

STATEMENT OF ACCOUNTS & FINANCIAL PERFORMANCE

1. 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.

2. The Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

These accounts have been prepared in accordance with the Code of Practice 2018/19 (The Code), published by the Chartered Institute of Public Finance and Accountancy (CIPFA), which defines proper accounting practice for local authorities.

3. Financial Performance

Overall Position

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 monitoring information generally presented to Cabinet as it contains a number of technical accounting charges that are later reversed out through the Movement in Reserves Statement (MIRS). 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 13 June 2018 is set out in the section below.

The Financial Outturn

The 2018/19 financial year saw Thurrock Council achieve, for the first time, the start of five years self-sufficiency which now means a balanced budget up to, and including, the 2022/23 financial year.

Furthermore, over the course of the 2018/19 municipal year, the Council maintained the General Fund Balance at £11m, an increase of 38% compared to £8m on 31 March 2017. The Housing Revenue Account Balance has been maintained at £2.175m.

Members should note that these Balances are arguably the most important reserves that a Council holds as they are set aside for unplanned impacts on the budget such as unmitigated over spends and income short falls. These are different from Earmarked Reserves that, by definition, are set aside for planned expenditure and are often restricted to specific terms. As such, the rationale of using these for financial resilience judgements is a flawed approach.

Services continue to be protected and Members continue to have flexibility to identify additional funding for priority areas such as the reduction of anti-social behaviour through both good budget management and achievement of year-end surpluses. Service Reviews remain a critical component of the self-sufficiency agenda; as well as providing an ability to improve the quality of the services that council provide.

The council has benefited from a recent history of prudent financial management to meet the financial challenges arising that have predominantly related to demand-led social care pressures and meet the ongoing demands within Environmental Services. Mitigation has included managing demand, further income generation, improving efficiency and reducing non-essential spend. These challenges have been met while continuing to build financial resilience and delivering improved services in more efficient and innovative ways.

This report provides a high level summary on the outturn for 2018/19 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 future financial risk and ensure capital funding is available to support housing and regeneration programmes.

Introduction and Background

Members have received finance reports throughout the year. The month 9 report showed that the Council still had a predicted deficit of £0.35m due to pressures in Children’s Social Care and Environment & Highways. These pressures have been fully mitigated by further improvements to the council’s treasury position and savings within the support service Directorates. These pressures were all recognised within the budget setting for 2019/20 with additional funding being allocated to each. Through this, the Council has maintained the General Fund balance at £11m while increasing reserves to support improvements to services in future periods and ensure financial resilience against planned changes to the funding of local authorities, and any economic downturns which may affect the council’s ability to fund the services which residents use and depend.

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

2017/18 £'000	Directorate	2018/19 £'000
35,351	Adults; Housing and Health	38,465
37,471	Children's Services	37,678
488	Commercial Services	650
20,813	Environment and Highways	21,972
4,681	Place	3,798
9,449	Finance, IT and Legal	10,296
3,446	HR; OD and Transformation	3,504
3,751	Schools	(188)
1,723	Corporate Costs	2,292
2,285	Corporate Strategy & Communications	2,187
119,458	**Net Cost of General Fund Services**	**120,654**
(1,878)	Housing Revenue Account	(2,730)
117,580	**Net Cost of Services**	**117,924**
(120,970)	Other Income & Expenditure	(131,169)
(3,390)	**(Surplus)/Deficit**	**(13,245)**
(18,581)	Opening General Fund and HRA Balance	(21,971)
(3,390)	(Surplus)/Deficit in year (per table above)	(13,245)
(21,971)	Closing General Fund and HRA Balance	(35,216)

The table above shows the total opening and closing usable reserves of the Council. This can be misleading as a number of reserves are for specific use and those relating to schools include the end of year balances specific to individual maintained schools.

There has been a lot in the press about financial resilience and how levels of reserves have been reported as a means to determine the resilience of any one authority. Members should be aware of the key points for Thurrock:

- The figures used were the change in reserves, including earmarked reserves, between 1 April 2015 and 31 March 2016. There was an exceptional planned expenditure in this financial year that was circa £13m to exit the Serco contract that resulted in ongoing savings in excess of £3m per annum;

- Another significant reduction related to the end of year balances of individual schools. These are not usable by Thurrock Council. As more schools transfer to Academy Status, these reserves reduce as the balances are paid over;

- The main balance that is not earmarked is the General Fund Balance. During the period in question, this stayed stable at £8m but has since been increased by 38% to £11m and subsequently maintained; and

- The position as at 31 March 2019 includes increased reserves for Transformation purposes to further manage costs and a financial resilience reserve of £4m to manage changes relating to accounting, funding and economic factors.

Whilst the overall level of reserves has increased by £13.2m, these include funding raised from the surplus delivered in 2018/19 for expenditure in 2019/20 and beyond, including funding for the additional police officers, Anti-Social Behaviour, support for the outcomes from the Mental

Health and Debt Summits, Lower Thames Crossing, target hardening, HRA capital build schemes and a Financial Resilience Reserve to manage the transition to the new business rates system and revaluation that both take effect from 1 April 2020.

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

31-Mar-18 £'000	Reserve Category	31-Mar-19 £'000
2,193	Education and Schools	909
(1,867)	Adults, Community and Health	(1,635)
(200)	Grant Carried Forward	(93)
(2,453)	Other Earmarked Reserves	(4,573)
0	Transformation Reserve	(3,450)
0	Financial Resilience Reserve	(4,000)
(11,000)	General Fund Balance	(11,000)
(8,644)	HRA Related	(11,373)
(21,971)	**TOTAL**	**(35,216)**

- Education and Schools – Primarily 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 – Primarily 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 includes identified surplus funding that Members allocated in December 2018. This also captures all other earmarked reserves including ring-fenced accounts such as building control, planning and Salix;

- Transformation Reserve – 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 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 new financial accounting guidance on the treatment of investment balances;

- 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 received additional in-year funding from Central Government in an attempt to ease a number of nationally recognised issues related to increased demand for care over the winter period and to further support efforts being undertaken to reduce delayed transfers of care from hospitals.

In conjunction with Thurrock CCG, the Directorate identified and implemented a number of short-term initiatives which increased capacity within the domiciliary care market and improved pathways for patients leaving hospital who require ongoing social care support.

As in previous years, residential placements and support packages for people with learning disabilities, autism, challenging behaviours and mental health issues remained a significant financial risk. The directorate were able to utilise the Adult Social Care Support Grant to partly offset these pressures.

Funds held within the pooled Better Care Fund further supported the directorate in their efforts to stabilise the domiciliary care market following a full tender exercise for the service in 2017/18. This area remains a high risk and requires a new approach to the ways in which the services are delivered to ensure they are sustainable long-term. In the absence of the 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.

Housing General Fund

The implementation of the Homelessness Reduction Act in April 2018 has brought about significant changes to the delivery of services by the Housing Solutions Team. The requirement to provide homelessness services to everyone who is eligible and considered homeless (regardless of priority need and intentional homelessness) has resulted in considerably more people being provided with assistance and this has had a significant impact on the budget. Additional funding released in the fourth quarter helped mitigate part of this.

Children’s Services

In line with the challenging circumstances being experienced nationally, Children’s Services faced a number of budget pressures throughout the year.

An ongoing heavy reliance on agency staff continued to have significant impact on the budget alongside the implementation of a new staffing structure which increased caseload capacity amongst social workers.

Services for vulnerable children are demand led by nature and although the number of looked after children reduced, the associated costs remained high due to the ever changing mix of placement tenure. The teams carried out regular reviews of the high cost out of borough placements and recommissioned alternative provision where possible whilst ensuring appropriate outcomes for individuals. Payments for special guardianship, adoption and fostering arrangements were thoroughly reviewed but remained a cost pressure.

The Brighter Futures Board closely monitored the delivery of the Troubled Families Recovery Plan throughout the year and the one-off funding amount was reduced in line with the levels of successful payment-by-results outcomes demonstrated.

School transport pressures have been contained within the overall budget but further ongoing work in this area is required.

Environment and Highways

Environment and Highways received additional investment in 2018/19 to support the increase in demand for services across the borough, yet a number of budgetary pressures were still identified and reported on throughout the year.

As in 2017/18, waste collection remained a significant cost pressure for the directorate due to the reliance on agency staff, high fuel costs and the introduction of an additional refuse round.

Action was taken to manage budgets and control spend; this included budget challenge sessions with all budget holders to reduce discretionary spend, a freeze on all non-essential recruitment and an ongoing exercise to review agency personnel and award fixed term/permanent contracts where appropriate. There was also considerable challenge of spend on the waste disposal contracts as well as a communications campaign to further support residents in reducing contamination within their recycling waste.

A mild winter resulted in a lower need for gritting services than anticipated which also helped further mitigate a number of cost pressures.

Place

Rental income for commercial properties performed well and alongside this there was a reduction in the anticipated spend on property maintenance in the last quarter.

Conditions surveys were initiated in-year on a number of assets; this is the first stage of the development of a schedule of the required repairs and maintenance works going forward and this remains an area of focus for future years.

The theatre and museum service once again delivered a self-financing position for the year, largely facilitated by the success of the pantomime over the festive period.

Dedicated Schools Grant (DSG)

Nationally, all local authorities and the education system have struggled to meet the additional demand for payments in support of children with statements/Education and Health Care (EHC) plans; for out of borough placements; for independent special school residential placements and for special educational needs and disabilities SEN(D) top up payments.

The high needs block remains a significant issue for Thurrock due to the increased efforts to maintain pupils within mainstream provision with additional externally commissioned specialist support.

The early years block exceeded the funding received from the Education and Skills Funding Authority (ESFA) and this area will undergo a review of the ways in which the policy is being applied across the borough with the intention to present a report to the schools forum in 2019/20.

The DSG has a carried forward deficit of £3.8m. A plan to address the deficit was agreed as part of the 2019/20 budget setting process. A return will be made to the ESFA by the 30th June that outlines the reason the deficit occurred and actions taken to contain expenditure within the funding envelope provided.

Other Income and Expenditure

The Council’s investment approach and continued commercial focus has yielded additional returns in 2018/19 enabling greater investment in services and improved the level of useable reserves.

Housing Revenue Account

The HRA General Reserve has once again been maintained to expected levels in line with the HRA business plan.

As in previous years budget pressures were caused by the responsive repairs and maintenance service, these were mitigated by part year staff vacancies and in-year slippage to projects led by the Housing Operations service.

Rental income exceeded expectation due to a reduction in Right-To-Buy sales. This was used to offset a requirement to increase bad debt provision due to a rise in the number of tenants receiving Universal Credit and falling into arrears.

Additional resources have been allocated to the Development Reserve to fund a programme of adaptation works to Sheltered Housing properties and to offer continued support to the New Build Programme and Estate Regeneration work streams being carried out in 2019/20.

Capital Programme

Total capital expenditure for 2018/19 amounted to £65.945m. 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	1,725	1,085	(640)
Children's Services	7,244	5,813	(1,431)
Environment and Highways	11,409	10,308	(1,101)
Finance and Information Technology	2,250	1,604	(646)
Housing General Fund	92	47	(45)
Housing Revenue Account	23,897	21,303	(2,594)
HR; OD & Transformation	2,508	2,077	(431)
Corporate Strategy & Communications	15	12	(3)
Place	24,845	23,696	(1,149)
Total	**73,984**	**65,945**	**(8,040)**

Source of Finance	**Budget £'000s**	**Total £'000s**	**Variance £'000s**
Prudential Borrowing	21,916	15,517	(6,399)
Usable Capital Receipts	3,610	6,196	2,586
Earmarked Usable Capital Receipts	4,405	3,639	(766)
Major Repairs Reserve	10,668	10,015	(653)
Grants	9,033	7,122	(1,911)
Other Grants	20,295	20,082	(213)
Developers Contributions	3,484	3,353	(132)
Revenue Contribution to Capital	0	0	0
Reserves	574	22	(552)
Total	**73,985**	**65,945**	**(8,040)**

The capital outturn position includes the delivery of the following projects in 2018/19:

- £25.6m spent on improvements to the highways infrastructure, including design, land acquisition, land clearance costs for the widening of the A13 between Orsett Cock and Manorway interchanges, cycle and bus improvements to Tilbury station, Buckingham Road junction modifications, HGV control measures on the A1014 - and works to the Thurrock cycle network.

- £9.8m spent on transforming council homes, with the replacement of kitchens, bathrooms, electrics, boilers, windows and roofs.

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

- Completion of expansion works to Ockendon Academy School in South Ockendon, with a gross spend of £1.0m over the period 2016/17 to 2018/19.

- 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 2019, the Council had authorised expenditure in future years of £7.9m. In addition a further £183.4m had been previously authorised for use in 2019/20 to 2021/22, giving a total future years' commitment of £191.3m.

This includes:

- £49.0m on widening of the A13;
- £22.9m on housing new build developments;
- £16.8m on school expansions;
- £12.4m on the Purfleet redevelopment;
- £9.7m on improvements to Grays South;
- £9.7m on improvements to Stanford Le Hope rail/bus interchange; and
- £8.2m on a 21st Century Care Home.

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 2018/19 included approximately 44 pieces of performance data which were used to monitor activities and progress in key areas.

By the end of 2018/19, 68% of those KPIs had achieved their target and 32% had failed to reach their target. 50% of indicators were better than the previous year.

Some of the indicators that were below target include recycling rates and staff sickness for which there are plans in place to improve in 2019/20.

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 32 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 £15.912m to £162.609m between 31 March 2018 and 31 March 2019.

External Investments

The Council has approved an Investment Strategy to meet service pressures and support service improvements in the Borough. On this basis the Council has invested an additional £341m in 2018/19.

This includes further investments in the renewable energy sector, 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.

Significant changes in accounting policies

The key accounting changes in 2018/19 include:

- The accounting policy on revenue recognition now incorporates the additional guidance on included in the Code to reflect the requirements of IFRS 15 (Revenue from Contracts with Customers)
- The accounting policies in respect of Financial Instruments have been updated to reflect the Code’s adoption of IFRS 9 Financial Instruments.
- Following these changes to the Code the Council has introduced the incurred loss model for the impairment of non-contractual debts including relevant disclosure requirements as a consequence of the expected credit loss model for impairment being introduced by the adoption of IFRS 9.

4. Future Financial Issues

Economic Outlook

The outlook for Local Authority funding remains challenging and uncertain pending the confirmation of the overall funding of Local Government in the Comprehensive Spending Review and confirmation of the Council’s allocation following the completion of the Fair Funding Review. In addition the new Business Rates Retention system is expected to commence from 2020/21. Once these elements have been completed Local Authorities will have the ability to plan with more clarity to meet the challenges faced. 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 combined with the continued increase in demands for services - 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 approximately 30% of the total amount collected but continues to manage the risk arising from successful appeals against rateable value assessments. The current plans for the further localisation of business rates mean the Council's exposure to risk may increase going forwards (subject to confirmation of the mechanics of the proposed system).

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 in conjunction with advice from treasury management advisors and the debt profile will be considered going forward. The Council will review and reassess the benefit of a phased move to fixed rates in line with this advice and will provide cover against interest rate exposure.

■ General Fund

For the period 2019/20–2022/23, the Council continues to deal with a reduction in government related support, together with service pressures mainly due to demographic growth, requiring overall savings of £5.13m to be delivered.

The Council has currently set a budget that is balanced for the period 2019/20 and a medium-term financial strategy that is balanced until 2022/23. 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.

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 investment strategy continues to mitigate against further service pressures while accepting there is additional interest rate risks to be monitored.

■ 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 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.

5. 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.

6. 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 £5.13m savings required over the forthcoming four financial years. A number of Boards continue to work to either: increase income; do more or at least the same, for less; or reduce demand. In addition, all services continue to be subject to independent service reviews against set criteria, including demand, customers, process, people, digital and ICT as well as commercial and procurement opportunities, over the medium term.

This approach has been presented and accepted by the cross party Central Spending Review Panel and will be reported back through that Panel as part of the budget setting consultation and process.

7. 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.

8. 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 and IT;

- 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 and IT's Responsibilities

The Director of Finance and IT 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 and IT 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 and IT 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 and IT'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 2019.

Director of Finance and IT

Date: 2 September 2019

Chair of the Standards and Audit Committee

Date: 2 September 2019

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THURROCK COUNCIL

Opinion on the financial statements

We have audited the financial statements of Thurrock Council ("the Council") and its subsidiaries ("the group") for the year ended 31 March 2019 which comprise the Council and group Comprehensive Income and Expenditure Statement and the Council and group Movement in Reserves Statements, the Council and group Balance Sheets, the Council and group Cash Flow Statements, the Housing Revenue Account Income and Expenditure Statement, the Collection Fund Statement and related numbered notes and the Expenditure and Funding Analysis note to the financial statements including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Council as at 31 March 2019 and of its expenditure and income for the year then ended;
- give a true and fair view of the financial position of the group as at 31 March 2019 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion on the financial statements

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), the Code of Audit Practice issued by the National Audit Office in April 2015 ("Code of Audit Practice") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Council and the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Director of Finance and IT's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Director of Finance and IT has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Director of Finance and IT is responsible for the other information. The other information comprises the Narrative report together with all other information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Statement of Accounts is consistent with the financial statements.

Conclusion on use of resources

On the basis of our work, having regard to the guidance on the specified criterion published by the National Audit Office in November 2017, we are satisfied that, in all significant respects, the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Basis for conclusion on use of resources

We have undertaken our review of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion, published by the National Audit Office in November 2017, as to whether in all significant respects, the Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

The National Audit Office has determined this criterion as that necessary for us to consider in satisfying ourselves whether the Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Based on our risk assessment, we undertook such work as we considered necessary. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Matters on which we are required to report by exception

We have nothing to report in respect of the following other matters which the Code of Audit Practice requires us to report to you if:

- we have been unable to satisfy ourselves that the Annual Governance Statement is misleading or inconsistent with other information that is forthcoming from the audit;
- we issue a report in the public interest under section 24 of the Act in the course of, or at the conclusion of the audit;
- we designate under section 24 of the Local Audit and Accountability Act 2014 any recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

Responsibilities of the Director of Finance and IT and the Council

As explained more fully in the Statement of the Director of Finance and IT's Responsibilities, the Director of Finance and IT is responsible for the preparation of the Statement of Accounts, which comprises the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that the financial statements give a true and fair view.

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

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

Auditor's responsibilities for the audit of the financial statements

In respect of our audit of the financial statements our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Auditor's responsibilities in respect of the Council's use of resources

We are required under Section 20 of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criterion specified by the National Audit Office.

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

Delay in certification of completion of the audit

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

Use of our report

This report is made solely to the members of Thurrock Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in the Responsibilities of the Audited Body and Responsibility of the Auditor within Chapter 2 of the Code of Audit Practice published by the National Audit Office. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Lisa Clampin
For and on behalf of BDO LLP, Appointed Auditor
Ipswich, UK

2 September 2019

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

EXPENDITURE FUNDING ANALYSIS

2017/18				2018/19		
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**
35,351	190	**35,540**	Adults; Housing and Health	38,465	3,240	**41,705**
37,471	4,527	**41,998**	Children's Services	37,678	4,143	**41,821**
488	6	**494**	Commercial Services	650	113	**763**
1,723	(383)	**1,340**	Corporate Costs	2,292	(691)	**1,601**
2,285	43	**2,328**	Corporate Strategy & Communications	2,187	389	**2,576**
20,813	5,097	**25,910**	Environment and Highw ays	21,972	7,842	**29,815**
9,449	68	**9,516**	Finance, IT & Legal	10,296	969	**11,266**
3,446	23	**3,469**	HR; OD and Transformation	3,505	773	**4,278**
4,681	3,255	**7,936**	Place Directorate	3,798	5,141	**8,938**
3,751	40	**3,791**	Schools	(188)	903	**714**
119,457	**12,864**	**132,321**	**General Fund**	**120,654**	**22,822**	**143,476**
(1,641)	(31,854)	**(33,495)**	Housing Revenue Account	(2,519)	1,069	**(1,449)**
117,816	**(18,989)**	**98,827**	**Cost of Services**	**118,135**	**23,892**	**142,027**
(121,207)	6,896	**(114,311)**	Other Income and Expenditure	(131,380)	(28,860)	**(160,240)**
(3,391)	**(12,093)**	**(15,484)**	**Surplus or Deficit**	**(13,245)**	**(4,968)**	**(18,213)**
(18,581)			Opening General Fund and HRA Balance at 31 March 2017	**(21,972)**		
(3,391)			Less Deficit on General Fund and HRA	**(13,245)**		
(21,972)			**Closing General Fund and HRA Balance at 31 March 2018**	**(35,217)**		

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Primary Statement

2017/18 Restated					2018/19		
Gross Expenditure	Gross Income	Net Expenditure		Notes	Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000			£000	£000	£000
78,867	(43,327)	**35,540**	Adults; Housing and Health		87,805	(46,100)	**41,705**
86,454	(44,456)	**41,998**	Children's Services		88,328	(46,506)	**41,822**
601	(107)	**494**	Commercial Services		759	4	**763**
55,583	(54,244)	**1,340**	Corporate Costs		48,095	(46,494)	**1,601**
2,477	(149)	**2,328**	Corporate Strategy & Communications		2,873	(297)	**2,576**
28,720	(2,810)	**25,910**	Environment and Highways		33,226	(3,412)	**29,814**
11,565	(2,049)	**9,516**	Finance, IT & Legal		12,768	(1,502)	**11,266**
21,019	(54,514)	**(33,495)**	Housing Revenue Account		47,547	(54,565)	**(7,017)**
3,777	(308)	**3,469**	HR; OD and Transformation		4,600	(323)	**4,278**
15,505	(7,569)	**7,936**	Place Directorate		19,151	(10,213)	**8,938**
27,758	(23,967)	**3,791**	Schools		26,111	(25,397)	**714**
332,325	**(233,499)**	**98,827**	**Cost of Services**		**371,262**	**(234,804)**	**136,459**
41,993	(16,057)	25,936	Other operating expenditure	9	24,906	(12,126)	12,780
15,669	(12,963)	**2,706**	Financing and investment income and expenditure	10	20,185	(34,589)	(14,404)
4,480	(147,433)	**(142,954)**	Taxation and non-specific grant income and expenditure	11	2,070	(155,118)	(153,048)
394,468	**(409,952)**	**(15,484)**	**(Surplus) or deficit on Provision of Services**		**418,424**	**(436,636)**	**(18,213)**
0	(111,084)	**(111,084)**	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets	27/28	0	(24,280)	**(24,280)**
0	(47,141)	**(47,141)**	Remeasurement of the net defined benefit liability/(asset)	32	0	(30,220)	**(30,220)**
0	**(158,225)**	**(158,225)**	**Other Comprehensive Income and Expenditure**		**0**	**(54,500)**	**(54,500)**
394,468	**(568,177)**	**(173,709)**	**Total Comprehensive Income and Expenditure**		**418,424**	**(491,136)**	**(72,713)**

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 2017		**(11,815)**	**(6,766)**	**(15,608)**	**(14,576)**	**(48,765)**	**(369,470)**	**(418,235)**
Movement in reserves during 2017/18								
Total Comprehensive Income and Expenditure		5,618	(21,102)	0	0	(15,484)	(158,226)	(173,710)
Adjustments from income &expenditure charged under the acounting basis to the funding basis	6	(7,132)	19,225	(11,770)	(7,299)	(6,976)	6,976	0
Increase or (Decrease) in 2017/18		(1,514)	(1,877)	(11,770)	(7,299)	(22,460)	(151,250)	(173,710)
Balance at 31 March 2018 carried forward		**(13,329)**	**(8,643)**	**(27,378)**	**(21,875)**	**(71,225)**	**(520,720)**	**(591,945)**

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 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	6	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)**

BALANCE SHEET
Primary Statement

31 March 2018 £000		Notes	31 March 2019 £000
1,041,600	Property, Plant & Equipment	27	1,079,683
1,541	Intangible Assets		1,115
22,266	Heritage Assets		22,616
91,011	Long Term Investments	30	130,466
342,570	Long Term Debtors		746,715
1,498,988	**Long Term Assets**		**1,980,595**
77,658	Short Term Investments	30	27,507
1,770	Assets Held for Sale	26	1,605
1,146	Inventories		282
23,009	Short Term Debtors	18	46,855
27,982	Cash and Cash Equivalents	33	15,308
131,565	**Current Assets**		**91,557**
(554,337)	Short Term Borrowing	30	(971,266)
(40,258)	Short Term Creditors	19	(48,316)
(3,636)	Short Term Provisions	17	(4,631)
(598,231)	**Current Liabilities**		**(1,024,213)**
(3,092)	Long Term Provisions	17	(660)
(240,489)	Long Term Borrowing	30	(195,196)
(178,521)	Pension Liability	32	(162,609)
(272)	Long Term Creditors		(132)
(18,004)	Capital Grants Receipts in Advance	22	(24,683)
(440,377)	**Long Term Liabilities**		**(383,280)**
591,945	**Net Assets**		**664,659**
(71,225)	Usable reserves	20	(94,239)
(520,720)	Unusable Reserves	21	(570,420)
(591,945)	**Total Reserves**		**(664,659)**

I certify that the statement of accounts gives a true and fair view of the financial position of the authority at 31 March 2019 and its income and expenditure for the year ended 31 March 2019.

Director of Finance and IT

Date: 2 September 2019

CASH FLOW
Primary Statement

2017/18 Restated £'000		Notes	2018/19 £'000
15,484	Net surplus or (deficit) on the provision of services		18,213
64,632	Adjustment to surplus or deficit on the provision of services for non cash movements		39,878
(50,019)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(51,740)
30,097	**Net Cash flows from operating activities**	**37**	**6,351**
(408,389)	Investing Activities	35	(392,207)
398,339	Financing Activities	36	373,182
20,047	**Net increase or decrease in cash and cash equivalents**		**(12,674)**
7,935	Cash and cash equivalents at the beginning of the reporting period		27,982
27,982	**Cash and cash equivalents at the end of the reporting period**	**33**	**15,308**

Note 1 ACCOUNTING POLICIES

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2018/19 financial year and its position at 31 March 2019. 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 2018/19 (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;

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council;

- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council;

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

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

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

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

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

Benefits payable during employment comprise the normal expenses of salaries and wages, paid leave, sick leave and non-monetary benefits. Under the Code an accrual is made for the costs of untaken leave and time off in lieu charged at the rates of pay applicable to the year after the year of account, that is, at the expected likely cost. The accrual is charged to the Comprehensive Income and Expenditure statement and is reversed in the Movement in Reserves Statement to the Accumulating Absences Account, an Unusable Reserve in the Balance Sheet, in accordance with the Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2019.

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 the Department for Education 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 as part of Non Distributed Costs

- 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 [or where relevant FVOCI], 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.

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 Intangible Assets

An intangible asset is an asset without physical substance that is identifiable and controlled by the Council. For it to be brought into account, the Council, through either custody or legal protection, (such as by means of a licence to use software) must have access to the future economic benefits provided by the asset.

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

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

1.12 Investment Property

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

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

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

1.13 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. 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 inception of the lease at the lower of the fair value 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**

1.14 Minimum Revenue Provision

In 2008 an amendment to the Capital Finance Regulations 2003 required the Council to approve a policy on the appropriate charge to the Comprehensive Income and Expenditure statement in respect of its outstanding loans and obligations of a similar nature. This charge is known as the Minimum Revenue Provision. It is also permissible for the Council to make additional voluntary repayments. The policy was reviewed and amended in February 2015 and was reassessed in the current year and is now stated as:

The Council will set an aside an amount each year which it deems to be prudent and appropriate, having regard to statutory requirements and relevant guidance issued by DCLG.

The approach supporting this policy has also been amended to continue to prudently set aside annual amounts for the repayment of the Council’s outstanding debt:

- For supported borrowing, the Council will set aside repayment of the total supported debt held by the Council calculated using the annuity method over a period of 50 years. This has been adopted in 2016/17 and backdated to the commencement date in 2007/08 and amendments to the calculated amounts in prior years will be offset over the future periods until the profile is aligned with the revised method.

- For prudential (or unsupported) borrowing the asset life (annuity) method has been adopted. This method involves making provision by instalments over the estimated useful life of the asset in respect of which the borrowing was made. For assets purchased up to 2012/13 an equal instalment approach was taken over the asset life. For assets purchased from 2013/14 onwards an annuity approach has been taken which calculates the instalment due by reference to the relevant PWLB rates (which differ depending on the length of the loan taken out).

- For assets held under a finance lease the amount set aside is calculated from the reduction in the underlying lease liability relating to each leased asset.

1.15 Overheads and Support Services

Until 2015/16 The costs of overheads and support services were charged to those services that benefit from the supply or service in accordance with the principles of SeRCOP. The Code has now requires the Council to reflect the management reporting of the Council. The Council does not report overheads and support services within the management accounts and consequently this is no longer included in the Comprehensive Income and Expenditure Account.

1.16 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.

1.17 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)
- 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 2018/19, 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 2019. For 2018/19 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.

1.18 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 2019 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.

1.19 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

1.20 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.

1.21 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.

1.22 Revenue Expenditure Funded from Capital under Statute

Legislation allows for specified expenditure to be classified as capital for funding purposes 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. These items comprise financial assistance towards capital expenditure incurred by third parties, expenditure on properties not owned by the Council, repayments of Government grant in respect of assets disposed of and amounts directed by the Secretary of State under section 16(2) of Part 1 of the Local Government Act 2010.

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

1.23 Revenue Income Treated as Capital Receipts Under Statute

Normally capital receipts arise from disposals of interests in non-current assets. However, capital receipts are defined by statute and that statutory definition includes other categories of income, such as the repayment of a grant or a loan made by the Council to a third party for the acquisition of an asset. Such income is credited to the Comprehensive Income and Expenditure statement, since the receipt is revenue income under the general provisions of IFRS, but is then debited to the General

Fund Balance in the Movement in Reserves Statement and credited to the Capital Receipts Reserve to effect the statutory requirement to treat such income as a capital receipt.

1.24 Schools

The working balances of all schools, excluding academies, have been included in the Balance Sheet as part of Earmarked Reserves. Academies are responsible for producing their own annual accounts and have to submit a return to the Charities Commission.

The land and buildings of Community, Voluntary Controlled and Foundation Schools have been recognised on the Council's Balance Sheet as the Council controls the service potential of these assets. In respect of Voluntary Aided schools the service potential of the school buildings are deemed to be controlled by the diocese and consequently these are not included in the Council's Balance Sheet. However the land held by these schools is controlled by the Council and is included on the Council's Balance Sheet.

1.25 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.

1.26 Exceptional Items

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

1.27 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.

1.28 Collection of Local Taxes

Billing authorities in England are required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of Council tax and national non-domestic rates (NNDR).

In the Council's capacity as billing authority it acts as an agent in collecting and distributing Council Tax income on behalf of the major preceptors and itself. Only the Council's share of income and expenditure and balance sheet items are included in the core financial statements. There is a debtor/ creditor position between the billing authority and each major preceptor to be recognised since net cash paid to each major preceptor is not necessarily its full share of cash collected from Council tax payers.

The Council also acts as an agent in collecting national non-domestic rates (NNDR) on behalf of the major preceptors and itself. Only the Council's share of income and expenditure and balance sheet items are included in the core financial statements. There is a debtor/ creditor position between the Council and each major preceptor to be recognised since net cash paid to each major preceptor is not necessarily its full share of cash collected from non-domestic rate payers.

1.29 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. There has been a full consolidation of the companies into the group accounts. In the Council accounts the investment in Thurrock Regeneration Ltd is held at amortised cost.

1.30 Inventories

Inventories are included in the balance sheet at the lower of cost and net realisable value.

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

Standards that have been issued but not yet adopted, which may require disclosure in 2018/19 accounts, are anticipated to be listed in Appendix C of the 2019/20 Code when it is published. In the interim potentially relevant standards include:

- Amendments to IAS 40 *Investment Property: Transfers of Investment Property*
- *Annual Improvements to IFRS Standards 2014 - 2016 Cycle*
- IFRIC 22 *Foreign Currency Transactions and Advance Consideration*
- IFRIC 23 *Uncertainty over Income Tax Treatments*
- Amendments to IFRS 9 *Financial Instruments: Prepayment Features with Negative Compensation; and*
- IFRS 16 *Lease Accounting*

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 2019 and there is therefore no impact on the 2018/19 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.

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 2019 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 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.	The Actuaries' sensitivity analysis indicates that an increase in the discount for liabilities of 0.1% would reduce the pension liability by £20.98m
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.	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.

Item	Uncertainty	Effect
	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). Information about the valuation techniques and inputs used in determining the fair value of the authority's assets and liabilities is disclosed in notes 27 and 30 below	For financial instruments the observable inputs are set out in detail in Note 30 to the financial statements.

Note 5 RECLASSIFICATION OF COMPARATIVE FIGURES

In line with 2018/19 Code, the following changes have been included which impact on the brought forward figures. These changes are:

There has been a reclassification in). In accordance with changes made to IFRS 9 the surplus or deficit on Available for Sale assets is no longer reflected in other comprehensive income and expenditure within the Comprehensive Income and Expenditure Statement (CIES). This category is now shown as the surplus or deficit on financial assets measured at fair value through other comprehensive income. The basis of the figures in both categories remains unchanged.

The Expenditure and Income Analysed by Nature disclosure in Note 7 has been updated to remove the impact of transactions related to the wholly owned company which affected two categories of expenditure. There was no overall impact on the net figures and this was not reflected in the primary statements.

Restatements have been made to the following statements and notes:

- Expenditure and Income Analysed by Nature in Note 7
- Property, Plant and Equipment in Note 27
- Capital Expenditure and Financing in Note 28
- Group Balance Sheet
- Group Usable Reserves in Group Note 8
- Group Casflow

It is noted these amendements improve the accuracy of the reported balances in each case but have no impact on the Council/Group reserve positions.

Note 6(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 2017/18	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	98	75	16	190
Children's Services	4,466	87	(26)	4,527
Commercial Services	0	2	3	6
Corporate Costs	0	138	(521)	(383)
Corporate Strategy & Communications	30	15	(2)	43
HR; OD and Transformation	1	17	5	23
Schools	0	40	0	40
Place Directorate	3,227	33	(4)	3,255
Environment and Highways	5,046	44	8	5,097
Finance, IT & Legal	40	36	(9)	68
Net Cost of Services	**12,907**	**488**	**(531)**	**12,864**
Housing Revenue Account	**(15,212)**	**38**	**(11,022)**	**(26,196)**
Other Income and Expenditure	**(6,221)**	**5,602**	**1,857**	**1,238**
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit	**(8,526)**	**6,128**	**(9,695)**	**(12,093)**

Note 6(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.

	2017/18							
	Usable Reserves							
	General Fund Balance	Housing Revenue Account Balance	Earmarked Reserves	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	£000
Adjustments primarily involving the Capital Adjustment Account:								
Reversal of items debited or credited to the CIES								
Amortisation of intangible assets	(688)	0	0	0	0	0	(688)	688
Charges for depreciation and impairment of non-current assets	(8,638)	(9,365)	0	0	0	0	(18,003)	18,003
Revaluation losses on property, plant and equipment	(749)	(3,331)	0	0	0	0	(4,080)	4,080
Revaluation gains reversing previous losses	497	28,785	0	0	0	0	29,282	(29,282)
Revaluation Depreciation Adjustments	(8)	(846)	0	0	0	0	(854)	855
Movement in the fair value of investment property	0	0	0	0	0	0	0	0
Movement in the value of held for sale assets	0	(30)	0	0	0	0	(30)	30
Capital Grants and contributions applied	22,945	0	0	0	0	0	22,945	(22,945)
Revenue expenditure funded from capital under statute (REFCUS)	(6,969)	0	0	0	0	0	(6,969)	6,969
Grant Funding for REFCUS	3,618	0	0	0	0	0	3,618	(3,618)
Amounts of assets written off on disposal or sale as part of the net gain or loss on disposal or sale to the CIES	(19,830)	(20,463)	0	0	0	0	(40,293)	40,294
Capital expenditure funded from revenue reserves	29	0	0	0	0	0	29	(29)
Insertion of items not debited or credited to the CIES								
Statutory provision for the financing of capital investment	0	0	0	0	0	0	0	0

	2017/18							
	Usable Reserves							
	General Fund Balance	Housing Revenue Account Balance	Earmarked Reserves	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	£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	0	213	213	(213)
Capital Grants and contributions unapplied credited to the CIES	7,512	0	0	0	0	(7,512)	0	0
Adjustments primarily involving the Capital Receipts Reserve:								
Use of the capital receipts reserve to finance new capital expenditure	0	0	0	2,505	0	0	2,505	(2,505)
Transfer of sale proceeds credited as part of the gains or losses on disposal to the CIES	2,018	14,039	0	(16,057)	0	0	0	0
Capital Receipts from the repayments of external loans	0	0	0	(36)	0	0	(36)	36
Statutory provision for the financing of capital investment	0	0	0	0	0	0	0	0
Contribution from the capital receipts reserve towards administration costs of non-current assets disposal	0	(150)	0	150	0	0	0	0
Contribution from the capital receipts reserve to finance the payments to the Government capital receipts pool	(1,032)	0	0	1,032	0	0	0	0
Use of capital receipts funding transformation expenditure	(637)	0	0	637	0	0	0	0
Adjustments primarily involving the Major Repairs Reserve:								
Reversal of notional major repairs allowance credited to the HRA	0	11,174	0	0	(11,174)	0	0	0
Use of major repairs reserve to finance new capital expenditure	0	0	0	0	11,174	0	11,174	(11,174)
Adjustments primarily involving the Financial Instrument Adjustment Account:								
Amounts by which finance costs charged to the CIES are different from the finance costs chargeable in the year in accordance with statutory requirements	1,317	0	0	0	0	0	1,317	(1,317)

	2017/18							
	Usable Reserves							
	General Fund Balance	Housing Revenue Account Balance	Earmarked Reserves	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	£000
Adjustments primarily involving the Pension Reserve:								
Reversal of items relating to retirement benefits debited or credited to the CIES	(21,055)	(2,262)	0	0	0	0	(23,317)	23,317
Employer's pension contributions and direct payment to pensioners payable in year	15,512	1,677	0	0	0	0	17,189	(17,189)
Adjustments involving the Collection Fund Adjustment Account (Council Tax)								
Amount by w hich council tax credited to the CIES is different from council tax income calculated for the year in accordance w ith statutory requirements	(586)	0	0	0	0	0	(586)	586
Adjustments involving the Collection Fund Adjustment Account:								
Amount by w hich non-domestic rating income credited to the CIES is different from non-domestic rating income calculated for the year in accordance w ith statutory requirements	(483)	0	0	0	0	0	(483)	483
Adjustment involving the Accumulated Absences Account:								
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	95	(4)	0	0	0	0	91	(92)
Total Adjustments	**(7,132)**	**19,224**	**0**	**(11,769)**	**0**	**(7,299)**	**(6,976)**	**6,977**

	2018/19							
	Usable Reserves							
	General Fund Balance £000	Housing Revenue Account Balance £000	Earmarked Reserves £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	0	(1,541)	1,541
Charges for depreciation and impairment of non-current assets	(9,250)	(9,261)	0	0	0	0	(18,511)	18,511
Revaluation losses on property, plant and equipment	(4,094)	(2,541)	0	0	0	0	(6,635)	6,636
Revaluation gains reversing previous losses	3,250	1,719	0	0	0	0	4,969	(4,969)
Revaluation Depreciation Adjustments	(7)	(31)	0	0	0	0	(38)	38
Movement in the fair value of long term debtors	5,517	0	0	0	0	0	5,517	(5,517)
Movement in the value of held for sale assets	0	(7)	0	0	0	0	(7)	7
Capital Grants and contributions applied	24,257	0	0	0	0	0	24,257	(24,257)
Revenue expenditure funded from capital under statute (REFCUS)	(7,413)	0	0	0	0	0	(7,413)	7,413
Grant Funding for REFCUS	4,815	0	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	0	(23,208)	23,208
Capital expenditure funded from revenue reserves	22	0	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	0	2,811	(2,811)

	2018/19							
	Usable Reserves							
	General Fund Balance	Housing Revenue Account Balance	Earmarked Reserves	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	£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	0	1,484	1,484	(1,484)
Capital Grants and contributions unapplied credited to the CIES	10,576	0	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	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	0	(12,126)	0	0	0	0
Capital Receipts from the repayments of external loans	0	0	0	(37)	0	0	(37)	37
Statutory provision for the financing of capital investment	0	0	0	0	0	0	0	0
Contribution from the capital receipts reserve towards administration costs of non-current assets disposal	0	(72)	0	72	0	0	0	0
Contribution from the capital receipts reserve to finance the payments to the Government capital receipts pool	(1,032)	0	0	1,032	0	0	0	0
Use of capital receipts funding transformation expenditure	(548)	0	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	0	(10,015)	0	0	0
Use of major repairs reserve to finance new capital expenditure	0	0	0	0	10,015	0	10,015	(10,015)

	2018/19							
	Usable Reserves							
	General Fund Balance £000	Housing Revenue Account Balance £000	Earmarked Reserves £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 Pension Reserve:								
Reversal of items relating to retirement benefits debited or credited to the CIES	(22,152)	(2,267)	0	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	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	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	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	0	521	(522)
Total Adjustments	**13,683**	**(8,706)**	**0**	**(676)**	**0**	**(9,092)**	**(4,791)**	**4,791**

Note 7 EXPENDITURE AND INCOME ANALYSED BY NATURE

2017/18 Carrying amount *Restated* £000		2018/19 Carrying amount £000
	Expenditure/Income	
	Expenditure	
109,505	Third Party Payments	111,793
101,505	Employee expenses	115,847
52,038	Housing Benefits Payments	44,547
73,373	Other operating expenses	72,120
24,753	Depreciation, Amortisation and Impairment	29,176
15,092	Gains/losses on disposals of assets and impairments	23,208
10,392	Interest payments	15,854
5,602	Pen Int Cost & Expect ret on Pension Asset	4,419
2,679	NNDR Pooling Expenses	2,025
1,032	Payments to housing capital receipts pool	1,032
668	Precepts and Levies	664
(2,169)	Support Services Recharges	(2,262)
394,468	**Total Expenditure**	**418,424**
	Income	
(86,716)	Revenue Grants and Contributions	(79,661)
(61,655)	Income from Council Tax	(65,709)
(53,265)	HRA rent and service charge income	(53,193)
(52,257)	Fees, charges and other service income	(37,427)
(51,255)	Dedicated Schools Grant	(49,630)
(36,448)	Income from business rates	(40,680)
(30,458)	Capital Grants and contributions	(34,833)
(12,963)	Investment income	(34,589)
(18,875)	Better Care Fund	(21,478)
(3,618)	Gains/losses on disposals of assets and impairments	(12,126)
(2,443)	Third Party Receipts	(2,496)
0	Depreciation, Amortisation and Impairment	(4,815)
(409,952)	**Total Income**	**(436,637)**
(15,485)	**Surplus or Deficit on the Provision of Services**	**(18,213)**

Note 8 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 2018/19 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 2018/19 before Academy Recoupment			152,172
B	Academy figure recouped for 2018/19			(102,745)
C	Total DSG after Academy Recoupment for 2018/19			49,427
D	Brought Forward from 2017/18			(4,044)
E	Carry Forward agreed to 2019/20			2,124
F	Agreed budgeted distribution in 2018/19	30,903	16,604	47,507
G	In Year Budget Adjustments	202	0	202
H	Final Budget Distribution for 2019/20	31,105	16,604	47,709
I	Actual Central Expenditures	(33,113)	0	(33,113)
J	Actual ISB deployed to schools	0	(16,604)	(16,604)
K	Local authority contribution 2018/19	1,476	0	1,476
L	Carry Forward to 2019/20	**(532)**	**0**	**(2,656)**

Note 9 OTHER OPERATING EXPENDITURE

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

2017/18 £000		2018/19 £000
667	Levies	666
1,032	Payments to the Government Housing Capital Receipts Pool	1,032
24,237	Gains/losses on the disposal of non current assets	11,082
25,936	**Total**	**12,780**

Note 10 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

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

2017/18 £000		2018/19 £000
10,067	Interest payable and similar charges	15,768
5,602	Net interest on the net defined benefit liability	4,417
(12,963)	Interest receivable and similar income	(34,589)
2,706	**Total**	**(14,404)**

Note 11 TAXATION AND NON-SPECIFIC GRANT INCOME

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

2017/18 £000		2018/19 £000
(61,655)	Council tax income	(65,709)
(31,968)	Non domestic rates	(38,654)
(18,874)	Non-ringfenced grants	(13,853)
(30,457)	Capital grants and contributions	(34,832)
(142,954)	**Total**	**(153,048)**

Note 12 MEMBERS' ALLOWANCES

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

2017/18 £000	Members' Allowances	2018/19 £000
632	Allowances	662
632	**Total**	**662**

Note 13 REMUNERATION OF SENIOR STAFF

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

Senior officer remuneration for 2017/18 is set out in the table below:

Senior Staff Emoluments 2017/18	Note	Salary, Fees and Allowances £	Pension Contribution £	Total £
Chief Executive – Lyn Carpenter		171,501	27,612	199,113
Corporate Director of Children's Services		133,719	21,494	155,212
Director of HR, OD & Transformation		96,543	15,537	112,080
Corporate Director of Adults, Housing and Health		126,501	20,367	146,868
Corporate Director of Place		133,500	21,494	154,994
Director of Corporate Finance & IT		96,527	15,537	112,064
Director of Public Health		109,113	17,549	126,662
Director of Strategy, Communication & Customer Services		96,501	15,537	112,038
Director of Commercial Services		92,800	15,537	108,336
Director of Environment and Highways		95,322	15,302	110,624

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	2017/18	2018/19
Pay Band	Numbers of Employees	Numbers of Employees
50,001 - 55,000	84	75
55,001 - 60,000	59	37
60,001 - 65,000	50	43
65,001 - 70,000	26	25
70,001 - 75,000	22	12
75,001 - 80,000	6	8
80,001 - 85,000	5	9
85,001 - 90,000	3	2
90,001 - 95,000	8	2
95,001 - 100,000	4	6
100,001 - 105,000	1	2
105,001 - 110,000	0	1
110,001 - 115,000	1	0
115,001 - 120,000	2	1
120,000+	2	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.

Exit Package cost Band £	No of Compulsory Redundancies 2017/18	No of Compulsory Redundancies 2018/19	Other Departures 2017/18	Other Departures 2018/19	Total number of Exit package by cost 2017/18	Total number of Exit package by cost 2018/19	Total Cost of Exit Packages 2017/18	Total Cost of Exit Packages 2018/19
0 – 20,000	4	0	5	0	9	0	88,129	0
20,001- 160,000	2	2	3	0	5	2	319,815	72,531
Total	6	2	8	0	14	2	407,943	72,531

Note 14 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 22.

Members and Other Public Bodies

Members have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2018/19 is shown in Note 12.

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 current Councillors who have not provided a declaration return are Councillor Clare Baldwin, Councillor James Halden, Councillor John Kent and Councillor Peter Smith.

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:

NOTES TO THE CORE STATEMENTS
General Notes

Entity	Income £	Expenditure £
High House Production Park	2,515	24,568
Thurrock CVS	0	795,916
Thurrock Lifestyle Solutions	115,264	2,801,301
Beacon Hill Academy	12,091	1,465,851
Herringham Primary Academy	114,235	44,773
Trans Vol	440	233,459
EDS Minibus & Coach Hire	0	157,950
Open Door	70	137,315

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	£
Expenditure with Council	42,514
Capital Expenditure with Council	2,749,843
Debtors	5,605,875
Creditors	7,870,300
Long Term Loans	950,703

Note 15 EXTERNAL AUDIT COSTS

In 2018/19 the Council incurred the following costs relating to the audit of the Statement of Accounts, certification of grant claims:

2017/18 £000	External Audit Costs	2018/19 £000
	Fees Payable to Auditors:	
141	External Audit Services including Statutory Inspections	108
37	Certification of Grant Claims and Returns	0
0	Non-Audit Work	23
177	**Total**	**131**

Note 16 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 1 April 2017 £000	Net Transfers (In)/Out £000	Balance at 31 March 2018 £000		Balance at 1 April 2018 £000	Net Transfers (In)/Out £000	Balance at 31 March 2019 £000
(2,590)	1,048	(1,542)	Balances held by Schools under a Scheme of Delegation	(1,542)	0	**(1,542)**
(325)	(1,445)	(1,770)	Budget Management	(1,770)	(753)	**(2,523)**
(154)	0	(154)	Commuted Sums	(154)	0	**(154)**
(111)	(89)	(200)	Grant Carried Forward	(200)	107	**(93)**
(193)	1	(192)	School Improvement Reserve	(192)	57	**(135)**
1,343	2,701	4,044	DSG	4,044	(1,389)	**2,655**
(425)	48	(377)	Public Health Grant	(377)	72	**(305)**
(3,150)	(1,201)	(4,351)	Development Reserve	(4,351)	(1,434)	**(5,785)**
(1,550)	276	(1,274)	Housing Zones	(1,274)	0	**(1,274)**
0	0	0	Transformation Reserve	0	(3,471)	**(3,471)**
0	0	0	Financial Resilence Reserve	0	(4,000)	**(4,000)**
(1,250)	(1,730)	(2,981)	Other Earmarked Reserves	(2,981)	(2,434)	**(5,414)**
(8,405)	**(391)**	**(8,797)**	**Earmarked Reserves**	**(8,797)**	**(13,245)**	**(22,041)**

- 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 17 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 £10.1m.

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.

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 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)**
Balance at 01 April 2017	(106)	(1,563)	0	(1,669)
Additional Provision/Amount Used 2017/18	0	(1,937)	(30)	(1,967)
Balance at 31 March 2018	**(106)**	**(3,500)**	**(30)**	**(3,636)**

Long Term Provisions	MMI Insurance £'000	Business Rate Appeals £000	Other £000	Total £000
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)**
Balance at 01 April 2017	(274)	(4,447)	(67)	(4,788)
Additional Provision/Amount Used 2017/18	46	1,583	67	1,696
Balance at 31 March 2018	**(228)**	**(2,864)**	**0**	**(3,092)**

Note 18 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
- Long term capital investment in projects with external companies predominantly in the housing and energy sectors.

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 2018 £000		31 March 2019 £000
11,795	Trade receivables	18,689
4,511	Prepayments	5,548
6,703	Other receivable amounts	22,618
23,009	**Total**	**46,855**

Note 19 CREDITORS

Short-Term Creditors

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

31 March 2018 £000		31 March 2019 £000
(23,463)	Trade payables	(23,663)
(16,795)	Other payables	(24,653)
(40,258)	**Total**	**(48,316)**

Note 20 USABLE RESERVES

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

31 March 2018 £000		Notes	31 March 2019 £000
(11,000)	General Fund Balance	(a)	(11,000)
(2,175)	Housing Revenue Account Balance	(b)	(2,175)
(2,327)	General Fund Earmarked Reserves	(c)	(12,842)
(6,469)	HRA Earmarked Reserves		(9,199)
(27,379)	Capital Receipts Reserve	(d)	(28,057)
0	Major Repairs Reserve	(e)	0
(21,876)	Capital Grants Unapplied	(f)	(30,966)
(71,226)	**Total Usable Reserves**		**(94,239)**

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 6.

(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 16.

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

(e) Major Repairs Reserve
A resource provided from within HRA Subsidy to finance capital expenditure on dwellings and other property in the HRA.

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

Note 21 UNUSABLE RESERVES

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

31 March 2018 £000		Notes	31 March 2019 £000
(219,323)	Revaluation Reserve	(a)	(239,035)
(495,223)	Capital Adjustment Account	(b)	(506,127)
14,463	Financial Instruments Adjustment Account	(c)	14,041
178,521	Pensions Reserve	(d)	162,609
(329)	Collection Fund Adjustment Account - Council Tax		(621)
360	Collection Fund Adjustment Account - NNDR		(2,009)
(109)	Pooled Investment Fund Adjustment Account		323
920	Accumulated Absences Account		399
(520,720)	**Total Unusable Reserves**		**(570,420)**

(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 2018 £000		31 March 2019 £000
(122,700)	**Balance at 1 April**	**(219,323)**
(114,906)	Upward revaluation of assets	(26,084)
3,822	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	1,804
(111,084)	**Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services**	**(24,280)**
1,941	Difference between fair value depreciation and historical cost depreciation	1,973
12,520	Accumulated gains on assets sold or scrapped	2,595
14,461	**Amount written off to the Capital Adjustment Account**	**4,568**
(219,323)	**Balance at 31 March**	**(239,035)**

(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 6.

31 March 2018 £000		31 March 2019 £000	
(481,948)	**Balance at 1 April**	**(495,220)**	
	Reversal of items relating to capital expenditure debited or credited to the CIES:		
18,858	Charges for depreciation of non current assets (PPE)	18,549	
4,080	Revaluation and Impairment losses on Property, Plant and Equipment	6,636	
(29,282)	Revaluation gains reversing previous losses (PPE)	(4,969)	
688	Amortisation of intangible assets	1,541	
6,969	Revenue expenditure funded from capital under statute (REFCUS) - net of Funding	7,413	
31,819	PPE written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	17,787	
0	Fair value (increase)/decrease of long term capital debtors	(5,517)	
8,475	Assets Held for Sale written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	5,421	
(12,520)	Accumulated gains on assets sold or scrapped	(2,595)	
29,087		**44,266**	
(1,941)	Adjusting amounts written out of the Revaluation Reserve		(1,973)
27,146	**Net written out amount of the cost of non current assets consumed in the year**		**42,293**
	Capital financing applied in the year:		
(2,469)	Use of the Capital Receipts Reserve to finance new capital expenditure	(9,798)	
(11,174)	Use of the Major Repairs Reserve to finance new capital expenditure	(10,015)	
(26,776)	Application of grants to capital financing from the Capital Grants Unapplied Account	(30,556)	
0	Statutory provision for the financing of capital investment charged against the General Fund and HRA Balances (including finance lease liabilities)	(2,811)	
(29)	Capital expenditure charged against the General Fund and HRA balances (DRC)	(22)	
0	Other Adjustments (Roundings)	**(5)**	
(40,448)			**(53,207)**
30	Movements in assets held for sale debited or credited to the CIES		7
(495,220)	**Balance at 31 March**		**(506,127)**

(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 2018 £000		31 March 2019 £000
14,899	**Balance at 1 April**	**14,463**
(436)	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)
14,463	**Balance at 31 March**	**14,041**

(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 2018 £000		31 March 2019 £000
219,534	**Balance at 1 April**	**178,521**
(47,141)	Actuarial gains or losses on pensions assets and liabilities	(30,220)
23,317	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	24,419
(17,189)	Employer's pensions contributions and direct payments to pensioners payable in the year	(10,111)
178,521	**Balance at 31 March**	**162,609**

Note 22 ANALYSIS OF GOVERNMENT GRANTS

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

2017/18 £000		2018/19 £000
	Credited to Taxation and Non Specific Grant Income:	
	Revenue	
(61,655)	Council Tax	(65,709)
(31,968)	National Non Domestic Rates	(38,653)
(14,660)	Revenue Support Grant	(10,698)
(3,604)	New Homes Bonus	(3,153)
(590)	Education Services Grant	0
(19)	Other	0
	Capital	
(4,046)	Department for Transport	(3,955)
(6,259)	Department for Education	(10,309)
(18,448)	South Essex Local Enterprise Partnership	(18,862)
(1,704)	Other	(1,707)
(142,953)	**Total**	**(153,046)**

2017/18 £000		2018/19 £000
	Credited to Services:	
	Revenue	
(51,433)	Housing Benefit	(43,351)
(11,333)	Public Health Grant	(11,042)
(47,080)	Dedicated Schools Grant	(49,630)
0	Education and Skills	(2,243)
(277)	Music Education Grant	(264)
(1,055)	Unaccompanied Asylum Seekers Grant	(1,494)
(781)	Housing Benefit Admin Grant	(704)
(878)	Better Care Fund - Reablement	(878)
(3,105)	Better Care Fund - Section 256	(3,164)
(11,939)	Better Care Fund - Main Stream	(12,443)
(132)	Better Care Fund - Improved BCF	(2,068)
(2,821)	Better Care Fund - Improved BCF £2bn	(1,859)
(718)	Adult social care support grant	(409)
(1,334)	LOCASM	(1,919)
(931)	Other	(1,923)
0	Brexit Resilience	(105)
0	EU Grant Funding	(774)
0	Flexible Homelessness Grant	(510)
0	Better Care Fund - Winter Pressures Funding	(654)
0	Better Care Fund - Disabled Facilities Funding	(412)
0	Independent Living Fund	(300)
0	Planning Delivery Fund	(609)
	Capital	
(910)	DOE	(2,007)
(1,422)	South Essex Local Enterprise Partnership	0
(1,286)	Other	(2,808)
(137,435)	**Total**	**(141,568)**

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 2018 £000		31 March 2019 £000
	Capital Grants & Contributions - Receipts in Advance	
(12,040)	Section 106	(12,874)
(6)	Department for Education	0
(137)	Department of Communities and Local Government	(132)
0	South Essex Local Enterprise Partnership	(2,113)
(5,133)	Other Contributions	(8,813)
(688)	Port of London Authority	(751)
(18,004)	**Total**	**(24,683)**

Note 23 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 24 EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was authorised for issue on 31 May 2019. There have been no events arising between the 31 March 2019 and 31 May 2019 that provides information about conditions existing at 31 March 2019 which need to be reflected in the financial statements.

Note 25 EXCEPTIONAL ITEMS

There were no exceptional items in 2018/19.

Note 26 ASSETS HELD FOR SALE

2017/18 £000		2018/19 £000
1,890	**Balance outstanding at start of year**	**1,770**
	Assets newly classified as held for sale:	
8,501	Property, Plant and Equipment	5,370
	Revaluations and Impairments:	
(146)	Revaluation losses	(114)
	Assets declassified as held for sale:	
(8,475)	Assets sold	(5,421)
1,770	**Balance outstanding at year-end**	**1,605**

Note 27 PROPERTY, PLANT AND EQUIPMENT

Movement 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	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**
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**
Other movements in Cost or Valuation	0	0	0	0	0	0	0	**0**
At 31 March 2019	**730,210**	**134,351**	**34,926**	**19,438**	**156,685**	**10,840**	**59,277**	**1,145,727**

Movement 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	(9,103)	(9,080)	(17,194)	(7,500)	(29,037)	0	(127)	**(72,041)**
Depreciation charge	(9,071)	(2,487)	(2,672)	(710)	(3,503)	0	(68)	**(18,511)**
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	**0**	**(8,979)**	**(16,137)**	**(8,210)**	**(32,540)**	**0**	**(178)**	**(66,044)**
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	**730,210**	**125,372**	**18,789**	**11,228**	**124,145**	**10,840**	**59,099**	**1,079,683**

Comparative 2017/18	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 1 April 2017	604,450	153,947	26,673	18,867	107,037	453	60,720	**972,147**
Additions / Donations	11,988	4,487	5,891	434	23,712	1,476	0	**47,988**
Additions - Other	0	0	0	0	0	0	0	**0**
Derecognition - Disposals	0	(35)	(712)	0	0	0	(1,795)	**(2,542)**
Derecognition - Other	(11,988)	(18,250)	0	0	0	0	0	**(30,238)**
Revaluations Recognised in Revaluation Reserve	107,100	1,533	0	0	0	0	1,062	**109,695**
Revaluations Recognised in Surplus/Deficit on Provision of Services	25,165	(71)	0	0	0	0	0	**25,094**
Assets reclassified (to)/from Held for Sale	(8,501)	0	0	0	0	0	0	**(8,501)**
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 2018	**728,214**	**141,611**	**31,852**	**19,301**	**130,749**	**1,929**	**59,987**	**1,113,643**

Comparative 2017/18	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 1 April 2017	0	(7,347)	(15,317)	(6,826)	(26,117)	0	(154)	**(55,761)**
Depreciation charge	(9,148)	(2,716)	(2,472)	(674)	(2,920)	0	(72)	**(18,002)**
Depreciation written back to the Revaluation Reserve	41	512	0	0	0	0	99	**652**
Depreciation written back to Surplus/Deficit on Provision of Services	3	104	0	0	0	0	0	**107**
Derecognition - Disposals	0	1	595	0	0	0	0	**596**
Derecognition - Other	0	365	(1)	0	0	0	0	**364**
Other movements in Depreciation and Impairment	0	0	0	0	0	0	0	**0**
At 31 March 2018	**(9,104)**	**(9,081)**	**(17,195)**	**(7,500)**	**(29,037)**	**0**	**(127)**	**(72,044)**
NBV At 31 March 2017	**604,450**	**146,600**	**11,356**	**12,041**	**80,920**	**453**	**60,566**	**916,386**
NBV At 31 March 2018	**719,110**	**132,530**	**14,657**	**11,801**	**101,712**	**1,929**	**59,860**	**1,041,599**

Note 27 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 2019 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 2018/19 desktop review referenced four indices (Halifax, Land Registry, Right move and UK Price Index) in order to reach a decision. Information from the Land Registry 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 +3.331 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 2019. 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 2019 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 1.17).

	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 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
31st March 2015	526,007	141,294	11,663	12,109	67,330	9,001	56,122	823,526

SURPLUS ASSETS

Fair Value Hierarchy

Details of the Council's surplus properties and information about the fair value hierarchy as at 31 March 2018 and 31 March 2019 are as follows:

31/03/2018	Other Significant Observable Inputs (Level 2) £'000	Significant Unobservable Inputs (Level 3) £'000	Fair Value as at 31 March 2018 £'000
Recurring Fair Value Measurements Using:			
Land	9,659	367	10,026
Industrial properties	46,203	0	46,203
Other properties	3,335	295	3,630
Total	59,197	662	59,859

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

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 28 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.

2017/18 £000 *Restated*		**2018/19 £000**
341,748	**Opening Capital Financing Requirement**	**692,689**
	Capital investment	
47,988	Property, Plant and Equipment	57,069
854	Intangible Assets	1,115
0	Heritage Assets	350
3,913	Revenue Expenditure Funded from Capital under Statute	7,413
338,671	Long Term Debtors	401,176
2017/18 £000		**2018/19 £000**
	Sources of finance	
(2,505)	Capital receipts	(9,835)
(26,806)	Government grants and other contributions (includes REFCUS & MRA)	(30,578)
(11,174)	Major Repairs Reserve (MRR)	(10,015)
	Sums set aside from revenue:	
0	MRP (including finance leases liabilities)	(2,811)
692,689	**Closing Capital Financing Requirement**	**1,106,573**
	Explanation of movements in year	
350,941	Increase in underlying need to borrowing (unsupported by government financial assistance)	413,884

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

2017/18 £000 *Restated*	Balance Sheet Item	2018/19 £000
1,041,600	Property Plant & Equipment	1,079,683
1,770	Assets Held for Sale	1,605
1,541	Intangible Assets	1,115
22,266	Heritage Assets	22,616
340,060	Long Term Debtors	746,716
(219,325)	Revaluation Reserve	(239,035)
(495,222)	Capital Adjustment Account	(506,127)
692,690	**Total Capital Financing Requirement**	**1,106,573**

Note 29 CAPITAL COMMITMENTS

As at 31 March 2019, the Council had authorised expenditure in future years of £7.9m. In addition a further £183.4m had been previously authorised for use in 2019/20 and 2020/21, giving a total future years' commitment of £191.3m. These commitments included contractual commitments of £49.3m. Projects include the A13 widening and new housing schemes.

Note 30 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

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	
	31.03.2019	31.3.2018	31.03.2019	31.3.2018
	£000	£000	£000	£000
Loans at amortised cost:				
- Principal sum borrowed	(195,942)	(241,242)	(968,100)	(553,000)
- Accrued interest	0	0	(3,165)	(1,337)
- EIR adjustments	747	753	0	0
At fair value through profit & loss:				
Total Borrowing	**(195,195)**	**(240,489)**	**(971,265)**	**(554,337)**
Liabilities at amortised cost:				
- Trade payables	0	0	(1,936)	(7,763)
Included in Creditors	**0**	**0**	**(1,936)**	**(7,763)**
Total Financial Liabilities	**(195,195)**	**(240,489)**	**(973,201)**	**(562,100)**

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

Financial Assets	Long Term		Short Term	
	31/03/2019	31.3.2018	31.3.2019	31.3.2018
	£000	£000	£000	£000
At amortised cost:				
- Principal	28,129	15,629	26,500	74,500
- Accrued interest	0	272	49	2,158
- Loss allowance	(341)	0	(41)	0
At fair value through profit & loss:				
- Fair value	102,678	75,110	1,000	1,000
Total Investments	**130,466**	**91,011**	**27,508**	**77,658**
At amortised cost:				
- Principal	0	0	15,549	27,982
Total Cash and Cash Equivalents	**0**	**0**	**15,549**	**27,982**
At amortised cost:				
- Trade receivables	0	0	36,158	14,079
- Long term capital debtors	434,551	42,000	0	0
At fair value through profit & loss:				
- Long term capital debtors	273,517	268,000	0	0
Included in Debtors	**708,068**	**310,000**	**36,158**	**14,079**
Total Financial Assets	**838,534**	**401,011**	**79,215**	**119,719**

The Council holds long term debtors of £740m as at 31 March 2019. £702m 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: £44m
5 to 10 years £10m
Over 10 Years £648m

Within this capital investments of £274m are 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.

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	
	31.03.19	31.03.18	2018/19	2017/18
	£000	£000	£000	£000
Long Term Capital Debtors	273,517	268,000	8,135	2,846
Pooled investments	103,678	76,109	3,732	2,744
Total	**377,195**	**344,109**	**11,867**	**5,590**

(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:

	ıancial Liabiliti	Financial Assets			
	Amortised Cost	Amortised Cost	Fair Value through Profit & Loss	2018/19 Total	2017/18 Total
	£'000	£'000	£'000	£'000	£'000
Interest expense	15,547	0	0	15,547	10,304
Impairment losses	0	(382)	0	(382)	0
Interest payable and similar charges	**15,547**	**(382)**	**0**	**15,165**	**10,304**
Interest income	0	(17,204)	(11,867)	(29,071)	(12,082)
Gains from changes in fair value	0	0	(5,839)	(5,839)	0
Interest and investment income	**0**	**(17,204)**	**(17,706)**	**(34,910)**	**(12,082)**
Net impact on surplus/deficit on provison of services	**15,547**	**(17,586)**	**(17,706)**	**(19,745)**	**(1,778)**
Net Gain/(Loss) for the Year	**15,547**	**(17,586)**	**(17,706)**	**(19,745)**	**(1,778)**

(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 2019, 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 31.3.2019 £000	Fair Value 31.3.2019 £000	Balance Sheet 31.3.2018 £000	Fair Value 31.3.2018 £000
Financial liabilities held at amortised cost:					
Long-term loans from PWLB	2	(160,889)	(209,672)	(160,889)	(214,127)
Long-term LOBO loans	2	(28,257)	(58,377)	(28,247)	(59,191)
Other long-term loans	2	(6,050)	(5,322)	(50,600)	(50,753)
TOTAL		**(195,196)**	**(273,371)**	**(239,736)**	**(324,071)**

	Fair Value Level	Balance Sheet 31.3.2019 £000	Fair Value 31.3.2019 £000	Balance Sheet 31.3.2018 £000	Fair Value 31.3.2018 £000
Financial assets held at fair value:					
Long term capital debtors	3	273,517	273,517	268,000	268,000
Bond, equity and property funds	1	103,678	103,678	76,109	76,109
Financial assets held at amortised cost:					
Corporate, covered and government bonds	1	32,500	32,679	10,273	10,362
Long-term capital debtors	3	434,551	434,551	42,000	42,000
TOTAL		**844,246**	**844,425**	**396,382**	**396,471**
TOTAL FINANCIAL ASSETS		**844,246**		**396,382**	
Recorded on balance sheet as:					
Long-term debtors		708,068		310,000	
Long-term investments		136,178		86,382	
TOTAL FINANCIAL ASSETS		**844,246**		**396,382**	

(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	31.3.2019 Long-term £000	31.3.2019 Short-term £000	31.3.2018 Long-term £000	31.3.2018 Short-term £000
Pooled property fund - unratec	103,000	1,000	75,000	1,000
Bonds - Unrated	708,068	0	310,000	50,000
Bond - rated A	22,500	10,000	10,000	0
Credit Rating A	0	1,000	0	1,000
Unrated local authorities	0	15,500	0	12,500
Unrated building societies	0	10,000	0	34,050
Total	**833,568**	**37,500**	**395,000**	**98,550**
Total Investments	**833,568**	**37,500**	**395,000**	**98,550**

Credit Risk: Trade Receivables

The following analysis summarises the Council's trade receivables, by due date. Only those receivables meeting the definition of a financial asset are included.

	31.3.2019 Trade receivables	31.3.2018 Trade receivables
Current	1,945,014	1,641,208
Past due < 3 months	1,459,888	1,377,472
Past due 3-6 months	750,892	485,680
Past due 6-12 months	664,000	677,653
Past due 12+ months	1,451,740	1,583,743
TOTAL RECEIVABLES	**6,271,534**	**5,765,757**

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	123	0	0	0	123
Closing allowance 31.3.19	**123**	**0**	**0**	**0**	**123**

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:

	31.3.2019			31.3.2018		
Time to maturity	**Liabilities**	**Assets**	**Net**	**Liabilities**	**Assets**	**Net**
(years)	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Not over 1	(982,786)	146,376	(836,410)	(571,363)	193,505	(377,858)
Over 1 but not over 2	(12,428)	23,637	11,209	(58,548)	10,362	(48,186)
Over 2 but not over 5	(22,286)	44,713	22,427	(22,286)	18,000	(4,286)
Over 5 but not over 10	(37,143)	10,000	(27,143)	(37,143)	0	(37,143)
Over 10 but not over 20	(74,287)	610,380	536,093	(74,287)	297,629	223,342
Over 20 but not over 40	(146,737)	43,800	(102,937)	(202,111)	0	(202,111)
Over 40	(170,817)	0	(170,817)	(117,253)	0	(117,253)
Total	**(1,446,484)**	**878,906**	**(567,578)**	**(1,082,991)**	**519,496**	**(563,495)**

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.

Transition to IFRS 9 Financial Instruments

The Council adopted the IFRS 9 Financial Instruments accounting standard with effect from 1st April 2018. The main changes include the reclassification and remeasurement of financial assets and the earlier recognition of the impairment of financial assets [and the remeasurement of modified loan liabilities].

The Council has made use of the transitional provisions in IFRS 9 to not restate the prior year's financial statements, and the effect of the remeasurement is instead shown as an additional line in the Movement in Reserves Statement. £77,854 was re-classified from Available for Sale to Fair Value through Profit and Loss. As a consequence, Available for Sale Reserve was also re-classified to Pooled Investments Adjustment Account.

Note 31 PENSION SCHEME ACCOUNTED FOR AS A DEFINED CONTRIBUTION SCHEME

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

However, because the scheme is unfunded the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local education authorities (i.e., the Council). It is not possible for the Council to identify its share of the underlying financial position and performance of the scheme attributable to its own employees with sufficient reliability for accounting purposes. For the purposes of these accounts, it is therefore treated on the same basis as if it were a fully funded defined contribution scheme.

In 2018/19 the Council paid a total of £ £1.987m, including £0.683m actual teachers' contributions, (£0.737m in 2017/18) in respect of teachers' retirement benefits. The employer's contribution rate remained at 16.48%. The expected payments for 2019/20 are £1.09m.

The authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in Note 32.

Note 32 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 2020 and will set contributions for the period from 1 April 2021 to 31 March 2024. 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.

Estimated Valuation Changes Resulting from the 'McCloud' Judgement

As a result of the judgement on the 'McCloud' age discrimination case the Council's pension liability is expected to increase. During the audit period the Government was refused leave to appeal the judgement, further supporting this expectation. The actuarial estimate is currently an increase to liabilities of £4.718m, as a result of the principals of this case being expected to also apply to the LGPS move from Final Salary to career average benefits, but this remains an estimate and so management have decided to not amend the 2018/19 financial statements with the expected impact.

The following transactions have been made during the year:

	Local Government Pension Scheme 2017/18 £'000	Local Government Pension Scheme 2018/19 £'000	Unfunded Benefits 2017/18 £'000	Unfunded Benefits 2018/19 £'000
Comprehensive Income and Expenditure Statement				
Cost of Services:				
Service cost comprising:				
• current service costs	17,577	19,827	0	0
• administration costs	156	175	0	0
Financing and Investment Income and Expenditure:				
• Net interest cost	5,602	4,417	244	216
Total Post-Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**23,335**	**24,419**	**244**	**216**
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)	18,086	24,115	0	0
• actuarial (gains) and losses arising on changes in demographic assumptions	0	34,682	0	0
• actuarial (gains) and losses arising on changes in financial assumptions	29,091	(28,577)	197	(178)
Total Post-Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**70,512**	**54,639**	**441**	**38**

	Local Government Pension Scheme 2017/18 £'000	Local Government Pension Scheme 2018/19 £'000	Unfunded Benefits 2017/18 £'000	Unfunded Benefits 2018/19 £'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 w ith the Code	(23,335)	(24,419)	(244)	(216)
Actual amount charged against the General Fund Balance for pensions in the year:				
• Employers' contributions payable to scheme	17,189	10,111		
• Retirement benefits payable to pensioners			626	618

The cumulative amount of actuarial gains and losses, since 1 April 2005 recognised in the Comprehensive Income and Expenditure statement to 31 March 2019 is a £49.359m 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 2017/18 £'000	Local Government Pension Scheme 2018/19 £'000	Unfunded Benefits 2017/18 £'000	Unfunded Benefits 2018/19 £'000
Present value of defined benefit obligation	597,572	614,015	8,768	8,106
Fair Value of plan assets	(427,819)	(459,512)	0	0
Sub-total	169,753	154,503	8,768	8,106
Net liability arising from defined benefit obligation	169,753	154,503	8,768	8,106

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

	Local Government Pension Scheme 2017/18 £'000	Local Government Pension Scheme 2018/19 £'000
Opening fair value of scheme assets	**395,048**	**427,819**
Opening adjustment		
Interest income	10,694	10,892
Remeasurement gain/(loss)	0	0
- The return on plan assets, excluding the amount included in the net interest expense	18,068	24,115
- Other	(156)	(175)
Contributions from employer	17,189	10,111
Contributions from employees into the scheme	3,742	4,061
Benefits paid	(14,358)	(14,334)
Settlements Received/(Paid)	(2,408)	(2,977)
Closing fair value of scheme assets	**427,819**	**459,512**

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
	2017/18	2018/19	2017/18	2018/19
	£'000	£'000	£'000	£'000
Opening balance at 1 April	614,582	606,340	(9,347)	(8,768)
Current service cost	21,295	21,525	0	0
Interest cost	16,296	15,309	(244)	(216)
Contributions by scheme participants	3,742	4,061	0	0
Liabilities assumed/(extinguished) on settlements	(6,340)	(4,681)	0	0
- Actuarial (gains) and losses arising from changes in demographic assumptions	0	(34,682)	0	438
- Actuarial (gains) and losses arising from in financial assumptions	(29,091)	28,577	197	(178)
Estimated Benefits Paid Net of Transfers In	(13,732)	(13,716)	0	0
Curtailments & Settlements	214	6	0	0
Unfunded Pension Payments	(626)	(618)	626	618
Closing balance at 31 March	606,340	622,121	(8,768)	(8,106)

Local Government Pension Scheme assets comprised:

	Fair Value of Scheme Assets 2017/18	Fair Value of Scheme Assets 2018/19
	%	%
Cash and Cash Equivalents	**4**	**3**
Equity	**65**	**62**
Bonds		
- Corporate	4	6
- Government	7	5
Sub-total Bonds	**11**	**11**
Property	**9**	**9**
Alternative Assets	**7**	**10**
Other Managed Funds	**4**	**5**
Total assets	**100**	**100**

	Fair Value of Scheme Assets 2017/18	Fair Value of Scheme Assets 2018/19
	%	%
Equity instruments:	**65**	**62**

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 2016.

The principal assumptions used by the actuary are as follows:

	Local Government Pension Scheme 31-Mar-18	Local Government Pension Scheme 31-Mar-19
Mortality assumptions:		
Longevity at 65 for current pensioners:		
* Men	22.2 yrs	21.3 yrs
* Women	24.7 yrs	23.6 yrs
Longevity at 65 for future pensioners:		
* Men	24.4 yrs	22.9 yrs
* Women	27.0 yrs	25.4 yrs
Rate of inflation	2.30%	2.40%
Rate of increase in salaries	3.80%	3.90%
Rate of increase in pensions	2.30%	2.40%
Rate for discounting scheme liabilities	2.55%	2.40%
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)	644,630	600,405
Rate of increase in salaries (increase or decrease by 0.1%)	623,055	621,194
Rate of increase in pensions (increase or decrease by 0.1%)	632,758	611,677
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	610,761	633,704
	2,511,204	2,466,980

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 2020.

The expected employer contribution to the plan for the year to 31 March 2020 is £9.48m.

Note 33 CASH AND CASH EQUIVALENTS

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

31 March 2018 £'000		31 March 2019 £'000
275	Cash held by the Council and in transit	258
4,657	Bank current accounts	5,051
23,050	Short-term deposits in UK banks & investments in money market funds	9,999
27,982	**Total Cash and Cash Equivalents**	**15,308**

Note 34 OPERATING ACTIVITIES CASH FLOW STATEMENT

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

2017/18 £'000		2018/19 £'000
3,767	Interest Received	22,234
(948)	Interest Received Opening Debtor	(9,263)
9,263	Interest Received Closing Debtor	15,903
(3,791)	Interest paid	(7,889)
586	Interest Paid Opening Creditor	1,386
(1,386)	Interest Paid Closing Creditor	(3,283)
7,491	Total Operating Acivities	19,088

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 35 INVESTING ACTIVITIES CASH FLOW STATEMENT

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

2017/18 £'000		2018/19 £'000
(47,856)	Purchase of property, plant and equipment, investment property and intangible assets	(59,835)
(371,191)	Purchase of short-term and long-term investments	(673,450)
(338,906)	Capital expenditure and grants with third parties	(402,678)
15,943	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	12,092
296,350	Proceeds from short-term and long-term investments	680,950
37,271	Other receipts from investing activities (including capital grants)	50,714
(408,389)	**Net cash flows from investing activities**	**(392,207)**

Note 36 FINANCING ACTIVITIES CASH FLOW STATEMENT

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

2017/18 £'000		2018/19 £'000
1,143,750	Cash receipts of short and long-term borrowing	1,976,320
(745,800)	Repayments of short- and long-term borrowing	(1,606,520)
389	Other payments for financing activities	3,382
398,339	**Net cash flows from financing activities**	**373,182**

Note 37 NON CASH MOVEMENT CASH FLOW STATEMENT

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

2017/18 £'000		2018/19 £'000
14,603	**Net Surplus or (Deficit) on the Provision of Services**	**12,696**
	Adjust net surplus or deficit on the provision of services for non cash movements:	
18,857	Depreciation	18,550
(25,172)	Impairment and downward valuation	1,996
688	Amortisation	1,541
2,979	Increase/Decrease in Creditors	9,794
22,102	Increase/Decrease in Debtors	(23,538)
(634)	Increase/Decrease in Inventories	865
6,128	Movement in Pension Liability	14,308
271	Contributions to/(from) Provisions	(1,438)
40,294	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	23,208
65,513		**45,286**
	Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	
(34,076)	Capital Grants credited to surplus or deficit on the provision of services	(39,648)
0	Net adjustment from the sale of short and long term investments	0
(15,943)	Proceeds from the sale of property plant and equipment, investment property and intangible assets	(12,092)
(50,019)		**(51,740)**
30,097	**Net Cash Flows for Operating Activities**	**6,242**

NOTE 38 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 £43.3m which includes the Council contribution of £22.1m, the Improved Better Care funding (iBCF) of £3.9m and the additional Winter Pressures funding of £0.8m . At the end of 2018/19 the pool had an underspend of £0.5m which is held in an earmarked reserve by the Council.

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT

2017/18 £'000		Notes	2018/19 £'000
	EXPENDITURE		
12,630	Repairs and Maintenance		13,202
22,782	Supervision and Management		23,651
159	Rents, rates, Taxes and Other Charges		166
(15,213)	Depreciation and Impairment of Non Current Assets	2	10,121
237	Debt Management Costs	8	211
202	Movement in the Allowance for Bad Debts		197
20,797	**Total Expenditure**		**47,548**
	INCOME		
(43,916)	Gross Rent from Dwellings	1	(43,197)
(43,916)	**Net Rent from Dwellings (sub total)**		**(43,197)**
	Non Dwelling Rents:		
(9)	Shop Rents		(12)
(784)	Garage Rents		(760)
(97)	Premises Income		(75)
(890)	**Non Dwelling Rents (sub-total)**		**(847)**
	Charges for Services and Facilities:		
(5,705)	Water Charges		(5,637)
(42)	Central Heating Charges		(43)
(5,747)	**Charges for Services and Facilities (sub total)**		**(5,680)**
	Contributions Towards Expenditure:		
(983)	Leaseholder Charges		(864)
(2,755)	Tenants Service Charges		(3,512)
(3,738)	**Contributions Towards Expenditure (sub total)**		**(4,376)**
0	Micellaneous Income		(465)
(54,291)	**Total Income**		**(54,565)**
(33,494)	**Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement**		**(7,017)**
(33,494)	**Net Expenditure for HRA Services**		**(7,017)**
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:		
6,424	(Gain) or loss on sale of HRA non-current assets		7,224
5,477	Interest payable and similar charges (Deferred Purchase Interest)		5,555
(56)	Interest and Investment Income		(198)
547	Pensions interest cost and expected return on Pension Assets	3	413
(21,102)	**(Surplus)/ Deficit for the Year on HRA Services**		**5,977**

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT

MOVEMENT ON HRA BALANCE

2017/18 £'000		2018/19 £'000
(2,175)	**Balance on HRA at 1 April**	**(2,175)**
(21,102)	(Surplus)/Deficit for the Year on HRA Services	5,976
19,224	Adjustments Between Accounting Basis and Funding Basis under Statute:	(8,706)
(4,053)	**Total**	**(4,905)**
1,878	**Transfer to/(from) Reserves:**	**2,730**
(2,175)	**Balance on HRA at 31 March**	**(2,175)**

ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

2017/18 £'000		2018/19 £'000
	Reversal of Items debited or credited to the HRA Income and Expenditure Account	
(10,211)	Depreciation of non-current assets	(9,292)
(3,331)	Revaluation and Impairment losses on Property, Plant and Equipment	(2,541)
28,785	Revaluation gains reversing previous losses	1,719
(30)	Movement in value of Held for Sale Assets	(7)
(20,463)	Amounts of Assets Held for Sale written off on disposal or sale as part of the net gain or loss on disposal or sale to the CIES	(14,739)
14,039	Amounts of Property, Plant and Equipment written off on disposal or sale as part of the net gain or loss on disposal or sale to the CIES	7,515
(150)	Contribution from the capital receipts reserve towards administration costs of non-current assets disposal	(72)
8,639		**(17,417)**
	Insertion of items not debited or credited to the HRA Income and Expenditure Account	
11,174	Reversal of Major Repairs Allowance credited to the HRA	10,015
(2,262)	Reversal of items relating to requirement benefits debited or credited to the CIES	(2,267)
1,677	Employer's pension contributions and direct payment to pensioners payable in year	946
(4)	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	17
10,585		**8,711**
19,224	**Total**	**(8,706)**

NOTES TO THE HOUSING REVENUE ACCOUNT

Note 1 GROSS RENT INCOME

The level of rent arrears was as follows:

2017/18 £'000	Rent Arrears	2018/19 £'000
1,310	Gross Current Arrears at 31 March	1,476
2.42%	As a Proportion of Gross Rent Income Collectable in the Year	2.77%

There have been no amounts written off in 2018/19. There is a provision of £0.356m for the potential write-off of irrecoverable debts.

Note 2 DEPRECIATION

Depreciation of £9.26m 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 (£0.86m).

2017/18 £'000	Analysis of Depreciation and Impairment Charges	2018/19 £'000
	Depreciation:	
9,148	Dwellings	9,072
160	Other Land and Buildings	132
33	Plant and Equipment	33
24	Non-Operational Property, Plant and Equipment	24
(24,578)	Impairment of Property, Plant and Equipment	860
(15,213)	**Total for Year**	10,121

Note 3 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 4 HOUSING STOCK

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

31 March 2018	Number and Types of Properties at 31 March	31 March 2019
5,217	Number of Houses and Bungalows	5,185
3,468	Number of Flats and Maisonettes	3,456
1,214	Number of Aged Person Dwellings	1,214
9,899	**Total**	**9,855**

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

2017/18	Change in Stock of Properties	2018/19
10,014	Stock at 1 April	9,899
(115)	Less Sales	(55)
0	Additions	11
9,899	**Total**	**9,855**

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

31 March 2018 £'000	Balance Sheet Value of HRA Properties	31 March 2019 £'000
	Operational Non-Current Assets:	
731,557	Dwellings and other land and buildings	742,131
13,885	Non-Operational Non-Current Assets	21,435
745,442	**Total**	**763,566**

The vacant possession value of dwellings within the HRA as at 1st April 2018 was £1.92bn. 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 5 MAJOR REPAIRS RESERVE

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

2017/18 £'000	Major Repair Reserve	2018/19 £'000
(11,174)	Transfer to HRA	(10,015)
11,174	Financing of Capital Expenditure	10,015
0	**Total**	0

Note 6 CAPITAL EXPENDITURE

Capital expenditure on land, houses and other properties within the HRA in 2018/19 was financed as follows:

2017/18 £'000	Financing of Capital Expenditure	2018/19 £'000
11,174	Major Repairs Reserve	10,015
852	Capital Receipts	5,871
1,059	Prudential Borrowing	5,417
13,085	**Total**	21,303

Note 7 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:

2017/18 £'000	Capital Receipts	2018/19 £'000
(14,039)	Sales of Dwellings	(7,515)

Note 8 DEBT MANAGEMENT COSTS

Debt management costs charged to the HRA were as follows:

2017/18 £'000	Debt Management Cost	2018/19 £'000
237	Debt Management Costs	211

THE COLLECTION FUND STATEMENT
COUNCIL TAX

Notes		2017/18 £'000	2018/19 £'000	£'000
	INCOME			
2	Council Tax	(73,449)	(78,321)	
	Total Income	**(73,449)**		**(78,321)**
	EXPENDITURE			
	Precepts and Demands:			
	Essex Police Authority	7,898	8,585	
	Essex Fire Authority	3,471	3,575	
	Thurrock Borough Council	61,683	65,408	
	Precepts and Demands (sub-total)	**73,051**		**77,567**
	Provision for Bad Debts:			
	Change in Provision	(229)	0	
	Write offs	657	414	
	Provision for Bad Debts (sub-total)	**428**		**414**
	CONTRIBUTIONS			
	Essex Police Authority	73	0	
	Essex Fire Authority	32	0	
	Thurrock Borough Council	558	1	
	Contributions (sub-total)	**663**		**2**
	Total Expenditure	**74,143**		**77,983**
	(Surplus)/ Deficit for Year	**694**		**(338)**
	Fund Balance Brought Forward	**(609)**		**85**
	Fund Balance Carried Forward	**85**		**(253)**

Share of Collection Fund (Council Tax) Balance:

Thurrock Council	**72**	**(213)**
Essex Police Authority	**9**	**(28)**
Essex Fire Authority	**4**	**(12)**
Total	**85**	**(253)**

THE COLLECTION FUND STATEMENT
NATIONAL NON-DOMESTIC RATES

Notes		2017/18 £'000	2018/19 £'000	£'000
	INCOME			
3a	Income Collectable from Non-Domestic Ratepayers	(111,325)	(121,106)	
	Transitional Protection Payments	4,530	2,006	
	Cost of Collection	230	229	
	Total Income	**(106,566)**		**(118,871)**
	EXPENDITURE			
	Share of Business Rates:			
	Essex Fire Authority	1,103	1,160	
	Thurrock Borough Council	54,038	56,864	
3b	**Share of Non-Domestic Rates (sub-total)**	**55,141**		**58,025**
	Payment of the Central Share of the Non-Domestic Rating Income to Central Government	**55,141**		**58,025**
	Provision for Bad Debts:			
	Change in Provision	(198)	759	
	Write Offs	335	71	
	Provision for Bad Debts (sub-total)	**137**		**830**
	Provision for Appeals:			
	Change in Provision	721	(2,925)	**(2,925)**
	Interest	30	0	**0**
	CONTRIBUTIONS			
	Essex Fire Authority	(36)	1	
	Thurrock Borough Council	(1,773)	70	
	Central Government	(1,809)	71	
	Contributions (sub-total)	**(3,618)**		**143**
	Total Expenditure	**107,552**		**114,098**
	(Surplus)/ Deficit for Year	**986**		**(4,773)**
	Fund Balance Brought Forward	**(249)**		**737**
	Fund Balance Carried Forward	**737**		**(4,036)**

Share of Collection Fund (NDR) Balance:		
Thurrock Council	**361**	**(1,978)**
Essex Fire Authority	**7**	**(40)**
Central Government	**369**	**(2,018)**
Total	**737**	**(4,036)**

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 2018/19 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	2,918	6:9	2,948
B	7,808	7:9	7,886
C	19,818	8:9	20,018
D	10,744	9:9	10,852
E	5,157	11:9	5,209
F	3,026	13:9	3,057
G	1,258	15:9	1,271
H	56	18:9	57
	50,790		**51,303**
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			**51,303**

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 2018/19 48p was the small business multiplier and 49.3p the large business multiplier (46.6p small business multiplier and 47.9p large business multiplier in 2017/18). 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 £56.86m 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 £118.9m.

The total Non-Domestic rateable value at the 31 March 2019 was £277,456,380 (£267,852,537 as at 31 March 2018).

b) The Council precept of £56.864m 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 £23.799m which is chargeable to the Comprehensive Income and Expenditure Statement. Hence the net funding from business rates is £33.065m in 2018/19.

Group Accounts

2018/19

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

2017/18				2018/19		
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**
35,981	190	**36,171**	Adults; Housing and Health	37,826	3,240	**41,066**
37,471	4,527	**41,998**	Children's Services	37,678	4,143	**41,821**
488	6	**494**	Commercial Services	650	113	**763**
1,723	(383)	**1,340**	Corporate Costs	2,292	(691)	**1,601**
2,285	43	**2,328**	Corporate Strategy & Communications	2,187	389	**2,576**
20,813	5,097	**25,910**	Environment & Highways	21,972	7,842	**29,815**
9,449	68	**9,517**	Finance, Information Technology & Legal	10,296	969	**11,266**
3,446	23	**3,469**	HR; OD and Transformation	3,505	773	**4,278**
4,681	3,255	**7,936**	Place Directorate	3,798	5,141	**8,938**
3,751	40	**3,791**	Schools	(188)	903	**714**
120,088	**12,865**	**132,953**	**General Fund**	**120,016**	**22,822**	**142,838**
(1,641)	(31,853)	**(33,494)**	Housing Revenue Account	(2,519)	1,069	**(1,450)**
118,447	**(18,989)**	**99,459**	**Cost of Services**	**117,497**	**23,891**	**141,388**
78	0	**78**	Taxation	0	0	**0**
(119,173)	6,896	**(112,277)**	Other Income and Expenditure	(130,083)	(28,860)	**(158,943)**
(648)	**(12,093)**	**(12,741)**	**Surplus or Deficit**	**(12,586)**	**(4,969)**	**(17,555)**
(16,849)			Opening General Fund and HRA Balance at 31 March 2018	**(17,497)**		
(648)			Less Deficit on General Fund and HRA Balance in Year	**(12,586)**		
(17,497)			**Closing General Fund and HRA Balance at 31 March 2019**	**(30,083)**		

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Core Statement

2017/18 Restated Gross Expenditure	Gross Income	Net Expenditure		2018/19 Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
85,199	(49,071)	**36,128**	Adults; Housing and Health	88,436	(47,370)	**41,066**
86,454	(44,456)	**41,998**	Children's Services	88,328	(46,506)	**41,822**
601	(107)	**494**	Commercial Services	759	4	**763**
55,583	(54,244)	**1,339**	Corporate Costs	48,095	(46,493)	**1,602**
2,477	(149)	**2,328**	Corporate Strategy & Communications	2,873	(297)	**2,576**
28,720	(2,810)	**25,910**	Environment & Highw ays	33,226	(3,412)	**29,814**
11,565	(2,049)	**9,516**	Finance, Information Technology & Legal	12,768	(1,502)	**11,267**
21,019	(54,514)	**(33,495)**	Housing Revenue Account	47,547	(54,565)	**(7,018)**
3,777	(308)	**3,469**	HR; OD and Transformation	4,600	(323)	**4,277**
15,505	(7,569)	**7,936**	Place Directorate	19,151	(10,213)	**8,938**
27,758	(23,967)	**3,791**	Schools	26,111	(25,397)	**714**
338,658	**(239,244)**	**99,414**	**Cost of Services**	**371,893**	**(236,073)**	**135,820**
41,993	(16,057)	**25,936**	Other operating expenditure	24,906	(12,126)	**12,780**
15,669	(11,428)	**4,241**	Financing and investment income and expenditure	20,185	(33,292)	**(13,107)**
5,363	(147,738)	**(142,375)**	Taxation and non-specific grant income and expenditure	2,070	(155,118)	**(153,048)**
401,683	**(414,468)**	**(12,784)**	**(Surplus) or deficit on Provision of Services**	**419,054**	**(436,609)**	**(17,556)**
0	(111,084)	**(111,084)**	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets	0	(24,280)	**(24,280)**
0	(47,141)	**(47,141)**	Actuarial gains/ losses on pension assets/ liabilities	0	(30,220)	**(30,220)**
0	**(158,225)**	**(158,225)**	**Other Comprehensive Income and Expenditure**	**0**	**(54,500)**	**(54,500)**
401,683	**(572,693)**	**(171,009)**	**Total Comprehensive Income and Expenditure**	**419,054**	**(491,109)**	**(72,056)**

GROUP MOVEMENT IN RESERVES STATEMENT

Core Statement

	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2017	**(10,082)**	**(6,766)**	**(15,608)**	**0**	**(14,576)**	**(47,032)**	**(369,470)**	**(416,502)**
Movement in reserves during 2017/18								
Total Comprehensive Income and Expenditure	8,319	(21,102)	0	0	0	(12,783)	(158,226)	(171,009)
Adjustments from income &expenditure charged under the acounting basis to the funding basis	(7,131)	19,225	(11,770)	0	(7,299)	(6,975)	6,976	1
Increase or (Decrease) in 2017/18	1,188	(1,877)	(11,770)	0	(7,299)	(19,758)	(151,250)	(171,008)
Balance at 31 March 2018 carried forward	**(8,894)**	**(8,643)**	**(27,378)**	**0**	**(21,875)**	**(66,790)**	**(520,720)**	**(587,510)**

GROUP MOVEMENT IN RESERVES STATEMENT

Core Statement

	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2018	**(8,894)**	**(8,643)**	**(27,378)**	**0**	**(21,875)**	**(66,790)**	**(520,720)**	**(587,510)**
Movement in reserves during 2018/19								
Total Comprehensive Income and Expenditure	(23,532)	5,977	0	0	0	(17,555)	(54,500)	(72,055)
Adjustments from income &expenditure charged under the accounting basis to the funding basis	13,674	(8,707)	(677)	0	(9,091)	(4,801)	4,801	0
Increase or (Decrease) in 2018/19	**(9,858)**	**(2,730)**	**(677)**	**0**	**(9,091)**	**(22,356)**	**(49,699)**	**(72,055)**
Balance at 31 March 2019 carried forward	**(18,752)**	**(11,373)**	**(28,055)**	**0**	**(30,966)**	**(89,146)**	**(570,419)**	**(659,565)**

GROUP BALANCE SHEET

Core Statement

31 March 2018 *Restated* £000		Notes	31 March 2019 £000
1,071,700	Property, Plant & Equipment	9	1,112,016
1,541	Intangible Assets		1,115
22,266	Heritage Assets		22,616
85,381	Long Term Investments		124,837
314,926	Long Term Debtors		715,325
1,495,814	**Long Term Assets**		**1,975,909**
77,658	Short Term Investments		27,508
1,770	Assets Held for Sale		1,605
647	Inventories	5	282
24,068	Short Term Debtors		47,520
28,125	Cash and Cash Equivalents		16,312
132,267	**Current Assets**		**93,227**
(554,337)	Short Term Borrowing		(971,266)
(40,323)	Short Term Creditors		(50,586)
(3,636)	Short Term Provisions		(4,631)
(598,296)	**Current Liabilities**		**(1,026,483)**
(3,092)	Long Term Provisions		(660)
(242,388)	Long Term Borrowing		(195,196)
(178,521)	Pension Liability		(162,609)
(272)	Long Term Creditors		62
(18,004)	Capital Grants Receipts in Advance		(24,683)
(442,277)	**Long Term Liabilities**		**(383,087)**
587,510	**Net Assets**		**659,567**
(66,791)	Usable reserves	8	(89,147)
(520,719)	Unusable Reserves		(570,420)
(587,510)	**Total Reserves**		**(659,567)**

I certify that the statement of accounts gives a true and fair view of the financial position of the authority at 31 March 2019 and its income and expenditure for the year ended 31 March 2019.

Director of Finance and IT

Date: 2 September 2019

GROUP CASH FLOW

Core Statement

2017/18 Restated £'000		Notes	2018/19 £'000
12,784	Net surplus or (deficit) on the provision of services		17,556
72,140	Adjustment to surplus or deficit on the provision of services for non cash movements		41,426
(50,019)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(51,740)
34,905	**Net Cash flows from operating activities**		**7,242**
(414,697)	Investing Activities		(393,422)
399,521	Financing Activities		374,366
19,729	**Net increase or decrease in cash and cash equivalents**		**(11,814)**
8,396	Cash and cash equivalents at the beginning of the reporting period		28,125
28,125	**Cash and cash equivalents at the end of the reporting period**		**16,311**

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 Homes Ltd. Both Thurrock Regeneration Ltd and Thurrock 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:

2017/18 £000		2018/19 £000
10,067	Interest payable and similar charges	15,768
5,602	Net interest on the net defined benefit liability	4,417
(11,428)	Interest receivable and similar income	(33,292)
4,241	**Total**	**(13,107)**

Note 4 INVENTORIES

31 March 2018 £000		31 March 2019 £000
647	Materials	282
647	**Total**	**282**

Note 5 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 2018 £000		31 March 2019 £000
12,854	Trade receivables	19,354
4,511	Prepayments	5,548
6,703	Other receivable amounts	22,618
24,068	**Total**	**47,520**

Note 6 SHORT-TERM CREDITORS

Notes to the Accounts

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

31 March 2018 £000		31 March 2019 £000
(23,528)	Trade payables	(25,933)
(16,795)	Other payables	(24,653)
(40,323)	**Total**	**(50,586)**

Note 7 USABLE RESERVES

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

31 March 2018 *Restated* £000		Notes	31 March 2019 £000
(6,566)	General Fund Balance		(5,908)
(2,175)	Housing Revenue Account Balance		(2,175)
(8,795)	Earmarked Reserves		(22,040)
(27,379)	Capital Receipts Reserve		(28,057)
(21,875)	Capital Grants Unapplied		(30,966)
(66,790)	**Total Usable Reserves**		**(89,146)**

GROUP STATEMENTS

Notes to the Accounts

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**
Adjustment - Note 1	0	0	0	0	0	0	0	**0**
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**	**162,632**	**14,657**	**11,802**	**101,713**	**1,928**	**59,859**	**1,071,700**
NBV At 31 March 2019	**730,207**	**154,971**	**18,787**	**11,229**	**124,145**	**13,574**	**59,099**	**1,112,012**

Notes to the Accounts

Comparative 2017/18	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 2017	604,450	153,951	26,673	18,866	107,037	26,360	60,718	**998,055**
Adjustment - Note 1	0	338	0	0	0	(4,537)	0	**(4,199)**
Additions / Donations	11,988	34,587	5,891	434	23,712	4,048	0	**80,660**
Additions - Other	0	0	0	0	0	1,476	0	**1,476**
Derecognition - Disposals	0	(35)	(712)	0	0	0	(1,795)	**(2,542)**
Derecognition - Other	(11,990)	(18,250)	0	0	0	0	0	**(30,240)**
Revaluations Recognised in Revaluation Reserve	107,100	1,533	0	0	0	0	1,062	**109,695**
Revaluations Recognised in Surplus/Deficit on Provision of Services	25,166	(71)	0	0	0	0	0	**25,095**
								0
Assets reclassified (to)/from Held for Sale	(8,501)	0	0	0	0	0	0	**(8,501)**
Assets reclassified (to)/from Investment Property	0	0	0	0	0	0	0	**0**
Assets reclassified (to)/from Stock	0	(338)	0	0	0	(25,419)	0	**(25,757)**
Other movements in Cost or Valuation	0	0	0	0	0	0	0	**0**
At 31 March 2018	**728,213**	**171,715**	**31,852**	**19,300**	**130,749**	**1,928**	**59,985**	**1,143,742**

Note 1 – The Additions include the reclassification of property inventory to other land and buildings of £30.1m. An equivalent adjustment has been made to the property inventory category.

Comparative 2017-18	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 2017	0	(7,350)	(15,318)	(6,824)	(26,116)	0	(153)	**(55,761)**
Depreciation charge	(9,149)	(2,716)	(2,472)	(674)	(2,920)	0	(72)	**(18,003)**
Depreciation written back to the Revaluation Reserve	42	512	0	0	0	0	99	**653**
Depreciation written back to Surplus/Deficit on Provision of Services	3	104	0	0	0	0	0	**107**
Derecognition - Disposals	0	1	595	0	0	0	0	**596**
Derecognition - Other	0	366	0	0	0	0	0	**366**
Other movements in Depreciation and Impairment	0	0	0	0	0	0	0	**0**
At 31 March 2018	**(9,104)**	**(9,083)**	**(17,195)**	**(7,498)**	**(29,036)**	**0**	**(126)**	**(72,042)**
NBV At 31 March 2017	**604,450**	**146,601**	**11,355**	**12,042**	**80,921**	**26,360**	**60,565**	**942,294**
NBV At 31 March 2018	**719,109**	**162,632**	**14,657**	**11,802**	**101,713**	**1,928**	**59,859**	**1,071,700**

GLOSSARY OF TERMS

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.

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.