

Thurrock Council

# Statement of Accounts

DRAFT



2021/22

## 2021/22 Statement of Accounts

<b>NARRATIVE REPORT .....</b>	<b>5</b>
<b>STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS .....</b>	<b>13</b>
<b>CERTIFICATION BY CHAIR OF THE AUDIT COMMITTEE .....</b>	<b>14</b>
<b>AUDITOR'S REPORT .....</b>	<b>15</b>
<b>EXPENDITURE FUNDING ANALYSIS .....</b>	<b>19</b>
<b>COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT .....</b>	<b>20</b>
<b>MOVEMENT IN RESERVES STATEMENT .....</b>	<b>21</b>
<b>BALANCE SHEET .....</b>	<b>23</b>
<b>CASHFLOW .....</b>	<b>24</b>
<b>Note 1 ACCOUNTING POLICIES .....</b>	<b>25</b>
<b>Note 2 ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED .....</b>	<b>39</b>
<b>Note 3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES .....</b>	<b>39</b>
<b>Note 4 ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY .....</b>	<b>40</b>
<b>Note 5(i) NOTE TO THE EXPENDITURE FUNDING ANALYSIS - ADJUSTMENTS BETWEEN FUNDING AND ACCOUNTING BASIS .....</b>	<b>41</b>
<b>Note 5(i) NOTE TO THE EXPENDITURE FUNDING ANALYSIS - ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS .....</b>	<b>43</b>
<b>Note 5(ii) ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS .....</b>	<b>44</b>
<b>Note 6 EXPENDITURE AND INCOME ANALYSED BY NATURE .....</b>	<b>51</b>
<b>Note 7 DEPLOYMENT OF DEDICATED SCHOOLS GRANT .....</b>	<b>52</b>
<b>Note 8 OTHER OPERATING INCOME AND EXPENDITURE .....</b>	<b>53</b>
<b>Note 9 FINANCING AND INVESTMENT INCOME AND EXPENDITURE .....</b>	<b>53</b>
<b>Note 10 TAXATION AND NON-SPECIFIC GRANT INCOME AND EXPENDITURE .....</b>	<b>53</b>
<b>Note 11 MEMBERS' ALLOWANCES .....</b>	<b>54</b>
<b>Note 12 REMUNERATION OF SENIOR STAFF .....</b>	<b>55</b>
<b>Note 13 RELATED PARTY TRANSACTIONS .....</b>	<b>57</b>
<b>Note 14 EXTERNAL AUDIT COSTS .....</b>	<b>59</b>
<b>Note 15 TRANSFERS TO/ FROM EARMARKED RESERVES .....</b>	<b>60</b>
<b>Note 16 PROVISIONS .....</b>	<b>61</b>

## 2021/22 Statement of Accounts

<b>Note 17</b>	<b>SHORT TERM DEBTORS .....</b>	<b>62</b>
<b>Note 18</b>	<b>SHORT TERM CREDITORS .....</b>	<b>63</b>
<b>Note 19</b>	<b>USABLE RESERVES .....</b>	<b>63</b>
<b>Note 20</b>	<b>UNUSABLE RESERVES .....</b>	<b>64</b>
<b>Note 21</b>	<b>ANALYSIS OF GOVERNMENT GRANTS .....</b>	<b>68</b>
<b>Note 22</b>	<b>CONTINGENT LIABILITIES .....</b>	<b>69</b>
<b>Note 23</b>	<b>EVENTS AFTER THE BALANCE SHEET DATE .....</b>	<b>69</b>
<b>Note 24</b>	<b>HERITAGE ASSETS .....</b>	<b>69</b>
<b>Note 25</b>	<b>INTANGIBLE ASSETS .....</b>	<b>70</b>
<b>Note 26</b>	<b>PROPERTY, PLANT AND EQUIPMENT .....</b>	<b>71</b>
<b>Note 27</b>	<b>SURPLUS ASSETS .....</b>	<b>76</b>
<b>Note 28</b>	<b>INFRASTRUCTURE ASSETS .....</b>	<b>77</b>
<b>Note 29</b>	<b>CAPITAL EXPENDITURE AND FINANCING .....</b>	<b>77</b>
<b>Note 30</b>	<b>CAPITAL COMMITMENTS .....</b>	<b>78</b>
<b>Note 31</b>	<b>FINANCIAL INSTRUMENTS .....</b>	<b>78</b>
<b>Note 32</b>	<b>DEFINED BENEFIT PENSION SCHEMES .....</b>	<b>89</b>
<b>Note 33</b>	<b>CASH AND CASH EQUIVALENTS .....</b>	<b>95</b>
<b>Note 34</b>	<b>OPERATING ACTIVITIES CASH FLOW STATEMENT .....</b>	<b>95</b>
<b>Note 35</b>	<b>INVESTING ACTIVITIES CASH FLOW STATEMENT .....</b>	<b>95</b>
<b>Note 36</b>	<b>FINANCING ACTIVITIES CASH FLOW STATEMENT .....</b>	<b>96</b>
<b>Note 37</b>	<b>NON CASH MOVEMENT CASH FLOW STATEMENT .....</b>	<b>97</b>
<b>NOTE 38</b>	<b>BETTER CARE FUND .....</b>	<b>98</b>
<b>NOTE 39</b>	<b>PRIOR PERIOD ADJUSTMENT .....</b>	<b>98</b>
	<b>HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT .....</b>	<b>100</b>
	<b>MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT .....</b>	<b>101</b>
	<b>NOTES TO THE HOUSING REVENUE ACCOUNT .....</b>	<b>102</b>
	<b>COUNCIL TAX .....</b>	<b>105</b>
	<b>NATIONAL NON-DOMESTIC RATES .....</b>	<b>106</b>
	<b>NOTES TO THE COLLECTION FUND .....</b>	<b>107</b>
	<b>STATEMENT OF ACCOUNTS - GROUP ACCOUNTS .....</b>	<b>109</b>

## 2021/22 Statement of Accounts

<b>GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT.....</b>	<b>110</b>
<b>GROUP MOVEMENT IN RESERVE STATEMENT.....</b>	<b>111</b>
<b>GROUP BALANCE SHEET .....</b>	<b>113</b>
<b>GROUP CASHFLOW .....</b>	<b>114</b>
<b>NOTES TO THE GROUP ACCOUNTS .....</b>	<b>115</b>
<b>GLOSSARY OF TERMS.....</b>	<b>116</b>

## 2021/22 Statement of Accounts

### NARRATIVE REPORT

#### BACKGROUND AND CONTEXT

Welcome to the Narrative Statement for the Statement of Accounts for Thurrock Council for the financial year 2021/22. The accounts provide a true and fair view of the financial performance of the Council in the delivery of services to the residents of the Council. They also summarise the overall financial position of the Council for the year ended 31 March 2022.

#### Intervention and Inspection

In response to concerns about levels of financial risk and debt, and clear 'Best Value' failure in relation to our financial functions, the Government appointed Essex County Council on 2 September 2022 as 'Best Value Commissioner' for Thurrock Council. The Commissioner has full control of the financial functions of Thurrock Council and powers to assess what action may be needed to limit any risks to our services.

On 16 March 2023, the Government issued a written ministerial statement confirming further Directions for Thurrock Council.

These expanded Directions confirmed the appointment of Dr Dave Smith as the Commissioner to act as Managing Director of Thurrock Council, fulfilling the role of Chief Executive. The Directions also set out the Commissioners' increased powers in making decisions about:

- employment matters related to senior managers.
- the council's staff structure and operating model.
- functions relating to scrutiny and transparency of strategic decision-making.

A Best Value Inspection Report, carried out by inspectors appointed by the Secretary of State, was published on 15 June 2023.

This intervention related to the Council's policy of borrowing large amounts of money to purchase of commercial assets with an aim of securing a return. These financial statements provide information on the external debt and the commercial financial assets, coupled with the scope of the estimated and actual financial asset impairments up to 31 March 2022.

Details of the Expected Credit Loss are also highlighted in the notes to the balance sheet. The actual full position of the losses relating to non-treasury investments will not be known for some years, but updates will be provided in future Annual Accounts. The Council is undertaking a programme of divestment of the commercial assets to reduce the overall risk exposure from the assets and the borrowing.

Additional details and links to the Secretary of State's intervention at Thurrock Council are available on our website, [www.thurrock.gov.uk](http://www.thurrock.gov.uk).

#### About Thurrock Council

Thurrock Council is a unitary authority in the ceremonial county of Essex. The Council is situated on the north side of the River Thames, within the ceremonial county of Essex, north of Kent and east of Greater London. Thurrock is an area of great contrast and unique opportunities, with a well-balanced mix of beauty, history and business. Covering 165 square

## 2021/22 Statement of Accounts

kilometres, 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. Thurrock is steeped in history. It has two historic forts, Tilbury Fort, where Queen Elizabeth I gave her famous "heart of a king" speech whilst amassing the fleet to face the Spanish Armada in 1588, and Coalhouse Fort, which was completed in 1874. Tilbury Docks was also the venue for the Empire Windrush's momentous disembarkation. Three major ports punctuate the 18 miles of riverfront with associated cranes and container ships while industrial parks line the A13. Whilst our larger towns are Corringham, Grays, Purfleet-on-Thames, Stanford-le-Hope and Tilbury, Thurrock remains 70% greenbelt with rural villages such as Bulphan, Orsett and Horndon on the Hill.

Thurrock has a diverse and growing population which has increased by over 10% each decade. In 2001 the population was 143,300, in 2011 it was 158,300 and the latest Office of National Statistics (ONS) data from the 2021 Census estimates the population at 176,000. The Council has major investment planned for homes, jobs and infrastructure and including private sector jobs.

The ethnic profile of Thurrock has become increasingly diverse over the last decade. Both the age and ethnic profiles change significantly between the 20 electoral wards. The table below summarises ONS' population estimates by age and sex in the UK for 2021.

Population section	Estimate
Male	49.0%
Female	51.0%
0 to 15 year-olds	22.5%
15 to 24 year-olds	10.0%
25 to 49 year-olds	36.3%
50 to 64 year-olds	17.6%
65 year-olds and older	13.6%

The ONS estimates that in April 2021 there are 69,537 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 in Thurrock. Thurrock has a stock of approximately 9,700 Council houses, including 1,200 sheltered and extra care homes.

Housing status	Estimate
Owner-occupier	64.0%
Rented from the Council or housing association	17.7%
Rented privately	18.3%

## 2021/22 Statement of Accounts

### Our services

Thurrock Council is a Unitary Council. The following core services are provided by the Council:

- Adult Care and Health.
- Children and families.
- Community and living.
- Environment and safety.
- Housing.
- Leisure and Culture.
- Planning and growth.
- Education and Learning
- Money, tax and benefits
- Travel and Transport
- Council and democracy.
- Waste and Recycling.

These services are either provided directly by the Council or are commissioned from and delivered by other organisations. Most of these services are mandatory, meaning that the Council must provide them because it is under a statutory duty to do so.

### Governance

Thurrock has 49 councillors across 20 wards. Each councillor has an overriding duty to the community, and a special duty to residents in their ward.

The Council's political make-up on 6 May 2021

Party	Elected Members
Conservative	29
Labour	16
Thurrock Independents	3
Independent	1

Approximately 2,000 employees work at the Council to support the achievement of the Council's objectives.

### Our strategic and corporate plans

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.

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.



## 2021/22 Statement of Accounts

### Council Tax 2021/22

Each financial year we work out our estimated spending and income based on our aims, priorities and resources, and use this information to set our budget. The net budget requirement for a Council is the amount needed to finance Council services after allowing for this planned expenditure and anticipated income. For 2021/22, this was set by the Council at £119.064m and met from the projected revenue sources below.

The 2021/22 Band D Council Tax for Thurrock Council services including the adult social care precept but excluding Essex Fire and Essex Police authorities was £1,399.32. 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 £1,605.33 distributed amongst the preceptors as set out in the chart below. Thurrock Council has one of the lowest Council Tax levels and Council Tax income of all of the Unitary Councils in the country and the lowest Council Tax in Essex.

### **Regeneration and Investment – Thurrock - Gets Business, Does Business, Means Business**

Thurrock has a growth strategy which includes investment for infrastructure, homes and new jobs to be created. Supporting this strategy, we have 1,000 acres of land ready for business development, 3 international ports along 18 miles of riverfront, and are only 30 minutes from central London by train.

Thurrock is a significant UK regeneration area. There are 6 major growth hubs in the borough and a number of major schemes in development that will together transform the economic, social and environmental opportunities open to residents and the business community.

### **Thames Freeport**

In addition to the local regeneration schemes outlined above, Thames Freeport will provide wider opportunities, acting as a magnet for business and investment. Those economic benefits will ripple across the Estuary with jobs, up-skilling opportunities, improvements to infrastructure, and other benefits. Thames Freeport covers 1,700 acres of development land at the heart of Europe's largest consumer market, Thames Freeport connects Ford's Dagenham facility to the ports at London Gateway and Tilbury.

The Thames Freeport covers a 34-kilometre-wide economic corridor along the tidal Thames, recognised by Government as an area of national significance and strategic growth. The Thames Freeport includes the ports of Tilbury and DP World London Gateway, as well as Ford's Dagenham plant. The tax sites within Thames Freeport are recognised by law as areas where businesses can benefit from tax reliefs to bring investment, trade, and jobs to regenerate regions across the country that need it most. The Thames Freeport is expected to draw £4.5 billion of new investment and create 21,000 skilled jobs.

The Thames Freeport consortium partners, DP World London Gateway, Port of Tilbury and Ford are working collaboratively with local authorities, and other public sector bodies to catalyse investment opportunities along this strategic corridor, unleashing huge potential for local regeneration, sustainable and inclusive growth.

## 2021/22 Statement of Accounts

### STATEMENT OF ACCOUNTS & FINANCIAL PERFORMANCE

#### Statement of Accounts

The Statement of Accounts comprise of the following statements:

- (i) The **Comprehensive Income and Expenditure Statement** shows the accounting cost in the year of providing services in accordance with proper accounting practices (rather than the amount to be funded from taxation). The taxation position is shown in the Movement in Reserves Statement.
- (ii) The **Movement in Reserves Statement** shows the movement in the year on the different reserves held by the Council, analysed into Usable Reserves and Unusable Reserves. The Surplus or Deficit on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account Balance for Council Tax setting and housing rent setting purposes.
- (iii) The **Balance Sheet** shows the value of the assets and liabilities of the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories:
  - Usable Reserves – those the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use.
  - Unusable Reserves – those the Council cannot use to provide services. These include reserves that hold unrealised gains and losses that would only become available to provide services if assets are sold; and reserves that hold adjustments between accounting and funding certain transactions which are permitted under regulations.
- (iv) The **Cash Flow Statement** shows the changes in cash and cash equivalents, net of bank overdrafts that are repayable on demand, during the reporting period. The Statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing or financing activities.
- (v) The **Housing Revenue Account (HRA) Income and Expenditure Statement** shows the annual economic cost of providing housing services in accordance with proper accounting practices, rather than simply the amount to be funded from rents and government grants.
- (vi) The **Collection Fund Statement** records the Council Tax and business rates transactions in the financial year. Billing authorities are required by statute to maintain a separate Collection Fund Statement. The actual costs of administering collection are accounted for in the Council's General Fund; the amount is an allowance fixed in accordance with the relevant regulation.

The 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.

## 2021/22 Statement of Accounts

### The Code of Practice on Local Authority Accounting in the United Kingdom 2021/22

These accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting 2021/22 (The Code), published by the Chartered Institute of Public Finance and Accountancy (CIPFA). This Code defines proper accounting practice for local authorities.

### Financial Performance

#### Overall Position - The Financial Outturn 2021-22

This report provides a summary of the financial outturn for 2021/22 for the General Fund and the Housing Revenue Account, also including capital and treasury management outturn positions.

#### General Fund

For the financial year 2021/22 the commercial investments policy has continued to dominate the financial situation of the Council in several adverse aspects:

- The £0.9bn portfolio was funded predominantly from short-term borrowing sourced from other local authorities. The Bank Rate of 0.1% from 30 March 2020 to 17 December 2021 supported this approach and provided low funding costs. However, the background of a deteriorating economic situation saw interest rates rising to 0.75% by the year end, with a forecast of further significant increases. This impacted on the Council's net investment returns and the viability of some of the investments.
- The subsequent Best Value inspection by Essex County Council identified that the Council failed to understand and control the risks of this commercial investment strategy. During the year the valuations and returns from some of the commercial investment asset base fell. The ultimate failure of the strategy, and the scale of the financial loss has undermined the financial viability of the Council. The details of the impairments are included in the financial instrument notes to the balance sheet and the impact reflected in the main statements of accounts such as the Comprehensive Income and Expenditure Statement, Balance sheet and Movement in Reserves Statement.

#### Housing Revenue Account (HRA)

Delivered within Budget. The HRA was successful in delivering the overall financial outturn within budget and managed the level of general reserves in line with the HRA business plan. While across the service expenditure was contained within budget, there were some pressures within the Rent and Income service because of under recovery of affordable rents due to delays in the expected completions of new build properties.

The HRA reported an overall in-year surplus in 2021/22 of £10.996m (surplus of ££8.440m in 2020/21). Given prevailing economic and market conditions it has not been possible to meet all the HRA strategic plans. HRA reserves at 31 March 2022 were £31.284m, a fall of £1.278m on the previous year.

#### Capital Programme

Total capital expenditure for 2021/22 amounted to £117.023m. A summary of this expenditure analysed by service, is set out below along with the associated sources of financing.

## 2021/22 Statement of Accounts

<b>Service</b>	<b>Budget £m</b>	<b>Total £m</b>	<b>Variance £m</b>
Adults; Housing and Health	2.223	0.821	(1.402)
Children's Services	3.116	1.864	(1.252)
Public Realm	16.827	12.024	(4.803)
Resources & Place Delivery	48.644	45.489	(3.155)
Housing Revenue Account	47.018	44.260	(2.758)
HR; OD & Transformation	15.289	12.448	(2.841)
Corporate Strategy & Communications	0.220	0.117	(0.103)
<b>Total</b>	<b>133.337</b>	<b>117.023</b>	<b>(16.314)</b>

  

<b>Source of Finance</b>	<b>Budget £m</b>	<b>Total £m</b>	<b>Variance £m</b>
Prudential Borrowing	82.270	74.856	(7.414)
Usable Capital Receipts	0.011	0.000	0.011
Earmarked Usable Capital Receipts	20.757	16.229	(4.528)
Major Repairs Reserve	10.540	10.540	0
Central Government Grants	12.443	8.336	(4.107)
Other Grants	6.703	6.249	(0.454)
Developers Contributions	0.613	0.813	0.200
<b>Total</b>	<b>133.337</b>	<b>117.023</b>	<b>(16.314)</b>

### Treasury Management

This element of the report is prepared in accordance with the requirements of the CIPFA Prudential Code and presents details of treasury management activity for the year to 31 March 2022.

### 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 30 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.

## STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

### The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs; in this Council, that officer is the Chief Finance Officer;
- 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 Chief Finance Officer's Responsibilities

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

In preparing this Statement of Accounts the Chief Finance Officer 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 Chief Finance Officer Delivery 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 Chief Finance Officer'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 2022.



Dawn Calvert  
Chief Finance Officer (S151 Officer)

Date: 23 October 2024

## 2021/22 Statement of Accounts

### **CERTIFICATION BY CHAIR OF THE AUDIT COMMITTEE**

I confirm that these accounts were approved by the Audit Committee.

Councillor Fraser Massey  
Chair of the Audit Committee

Date: XX XXX 2024

**AUDITOR'S REPORT**

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## 2021/22 Statement of Accounts

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## 2021/22 Statement of Accounts

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## 2021/22 Statement of Accounts

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## 2021/22 Statement of Accounts

### EXPENDITURE FUNDING ANALYSIS

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

2020/21			2021/22			
Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
45,010	589	45,599	Adults; Housing and Health	41,620	5,098	46,718
40,955	9,261	50,216	Children's Services	43,654	6,218	49,872
26,599	10,526	37,125	Public Realm	26,508	13,422	39,930
(4,486)	(283)	(4,769)	Corporate Costs	(1,548)	(3,292)	(4,840)
2,902	(833)	2,069	Strategy; Engagement & Growth	3,183	1,736	4,919
9,765	5,435	15,200	Resources & Place Delivery	9,403	15,826	25,229
7,244	2,412	9,656	HR; OD and Transformation	6,892	2,625	9,517
127,989	27,107	155,096	General Fund	129,712	41,633	171,345
(2,589)	11,435	8,846	Housing Revenue Account	(2,555)	24,221	21,666
125,400	38,542	163,942	Cost of Services	127,157	65,854	193,011
(165,631)	41,343	(124,288)	Other Income and Expenditure	(126,834)	(37,803)	(164,637)
(40,231)	79,885	39,654	Surplus or Deficit	323	28,051	28,374
(38,221)			Opening General Fund and HRA Balance 31 March*	(80,429)		
(1,978)			Adjustment to 1 April balance - DSG deficit	0		
0			Collection Fund Adjustment as at 1st April	(401)		
(40,198)			1 April	(80,830)		
(40,231)			Less Deficit on General Fund and HRA Balance in Year	323		
(80,429)			Closing General Fund and HRA Balance 31 March*	(80,507)		

\*2020-21 figures have been restated due to the change in structure in 2021-22.

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

## 2021/22 Statement of Accounts

### COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2020/21				2021/22			
Gross Expenditure	Gross Income	Net Expenditure		Notes	Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000			£000	£000	£000
94,374	(48,775)	45,599	Adults; Housing and Health		103,099	(56,381)	46,718
108,204	(57,988)	50,216	Children's Services		111,832	(61,960)	49,872
47,926	(10,802)	37,125	Public Realm		53,584	(13,653)	39,930
45,361	(50,130)	(4,769)	Corporate Costs		35,967	(40,807)	(4,840)
6,179	(4,109)	2,069	Strategy; Engagement & Growth		6,282	(1,363)	4,919
25,660	(10,460)	15,200	Resources & Place Delivery		32,949	(7,719)	25,229
68,270	(59,423)	8,846	Housing Revenue Account		83,142	(61,476)	21,666
12,597	(2,941)	9,656	HR; OD and Transformation		13,146	(3,629)	9,517
408,570	(244,628)	163,942	Cost of Services		440,000	(246,990)	193,010
26,927	(6,874)	20,053	Other operating income and expenditure		33,253	(15,429)	17,823
77,218	(46,188)	31,030	Financing and Investment income and expenditure		7,029	(41,184)	(34,155)
4,101	(179,472)	(175,371)	Taxation and non-specific grant income and expenditure		3,480	(151,785)	(148,305)
516,816	(477,162)	39,654	Deficit on Provision of Services		483,762	(455,388)	28,374
0	(26,833)	(26,833)	(Surplus) on revaluation of Property, Plant and Equipment assets		0	(89,155)	(89,155)
26,314	0	26,314	Remeasurement of the net defined benefit liability		0	(98,328)	(98,328)
26,314	(26,833)	(519)	Other Comprehensive Income and Expenditure		0	(187,483)	(187,483)
543,130	(503,995)	39,135	Total Comprehensive Income and Expenditure		483,762	(642,871)	(159,109)

## 2021/22 Statement of Accounts

### MOVEMENT IN RESERVES 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
<b>Balance at 31 March 2021</b>	<b>(71,989)</b>	<b>(8,441)</b>	<b>(25,268)</b>	<b>(21,219)</b>	<b>(126,917)</b>	<b>(249,100)</b>	<b>(376,017)</b>
<b>Adjustment to Collection Fund</b>	<b>(401)</b>				<b>(401)</b>	<b>401</b>	
<b>Adjustment due to rounds</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>(1)</b>	<b>0</b>
Reporting of schools budget deficit to new adjustment account at 1 April 2021	0	0	0	0	0	0	0
<b>Restated Balance at 1 April 2021</b>	<b>(72,390)</b>	<b>(8,441)</b>	<b>(25,268)</b>	<b>(21,219)</b>	<b>(127,317)</b>	<b>(248,700)</b>	<b>(376,017)</b>
<b>Movement in reserves during 2021/22</b>							
Total Comprehensive Income and Expenditure	(10,404)	38,778	0	0	28,373	(187,483)	(159,109)
Adjustments from income & expenditure charged under the accounting basis to the funding basis	5	13,285	4,573	(14,341)	(37,816)	37,816	0
<b>(Increase) or Decrease in 2021/22</b>	<b>2,881</b>	<b>(2,555)</b>	<b>4,573</b>	<b>(14,341)</b>	<b>(9,443)</b>	<b>(149,666)</b>	<b>(159,109)</b>
<b>Balance at 31 March 2022 carried forward</b>	<b>(69,509)</b>	<b>(10,996)</b>	<b>(20,695)</b>	<b>(35,560)</b>	<b>(136,760)</b>	<b>(398,366)</b>	<b>(535,126)</b>

## 2021/22 Statement of Accounts

	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
<b>Balance at 31 March 2020</b>	<b>(32,369)</b>	<b>(5,852)</b>	<b>(28,984)</b>	<b>(23,819)</b>	<b>(91,024)</b>	<b>(324,131)</b>	<b>(415,155)</b>
<b>Adjustment due to rounds</b>	<b>1</b>	<b>0</b>	<b>(2)</b>	<b>1</b>	<b>0</b>	<b>(1)</b>	<b>(1)</b>
Reporting of schools budget deficit to new adjustment account at 1 April 2020	(1,978)	0	0	0	(1,978)	1,978	0
<b>Restated Balance at 1 April 2020</b>	<b>(34,346)</b>	<b>(5,852)</b>	<b>(28,986)</b>	<b>(23,818)</b>	<b>(93,002)</b>	<b>(322,154)</b>	<b>(415,156)</b>
<b>Movement in reserves during 2020/21</b>							
Total Comprehensive Income and Expenditure	16,636	23,018	0	0	39,654	(515)	39,139
Adjustments from income & expenditure charged under the accounting basis to the funding basis	5 (54,279)	(25,607)	3,718	2,599	(73,569)	73,569	0
<b>(Increase) or Decrease in 2020/21</b>	<b>(37,643)</b>	<b>(2,589)</b>	<b>3,718</b>	<b>2,599</b>	<b>(33,915)</b>	<b>73,054</b>	<b>39,139</b>
<b>Balance at 31 March 2021 carried forward</b>	<b>(71,989)</b>	<b>(8,441)</b>	<b>(25,268)</b>	<b>(21,219)</b>	<b>(126,917)</b>	<b>(249,100)</b>	<b>(376,017)</b>



## 2021/22 Statement of Accounts

### BALANCE SHEET

31 March 2021		Notes	31 March 2022
£000			£000
1,166,121	Property, Plant & Equipment	26	1,277,300
0	Intangible Assets	25	0
1,212	Heritage Assets	24	1,212
351,335	Long Term Investments	31	370,510
376,893	Long Term Debtors	31	375,680
<b>1,895,561</b>	<b>Long Term Assets</b>		<b>2,024,702</b>
16,662	Short Term Investments	31	16,062
2,294	Assets Held for Sale		8,314
242	Inventories		289
88,552	Short Term Debtors	17	88,601
30,420	Cash and Cash Equivalents	33	84,535
<b>138,170</b>	<b>Current Assets</b>		<b>197,801</b>
(968,258)	Short Term Borrowing	31	(1,187,318)
(80,419)	Short Term Creditors	18	(82,003)
(2,760)	Short Term Provisions	16	(1,996)
<b>(1,051,437)</b>	<b>Current Liabilities</b>		<b>(1,271,317)</b>
(7,404)	Long Term Provisions	16	(7,352)
(389,307)	Long Term Borrowing	31	(264,307)
(195,941)	Pension Liability	32	(121,178)
0	Leasing Liability		(11,920)
(262)	Long Term Creditors		(168)
(13,363)	Capital Grants Receipts in Advance	21	(11,136)
<b>(606,277)</b>	<b>Long Term Liabilities</b>		<b>(416,061)</b>
<b>376,017</b>	<b>Net Assets</b>		<b>535,126</b>
(126,916)	Usable reserves	19	(136,760)
(249,101)	Unusable Reserves	20	(398,366)
<b>(376,017)</b>	<b>Total Reserves</b>		<b>(535,126)</b>

I certify that the statement of accounts gives a true and fair view of the financial position of the Authority at 31 March 2022 and its income and expenditure for the year ended 31 March 2022.



Dawn Calvert  
Chief Finance Officer (S151 Officer)

Date: 23 October 2024

## 2021/22 Statement of Accounts

### CASHFLOW

2020/21 £'000		Notes	2021/22 £'000
(39,654)	Net (deficit) on the provision of services		(28,374)
159,898	Adjustment to deficit on the provision of services for non cash movements		88,557
(59,064)	Adjust for items included in the net deficit on the provision of services that are investing and financing activities		(45,168)
<b>61,180</b>	<b>Net Cash flows from operating activities</b>	<b>35</b>	<b>15,015</b>
(6,251)	Investing Activities	33	(82,559)
(87,992)	Financing Activities	34	121,659
<b>(33,063)</b>	<b>Net increase or decrease in cash and cash equivalents</b>		<b>54,115</b>
63,483	Cash and cash equivalents at the beginning of the reporting period		30,420
<b>30,420</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>31</b>	<b>84,535</b>

## Note 1 ACCOUNTING POLICIES

### 1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at 31 March 2022. 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 2021/22 (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.

### 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; and
- **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.

## 2021/22 Statement of Accounts

- **Timeliness** – The information is made available to key stakeholders of the Council in accordance with statutory timescales.
- **Understandability** – the financial statements have been prepared clearly and concisely to ensure that they are as easy to understand as possible.

### 1.4 Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract;
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract; and
- 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. The Council has a de minimus level of £10,000 for income and expenditure accruals at year end (excluding grant funding). 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 Council's cash management.

### 1.6 Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council 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 Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

### 1.7 Employee Benefits

#### ***Benefits Payable during Employment***

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (eg cars) for current employees and are recognised as an expense for

## 2021/22 Statement of Accounts

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

### ***Termination Benefits***

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

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

### ***Post-Employment Benefits***

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

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

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

### ***Local Government Pension Scheme***

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

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

## 2021/22 Statement of Accounts

- 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; and
  - net interest on the net defined benefit liability, i.e. net interest expense for the Council – the change during the period in the net defined benefit liability 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 at the beginning of the period – taking into account any changes in the net defined benefit liability 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 – 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; and
    - 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; and

## 2021/22 Statement of Accounts

- 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 Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (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 Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the 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 Council 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 two main classes of financial assets measured at:

- amortised cost; and
- fair value through profit or loss (FVPL).

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (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 Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value plus transaction costs. 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 Council, 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.



## 2021/22 Statement of Accounts

### Expected Credit Loss Model

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

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

### Financial Assets Measured at Fair Value through Profit or Loss (FVPL)

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

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

- instruments with quoted market prices – the market price; and
- 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 Council 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; and
- 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 the 'Taxation and Non-Specific Grant Income' line.

## 2021/22 Statement of Accounts

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. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

### ***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 grants 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) in the Comprehensive Income and Expenditure statement.

### **1.11 Leases**

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

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

#### ***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 to the relevant service account 'Place directorate' in the Comprehensive Income and Expenditure statement on a straight line basis over the term of the lease. 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

## 2021/22 Statement of Accounts

they are reflected in the financial statements as a finance or operating lease.

The capital value of an asset is not less than:	<b>£20,000</b>
The annual lease charge for an asset is:	<b>£20,000</b>

The minimum period of the lease for:	
Property	<b>10 years</b>
Equipment	<b>5 years</b>

Accounting cost 'versus' capital value whereby the lease will not be assessed.	<b>If Cost of assessment exceeds 1% of capital value</b>
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### 1.12 Minimum Revenue Provision

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

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

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

### 1.13 Overheads and Support Services

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

### 1.14 Prior Period Adjustments

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

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

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

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

### 1.15 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,

## 2021/22 Statement of Accounts

(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.

Intangible asset lives range from 3 to 10 years, assets are amortised over its useful life on a straight line basis.

### **1.16 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.

## 2021/22 Statement of Accounts

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

Where there is no market-based evidence of 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 current value are re-valued sufficiently regularly to ensure their carrying amount is not materially different from their current 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 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.

### ***Impairments***

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 'Revaluation decreases' as stated above.

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:

## 2021/22 Statement of Accounts

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	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	<b>£2,000,000</b>
The minimum value of a component as a proportion of total asset value	<b>10%</b>

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.

### 1.17 Infrastructure Assets

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

#### Recognition

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the authority and the cost of the item can be measured reliably.

#### Measurement

Highways infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April [1994 England and Scotland] [1996 Wales], which was deemed at that time to be historical cost. Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

#### Depreciation

Depreciation is provided on the parts of the highways network infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis. Annual depreciation is the depreciation amount allocated each year. Useful lives of the various parts of the highways network are assessed by the Chief Highways Engineer using industry standards where applicable as follows:

## 2021/22 Statement of Accounts

Part of the highways network	Useful life (years)
Carriageways	40
Footways and cycle tracks	40
Structures (bridges, tunnels and underpasses)	40
Street lighting	40
Traffic management systems	40

### 1.18 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. The written off value is appropriated 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.



## 2021/22 Statement of Accounts

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

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the 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 Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

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

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

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

### 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 reserve is then transferred back into the General Fund balance so that there is no net charge against Council Tax for the expenditure. 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.

## 2021/22 Statement of Accounts

### 1.22 Revenue Expenditure Funded from Capital under Statute

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

Where a statutory provision allows capital resources to meet such expenditure, that expenditure has been charged to the Cost of Services in the Comprehensive Income and Expenditure statement. It has subsequently been accounted for by debiting the Capital Adjustment Account and crediting the General Fund Balance in the Movement in Reserves Statement, so that there is no impact on the level of Council Tax. 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 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.

### 1.24 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.

### 1.25 Council Tax and non-domestic rates (England)

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

## 2021/22 Statement of Accounts

### ***Accounting for Council tax and NDR***

The Council Tax and NDR income included in the comprehensive income and expenditure statement (CIES) is the Council's share of accrued income for the year. However, regulations determine the amount of Council Tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the general fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

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

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

### **1.26 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 Regeneration Homes Ltd. Inclusion in the group is dependent upon the extent of the Council's control over the company or entity and the materiality of the interest. The Council considers that it has a material interest in various entities detailed in Note 13 and has classified them as subsidiaries. There has been a full consolidation of the companies into the group accounts, all transactions and balances between the Council and the subsidiary are eliminated in full. In the Council accounts the investment in Thurrock Regeneration Ltd is held at amortised cost.

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

The following accounting policy changes are not yet reflected in the 2021-22 Code of Practice. They are not therefore reflected in the Pension Fund Statement of Accounts:

- IFRS 16 Leases (replaces IAS 17) will be implemented on 1st April 2024.
- IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS.
- IAS 37 (Onerous contracts) – clarifies the intention of the standard.
- IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material.
- IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.
- Property, Plant and Equipment – Proceeds before intended use (Amendments to IAS16)

These changes in accounting standards are in our view unlikely to have a material impact on the 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:

## 2021/22 Statement of Accounts

- The Council has interests in other entities that fall within the group boundary of the Council on the grounds of control and significant influence in line with the Code. The Council's interest in Thurrock Regeneration Ltd is material to the Council's overall financial position and therefore has been consolidated within the Council's group accounts.

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

Item	Uncertainty	Effect
<b>Property, Plant and Equipment</b>	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.
	Assets are valued based on estimates and assumptions at a point in time but market conditions can fluctuate, the effect of which may be increased by the Covid-19 pandemic.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings would increase by approximately £1.8 million for every year that useful lives had to be reduced.
<b>Pensions Liability</b>	Estimation of the net liability to pay pensions depends on a number of complex judgements and assumptions. This includes: mortality assumptions, the rate of inflation, the rate of increase in salaries, the rate of increase in pensions and the rate for discounting scheme liabilities. There has been judgements and assumptions made in relation to McCloud and Sergeant when estimating the pension liability.	The Actuaries' sensitivity analysis indicates that an increase in the discount rate for liabilities of 0.1% would reduce the pension liability by £15.5m. Further sensitivity analysis detailed in Note 32.
	Barnett Waddingham as the pension fund's actuary has provided expert advice about the assumptions applied.	
	As with the Council's own property	

## 2021/22 Statement of Accounts

Item	Uncertainty	Effect
	valuations, the impact of Covid-19 also has similar uncertainty in the valuation of pension fund assets.	
<b>Fair Value Measurements</b>	<p>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.</p> <p>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).</p> <p>Information about the valuation techniques and inputs used in determining the fair value of the Authority's assets and liabilities is disclosed in note 29.</p>	<p>The Authority has relied on expert valuations to measure the fair value of surplus assets, assets held for sale and financial instruments.</p> <p>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.</p> <p>For financial instruments the observable inputs are set out in detail in Note 30 to the financial statements.</p>

### Note5(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 i.e. 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

## 2021/22 Statement of Accounts

Expenditure line is credited with capital grants receivable in the year without conditions or for which 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 STATUTORY ADJUSTMENTS

3) Other statutory adjustments 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 statutory adjustments 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.

## 2021/22 Statement of Accounts

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

2021/22

Adjustment from General Fund to arrive at the Comprehensive Income and Expenditure Statement Accounts 2021/22	Adjustments for Capital Purposes (1)	Net Change for the Pensions Adjustments (2)	Other Statutory Adjustments (3)	Total Adjustments
	£000	£000	£000	£000
Adults, Housing and Health	296	4,458	344	5,098
Children's Services	(12)	5,628	602	6,218
Corporate Costs	0	1,716	(5,008)	(3,292)
HR; OD and Transformation	516		2,109	2,625
Public Realm	9,391	3,953	79	13,422
Resources & Place Delivery	16,274	1,008	(1,455)	15,827
Strategy; Engagement & Growth	300	976	460	1,736
Net Cost of Services	26,765	17,738	(2,870)	41,634
Housing Revenue Account	36,604	2,048	(14,431)	24,221
Other Income and Expenditure	(21,827)	4,511	(20,487)	(37,803)
Difference between General Fund surplus and Comprehensive Income and Expenditure Statement Deficit	41,542	24,297	(37,787)	28,051

## 2021/22 Statement of Accounts

2020/21

Adjustment from General Fund to arrive at the Comprehensive Income and Expenditure Statement Accounts 2020/21	Adjustments for Capital Purposes (1)	Net Change for the Pensions Adjustments (2)	Other Statutory Adjustments (3)	Total Adjustments
	£'000	£'000	£'000	£'000
Adults, Housing and Health	23	2,007	354	2,384
Children's Services	6,667	2,661	(162)	9,166
Corporate Costs	0	689	(406)	283
Environment and Highways	8,405	1,956	(11)	10,350
Finance, Governance & Property	2,842	(1,401)	10	1,451
Housing Revenue Account	34,401	1,289	(10,527)	25,163
HR; OD and Transformation	3	0	295	298
Place Directorate	5,283	0	0	5,283
Services	31	341	31	403
<b>Net Cost of Services</b>	<b>57,656</b>	<b>7,542</b>	<b>(10,416)</b>	<b>54,782</b>
Other Income and Expenditure	(20,183)	3,538	4,215	25,104
<b>Difference between General Fund surplus and Comprehensive Income and Expenditure Statement Deficit</b>	<b>37,473</b>	<b>11,080</b>	<b>(6,201)</b>	<b>79,886</b>

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

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



## 2021/22 Statement of Accounts

	2021/22						
	Usable Reserves					Movement in Usable Reserves (total)	Movement in Unusable Reserves (total)
	General Fund Balance	Housing Revenue Account Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied		
	£000	£000	£000	£000	£000	£000	£000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>							
<u>Reversal of items debited or credited to the CIES</u>							
Amortisation of intangible assets	-	-	-	-	-	-	-
Charges for depreciation and impairment of non-current assets	(13,362)	(9,242)	-	-	-	(22,604)	22,604
Revaluation losses on property, plant and equipment	(12,939)	(31,099)	-	-	-	(44,038)	44,038
Revaluation gains reversing previous losses	3,939	3,697	-	-	-	7,636	(7,636)
Revaluation Depreciation Adjustments	(2)	(9)	-	-	-	(11)	11
Adjustments to and movement in the fair value of long term debtors	15,483	-	-	-	-	15,483	(15,484)
Capitalisation Direction	-	-	-	-	-	-	-
Movement in the value of held for sale assets	-	(1)	-	-	-	(1)	1
Capital Grants and contributions applied	7,857	-	-	-	-	7,857	(7,857)
Revenue expenditure funded from capital under statute (REFCUS)	(10,521)	-	-	-	-	(10,521)	10,521
Grant Funding for REFCUS	6,171	-	-	-	-	6,171	(6,171)
Amounts of assets written off on disposal or sale as part of the net gain or loss on disposal or sale to the CIES	(6,545)	(25,096)	-	-	-	(31,641)	31,641
Capital expenditure funded from revenue reserves	-	1,300	-	-	-	1,300	(1,300)
<u>Insertion of items not debited or credited to the CIES</u>							
Statutory provision for the financing of capital investment	6,675	-	-	-	-	6,675	(6,675)

## 2021/22 Statement of Accounts

2021/22							
Usable Reserves							
	General Fund Balance	Housing Revenue Account Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Usable Reserves (total)	Movement in Unusable Reserves (total)
	£000	£000	£000	£000	£000	£000	£000
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>							
Application of grants to capital financing transferred to the capital adjustment account	-	-	-	-	1,370	1,370	(1,370)
Capital Grants and contributions unapplied credited to the CIES	15,711	-	-	-	(15,711)	-	-
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>							
Use of the capital receipts reserve to finance new capital expenditure	-	-	16,229	-	-	16,229	(16,229)
Transfer of sale proceeds credited as part of the gains or losses on disposal to the CIES	3,118	12,409	(15,527)	-	-	-	-
Capital Receipts from the repayments of external loans	-	-	(13,100)	-	-	(13,100)	13,100
Contribution from the capital receipts reserve towards administration costs of non-current assets disposal	-	(98)	98	-	-	-	-
Contribution from the capital receipts reserve to finance the payments to the Government capital receipts pool	(1,032)	-	1,032	-	-	-	-
Use of capital receipts funding transformation expenditure	(2,742)	-	2,742	-	-	-	-
Use of Capital Receipts to Repay Debt			13,100			13,100	(13,100)
<b>Adjustments primarily involving the Major Repairs Reserve:</b>							
Reversal of notional major repairs allowance (MRA) credited to the HRA	-	9,240	-	(9,240)	-	-	-
Use of major repairs reserve to finance new capital expenditure	-	-	-	9,240	-	9,240	(9,240)
<b>Adjustments primarily involving the Financial Instrument Adjustment</b>							
Amounts by which finance costs charged to the CIES are different from the finance costs chargeable in the year in accordance with statutory requirements	422	-	-	-	-	422	(422)

## 2021/22 Statement of Accounts

	2021/22						
	Usable Reserves					Movement in Usable Reserves (total) £000	Movement in Unusable Reserves (total) £000
	General Fund Balance £000	Housing Revenue Account Balance £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000		
<b>Adjustments primarily involving the Pension Reserve:</b>							
Reversal of items relating to retirement benefits debited or credited to the CIES	(34,203)	(3,771)	-	-	-	(37,974)	37,974
Employer's pension contributions and direct payment to pensioners payable in year	13,061	1,348	-	-	-	14,409	(14,409)
<b>Adjustments involving the Collection Fund Adjustment Account (Council Tax)</b>							
Amount by which council tax credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	1,975	-	-	-	-	1,975	(1,974)
<b>Adjustments involving the Collection Fund Adjustment Account:</b>							
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	20,394	-	-	-	-	20,394	(20,394)
<b>Adjustment involving the Accumulated Absences Account:</b>							
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	(175)	(11)	-	-	-	(186)	186
<b>Adjustment involving the Dedicated Schools Grant Adjustment Account:</b>							
Transfer of in-year surplus/deficit	-	-	-	-	-	-	-
<b>Total Adjustments</b>	<b>13,285</b>	<b>(41,333)</b>	<b>4,574</b>	<b>-</b>	<b>(14,341)</b>	<b>(37,815)</b>	<b>37,815</b>

## 2021/22 Statement of Accounts

	2020/21						
	General Fund Balance	Housing Revenue Account Balance	Usable Reserves			Movement in Usable Reserves (total)	Movement in Unusable Reserves (total)
			Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied		
	£000	£000	£000	£000	£000	£000	£000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>							
<u>Reversal of items debited or credited to the CIES</u>							
Amortisation of intangible assets	1,275	-	-	-	-	1,275	(1,275)
Charges for depreciation and impairment of non-current assets	(11,996)	(9,056)	-	-	-	(21,052)	21,052
Revaluation losses on property, plant and equipment	(1,769)	(17,610)	-	-	-	(19,379)	19,379
Revaluation gains reversing previous losses	8,353	2,463	-	-	-	10,816	(10,816)
Revaluation Depreciation Adjustments	(8)	(1)	-	-	-	(9)	9
Adjustments to and movement in the fair value of long term debtors	73,698	-	-	-	-	73,698	(73,698)
Movement in the value of held for sale assets	0	(3)	-	-	-	(3)	3
Capital Grants and contributions applied	42,012	-	-	-	-	42,012	(42,012)
Revenue expenditure funded from capital under statute (REFCUS)	(21,783)	-	-	-	-	(21,783)	21,783
Grant Funding for REFCUS	5,886	-	-	-	-	5,886	(5,886)
Amounts of assets written off on disposal or sale as part of the net gain or loss on disposal or sale to the CIES	(4,743)	(16,863)	-	-	-	(21,606)	21,606
Capital expenditure funded from revenue reserves	-	-	-	-	-	-	-
<u>Insertion of items not debited or credited to the CIES</u>							
Statutory provision for the financing of capital investment	13,189	-	-	-	-	13,189	(13,189)
Capitalisation Direction	(123,134)	-	-	-	-	(123,134)	123,134

## 2021/22 Statement of Accounts

2020/21							
	Usable Reserves						
	General Fund Balance	Housing Revenue Account Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Usable Reserves (total)	Movement in Unusable Reserves (total)
	£000	£000	£000	£000	£000	£000	£000
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>							
Application of grants to capital financing transferred to the capital adjustment account	-	-	-	-	6,892	6,892	(6,892)
Capital Grants and contributions unapplied credited to the CIES	4,293	-	-	-	(4,293)	-	-
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>							
Use of the capital receipts reserve to finance new capital expenditure	-	-	5,265	-	-	5,265	(5,265)
Transfer of sale proceeds credited as part of the gains or losses on disposal to the CIES	648	6,283	(6,931)	-	-	-	-
Capital Receipts from the repayments of external loans	-	-	(41)	-	-	(41)	41
Contribution from the capital receipts reserve towards administration costs of non-current assets disposal	-	(57)	57	-	-	-	-
Contribution from the capital receipts reserve to finance the payments to the Government capital receipts pool	(4,751)	-	4,751	-	-	-	-
Use of capital receipts funding transformation expenditure	(617)	-	617	-	-	-	-
<b>Adjustments primarily involving the Major Repairs Reserve:</b>							
Reversal of notional major repairs allowance (MRA) credited to the HRA	-	10,540	-	(10,540)	-	-	-
Use of major repairs reserve to finance new capital expenditure	-	-	-	10,540	-	10,540	(10,540)
<b>Adjustments primarily involving the Financial Instrument Adjustment</b>							
Amounts by which finance costs charged to the CIES are different from the finance costs chargeable in the year in accordance with statutory requirements	422	-	-	-	-	422	(422)

## 2021/22 Statement of Accounts

	2020/21						
	Usable Reserves					Movement in Usable Reserves (total) £000	Movement in Unusable Reserves (total) £000
	General Fund Balance £000	Housing Revenue Account Balance £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000		
<b>Adjustments primarily involving the Pension Reserve:</b>							
Reversal of items relating to retirement benefits debited or credited to the CIES	(24,215)	(2,623)	-	-	-	(26,838)	26,838
Employer's pension contributions and direct payment to pensioners payable in year	14,772	1,333	-	-	-	16,105	(16,105)
<b>Adjustments involving the Collection Fund Adjustment Account (Council Tax)</b>							
Amount by which council tax credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	(1,426)	-	-	-	-	(1,426)	1,426
<b>Adjustments involving the Collection Fund Adjustment Account:</b>							
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	(24,469)	-	-	-	-	(24,469)	24,469
<b>Adjustment involving the Accumulated Absences Account:</b>							
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	(11)	(13)	-	-	-	(24)	24
<b>Adjustment involving the Dedicated Schools Grant Adjustment Account:</b>							
Transfer of in-year surplus/deficit	95	-	-	-	-	95	(95)
<b>Total Adjustments</b>	<b>(54,279)</b>	<b>(25,607)</b>	<b>3,718</b>	<b>0</b>	<b>2,599</b>	<b>(73,569)</b>	<b>73,569</b>

## 2021/22 Statement of Accounts

### Note 6      EXPENDITURE AND INCOME ANALYSED BY NATURE

2020/21	2021/22
Carrying amount	Carrying amount
£000	£000
<b>Expenditure</b>	
122,180 Employee expenses	133,752
228,927 Other service expenses	241,943
(1,274) Support Services Recharges	(1,156)
88,271 Depreciation, Amortisation, Impairment & REFCUS	69,540
24,482 Interest payments and pension movement	18,454
569 Precepts and Levies	579
4,101 NNDR Pooling Expenses	3,480
4,751 Payments to housing capital receipts pool	1,033
21,606 Gains/losses on disposals of non current assets	31,641
17,299 Adjustments to and movement in fair value of Long Term Debtors	(15,503)
<b>510,913 Total Expenditure</b>	<b>483,762</b>
<b>Income</b>	
(88,217) Fees, charges and other service income	(102,893)
(46,188) Investment income	(41,088)
(112,779) Income from Council Tax and Non-Domestic Rates	(117,612)
(217,201) Government Grants and Contributions	(178,366)
(6,874) Gains/losses on disposals of non current assets	(15,429)
<b>(471,259) Total Income</b>	<b>(455,388)</b>
<b>39,654 Deficit on the Provision of Services</b>	<b>28,374</b>

## 2021/22 Statement of Accounts

### Note 7 DEPLOYMENT OF DEDICATED SCHOOLS GRANT

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education (DfE) - the Dedicated Schools Grant (DSG). An element of DSG is recouped by the DfE to fund academy schools in the Council's area. DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School and Early Years Finance (England) Regulations 2018. The Schools Budget includes elements for a 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 2021/22 are as follows:

	Central Expenditure £000	Individual Schools Budget £000	Total £000
A Final DSG for 2021/22 before Academy and High Needs Recoupment			182,796
B Academy and high needs figure recouped for 2021/22			140,680
C Total DSG after academy and high needs recoupment for 2021/22			42,116
D Plus: Brought Forward from 2020/21			-
E Less: Carry Forward to 2022/23 agreed in advance			-
F Agreed initial budgeted distribution in 2021/22	38,329	3,787	42,116
G In Year Adjustments	761	-	761
H Final Budget Distribution for 2021/22	39,090	3,787	42,877
I Less: Actual Central Expenditure	(38,912)	-	(38,912)
J Less: Actual ISB deployed to schools	-	(3,787)	(3,787)
K Plus: Local authority contribution 2021/22	-	-	-
L In Year Carry-forward to 2022/23	178	-	178
M Plus/Minus: Carry-forward to 2022/23 agreed in advance			-
N Carry-forward to 2022/23			178
O DSG unusable reserve at the end of 2020/21			(1,883)
P Addition to DSG unusable reserve at then end of 2021/22			-
Q Total of DSG unusable reserve at the end of 2021/22			(1,883)
R Net DSG position at the end of 2021/22			(1,705)

On the 30 January 2020, the Secretary of State for Education laid before Parliament the School and Early Years Finance (England) Regulations 2020.



## 2021/22 Statement of Accounts

The new regulations from the Department for Education (DfE) mandate that a DSG deficit from 2021/22 may only be funded and recovered through DfE financial support and recovery arrangements.

Thurrock in 2021/22 has a deficit of £1.705m, this is an in year additon of £0.178m. The deficit has arisen from significant increase in demand for Education, Health and Care Plans and specialist placements. Thurrock is working with the DfE in the development of a DSG Deficit recovery plan.

The opening DSG deficit of £1.883m was transferred from earmarked reserves to unusable reserves as at 01 April 2021. The total DSG deficit of £1.705m as at 31 March 2022 is an unusable reserve.

### Note 8 OTHER OPERATING INCOME AND EXPENDITURE

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

2020/21		2021/22
£000		£000
570	Levies	579
4,751	Payments to the Government Housing Capital Receipts	1,033
14,732	Gains/losses on the disposal of non current assets	16,212
<b>20,053</b>	<b>Total</b>	<b>17,823</b>

### Note 9 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

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

2020/21		2021/22
£000		£000
20,829	Interest payable and similar charges	18,754
3,538	Net interest on the net defined benefit liability	3,778
(44,323)	Interest receivable and similar income	(41,184)
50,986	Adjustments to and movement in fair value	(17,255)
0	Movement in Impairment Allowance	1,751
<b>31,030</b>	<b>Total</b>	<b>(34,155)</b>

### Note 10 TAXATION AND NON-SPECIFIC GRANT INCOME AND EXPENDITURE

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

## 2021/22 Statement of Accounts

2020/21 £000		2021/22 £000
(68,414)	Council tax income	(73,883)
(40,264)	Non domestic rates*	(40,602)
(20,386)	Non-ringfenced grants	(10,252)
(46,307)	Capital grants and contributions	(23,568)
<b>(175,371)</b>	<b>Total</b>	<b>(148,305)</b>

### Note 11 MEMBERS' ALLOWANCES

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

2020/21 £000	Members' Allowances	2021/22 £000
708	Allowances	707
<b>708</b>	<b>Total</b>	<b>707</b>

## 2021/22 Statement of Accounts

### Note 12 REMUNERATION OF SENIOR STAFF

Senior officer remuneration for 2021/22 is set out in the table below:

Senior Staff Emoluments 2021/22	Note	Salary, Fees and Allowances £	Pension Contribution £	Total £
Chief Executive – Lyn Carpenter		182,000	36,036	218,036
Corporate Director of Adults, Housing & Health and Children's Services		134,000	26,532	160,532
Director of HR, OD & Transformation		110,000	21,780	131,780
Director of Children's and Families		141,000	27,918	168,918
Director of Public Realm		125,000	24,750	149,750
Director of Finance, Governance and Property		134,000	26,532	160,532
Director of Public Health*		129,075	9,689	138,764
Director of Strategy, Communication & Customer Services		110,000	21,780	131,780
Director of Place**		66,815	12,375	79,190

\*Director of Public Health - agency staff from April 2021 to 31 August 2021 - and was in permanent post from 01 Sept 2021.

\*\*Director of Place was in post until 30 Sept 2021

## 2021/22 Statement of Accounts

Senior Staff Emoluments 2020/21	Note	Salary, Fees and Allowances £	Pension Contribution £	Total £
Chief Executive – Lyn Carpenter		182,000	36,036	218,036
Corporate Director of Adults, Housing & Health		156,273	29,799	186,072
Director of HR, OD & Transformation		110,000	21,780	131,780
Corporate Director of Children's Services		141,000	27,918	168,918
Director of Place		125,000	24,750	149,750
Director of Finance, Governance and Property		134,000	26,532	160,532
Director of Public Health		117,042	23,174	140,216
Director of Strategy, Communication & Customer Services		110,000	21,780	131,780
Director of Adult Social Care and Community Development*		44,583	8,828	53,411
Director of Environment Highways and Counter Fraud		125,000	24,750	149,750

\*Director of Adult Social Care and Community Development was in post until 31 August 2020

## 2021/22 Statement of Accounts

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	2020/21	2021/22
Pay Band	Numbers of Employees	Numbers of Employees
50,001 - 55,000	118	109
55,001 - 60,000	55	73
60,001 - 65,000	37	47
65,001 - 70,000	23	23
70,001 - 75,000	20	28
75,001 - 80,000	18	20
80,001 - 85,000	5	1
85,001 - 90,000	5	8
90,001 - 95,000	6	6
95,001 - 100,000	6	5
100,001 - 105,000	2	0
105,001 - 110,000	1	1
110,001 - 115,000	0	1
120,001 - 125,000	0	1

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 departures 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		Other Departures		Total number of Exit package by cost		Total Cost of Exit Packages	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
0 – 20,000	6	7	8	24	14	31	111,286	163,730
20,001 - 40,000	0	3	1	6	1	9	25,001	269,666
40,001 - 60,000	0	0	0	4	0	4	0	218,370
60,001 - 80,000	0	0	0	1	0	1	0	62,645
Total	6	10	9	35	15	45	136,287	714,411

### Note 13 RELATED PARTY TRANSACTIONS

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

#### Central Government

Central government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the

## 2021/22 Statement of Accounts

majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 21.

### Members and Other Public Bodies

In addition to the relationship with Central Government, Thurrock Council has relationships with various NHS bodies. The significant transactions are disclosed in Note 36 Pooled Budgets. Thurrock Council has relationships with various schools where funding (Dedicated Schools Grant) is provided as well as other services such as school catering. Thurrock Council has no direct control over Academy schools, although Members and Officers may hold positions within the Governing Bodies of these schools.

Members have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2021/22 is shown in Note 11.

The Council paid amounts to voluntary organisations in which Members had positions on the governing body as noted in the table below. In all instances the grants and payments were made with proper consideration of declarations of interest. The relevant Members did not take part in any discussion or decision relating to the grants. Details of the relevant Member declarations are recorded in the Register of Members' interest open to public inspection at Civic Offices during office hours.

Councillor Mark Coxshall is a Council Director on the South East Local Enterprise Partnership (SELEP) Board. SELEP is a body set up by government to determine strategic economic priorities and making investment and delivering activities to drive growth and create jobs. SELEP has several capital investment projects which are facilitated by the Government Growth Deal, including the Purfleet Centre Project, Thurrock Logistics Centre, Tilbury Riverside Business Centre expansion and A13 Widening. Also operating Growth Hubs, such as South East Business Hub to drive economic growth.

There are 12 Councillors who have not provided a declaration return.

### Officers

The Chief Executive at the time was a director of High House Production Park which also has a wholly owned subsidiary, High House Enterprise Limited. This is an arts organisation whose transactions with the Council are noted in the table below:

## 2021/22 Statement of Accounts

Entity	Income 2020/21	Expenditure 2020/21	Income 2021/22	Expenditure 2021/22	Debtors 2020/21	Creditors 2020/21	Debtors 2021/22	Creditors 2021/22
	£	£	£	£	£	£	£	£
High House Production Park	87,031	29,799	95,316	20,790	7,567		49,902	
High House Enterprise Limited	0	2,721		5,222				252
Thurrock Community and Voluntary Services (CVS)	150	905,594		1,283,636				
Thurrock Lifestyle Solutions							29,160	105,143
Thurrock Open Door	198	157,957	545	176,696				
Thurrock Regeneration Ltd							137,025	
Trans Vol	440	131,076		187,674			495	
SELEP - Capital	34,740,000	32,087,000	1,692,000	1,743,000			14,875	
Ed's Minibus & Coach Hire	330	108,621	110	53,150			55	
Essex Partnership University							23,601	13,222
Impulse Leisure	4,202	16,069			214,948		202,045	46,105

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	2020/21 £	31-Mar-2021 £	2021/22 £	31-Mar-2022 £
Expenditure with Council	1,240,718		1,042,432	
Capital Expenditure with Council	104,972			
Short Term Creditors		(750,657)		(32,834,375)
Long Term Creditors		(32,000,954)		
Share Equity		5,797,231		5,470,161

### Note 14 EXTERNAL AUDIT COSTS

In 2021/22 the Council incurred the following costs relating to the audit of the Statement of Accounts and certification of grant claims:

2020/21 £000	External Audit Costs	2021/22 £000
	Fees Payable to Auditors:	
117	External Audit Services including Statutory Inspections*	108
26	Certification of Grant Claims and Returns	32
0	Non-Audit Work	0
<b>143</b>	<b>Total</b>	<b>140</b>

## 2021/22 Statement of Accounts

### Note 15 TRANSFERS TO/ FROM EARMARKED RESERVES

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

Balance at 01 April 2020 £000	Net Transfers (In)/Out £000	Balance at 31 March 2021 £000		Balance at 01 April 2021 £000	Net Transfers (In)/Out £000	Balance at 31 March 2022 £000
(288)	297	9	Balances held by Schools under a Scheme of Delegation	9	(159)	(150)
(154)	(237)	(391)	Commuted Sums	(391)	0	(391)
(450)	150	(300)	School Improvement Reserve	(300)	150	(150)
0	0	0	DSG*	0	(178)	(178)
(175)	(206)	(381)	Public Health Grant	(381)	(768)	(1,149)
(1,274)	0	(1,274)	Housing Zones	(1,274)	0	(1,274)
(5,272)	1,288	(3,984)	Transformation Reserve	(3,984)	0	(3,984)
(4,162)	(838)	(5,000)	Financial Resilience Reserve	(5,000)	0	(5,000)
(1,500)	0	(1,500)	Adult Social Care Reserve	(1,500)	0	(1,500)
(4,374)	1,000	(3,374)	Covid-19 Funding	(3,374)	3,374	0
(2,000)	2,000	0	Treasury Equalisation Reserve	0	0	0
0	(28,582)	(28,582)	Collection Fund Section 31 Reserve	(28,582)	13,874	(14,708)
0	(4,294)	(4,294)	Containment Outbreak Reserve	(4,294)	3,097	(1,197)
(264)	(439)	(703)	Better Care Fund	(703)	84	(619)
(561)	(803)	(1,364)	Thames Estuary Growth Board	(1,364)	1,364	0
0	(3,862)	(3,862)	Adults; Housing and Health carry forward	(3,862)	(1,720)	(5,582)
(744)	0	(744)	HRA De-cant and Capital Reserve	(744)	0	(744)
0	(2,589)	(2,589)	HRA De-cant Reserve	(2,589)	(2,555)	(5,144)
(4,146)	(3,116)	(7,262)	Other Earmarked Reserves	(7,262)	(16,640)	(23,902)
<b>(25,364)</b>	<b>(40,231)</b>	<b>(65,595)</b>	<b>Earmarked Reserves</b>	<b>(65,595)</b>	<b>(77)</b>	<b>(65,672)</b>

\*DSG balance £1.978m transferred to Dedicated Schools Grant Adjustment Account – unusable reserve as at 01/04/20.

- 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



## 2021/22 Statement of Accounts

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 which is budgeted for.
- The **Grant Carried Forward Reserve** relates to grants where the conditions have been met, 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.
- The **Adult Social Care Reserve** consists of specific funding identified to support service improvement within the directorate.
- The **Covid-19 Funding Reserve** consists of grants to be allocated as part of the 2022/23 financial outturn in order to address on-going pressures associated with the pandemic.
- The **Treasury Equalisation Reserve** was set up to mitigate changes in interest rates.
- The **Collection Fund Section 31 Reserve** consists of funding from Section 31 grants relating to reliefs given to retail and nursery businesses during lockdown and grants to compensate for Business Rate and Council Tax income loss which will be used for the 2022/23 year and beyond to fund the collection fund deficit.
- The **Better Care Fund Reserve** is carry forward funding which is ring-fenced for specific use.
- The **Thames Estuary Growth Board Reserve** is ring-fenced grant allocation for specific use.
- The **Adults; Housing and Health Reserve** carry forward is to address on-going pressures within the service associated with the pandemic.
- The **HRA De-cant and Capital Reserve** is to support the Council's existing capital programmes.
- **Other Earmarked Reserves** consists of all other earmarked reserves.

### Note 16 PROVISIONS

A provision has been made to reflect the likely financial impact of business rate appeals against the Council. This represents the Council's proportion of the overall provision of £18.6m.

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.

## 2021/22 Statement of Accounts

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 Council's maximum exposure was estimated at £1.1m but officers have been advised a provision of £0.330m remains appropriate.

Other provisions has been adjusted to reflect potential contractual obligations the Council may need to meet in 2022/23.

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

<b>Short Term Provisions</b>	<b>MMI Insurance £'000</b>	<b>Business Rate Appeals £000</b>	<b>Other Provision £000</b>	<b>Total £000</b>
Balance at 01 April 2021	(106)	(1,954)	(700)	(2,760)
Additional Provision/Amount Used 2021/22	0	64	700	764
<b>Balance at 31 March 2022</b>	<b>(106)</b>	<b>(1,890)</b>	<b>0</b>	<b>(1,996)</b>
Balance at 01 April 2020	(106)	(2,485)	(3,875)	(6,466)
Additional Provision/Amount Used 2020/21	0	531	3,175	3,706
<b>Balance at 31 March 2021</b>	<b>(106)</b>	<b>(1,954)</b>	<b>(700)</b>	<b>(2,760)</b>

<b>Long Term Provisions</b>	<b>MMI Insurance £'000</b>	<b>Business Rate Appeals £000</b>	<b>Total £000</b>
Balance at 01 April 2021	(224)	(7,180)	(7,404)
Additional Provision/Amount Used 2021/22	0	52	52
<b>Balance at 31 March 2022</b>	<b>(224)</b>	<b>(7,128)</b>	<b>(7,352)</b>
Balance at 01 April 2020	(224)	(4,059)	(4,283)
Additional Provision 2020/21	0	(3,121)	(3,121)
<b>Balance at 31 March 2021</b>	<b>(224)</b>	<b>(7,180)</b>	<b>(7,404)</b>

### Note 17 SHORT TERM DEBTORS

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

<b>31 March 2021 £000</b>		<b>31 March 2022 £000</b>
21,360	Trade receivables	37,764
637	Prepayments	563
66,555	Other receivable amounts	50,274
<b>88,552</b>	<b>Total</b>	<b>88,601</b>

## 2021/22 Statement of Accounts

### Note 18 SHORT TERM CREDITORS

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

31 March 2021 £000		31 March 2022 £000
(41,776)	Trade payables	(34,934)
(38,643)	Other payables	(47,069)
<b>(80,419)</b>	<b>Total</b>	<b>(82,003)</b>

### Note 19 USABLE RESERVES

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

31 March 2021 £000		Notes	31 March 2022 £000
(11,000)	General Fund Balance	(a)	(11,000)
(3,834)	Housing Revenue Account Balance	(b)	(3,834)
(60,988)	General Fund Earmarked Reserves	(c)	(58,511)
(4,607)	HRA Earmarked Reserves	(c)	(7,162)
(25,268)	Capital Receipts Reserve	(d)	(20,694)
(21,219)	Capital Grants Unapplied	(e)	(35,559)
<b>(126,916)</b>	<b>Total Usable Reserves</b>		<b>(136,760)</b>

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

#### (a) General Fund Balance

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

#### (b) Housing Revenue Account

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

#### (c) Earmarked Reserves Balance

Resources earmarked for particular spending plans and contingencies. These are shown in more detail in Note 15.

#### (d) Capital Receipts Reserve

Proceeds of asset sales available to finance capital expenditure or repay debt.

#### (e) Capital Grants Unapplied

These are grants received for specific purposes but remain unspent at the end of each year.

## 2021/22 Statement of Accounts

### Note 20 UNUSABLE RESERVES

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

31 March 2021			31 March 2022
£000		Notes	£000
(244,115)	Revaluation Reserve	(a)	(327,847)
(241,067)	Capital Adjustment Account	(b)	(209,634)
13,196	Financial Instruments Adjustment Account	(c)	12,774
195,941	Pensions Reserve	(d)	121,178
23,804	Collection Fund Adjustment Account	(e)	1,836
1,258	Accumulated Absences Account		1,444
1,883	Dedicated Schools Grant Adjustment Account*		1,883
<b>(249,101)</b>	<b>Total Unusable Reserves</b>		<b>(398,366)</b>

#### (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 2021 £000		31 March 2022 £000
<b>(220,598)</b>	<b>Balance at 1 April</b>	<b>(244,115)</b>
(30,474)	Upward revaluation of assets	(95,053)
3,645	Downward revaluation of assets and impairment losses not charged to the Deficit on the Provision of Services	5,899
<b>(26,829)</b>	<b>Surplus or deficit on revaluation of non-current assets not posted to the Deficit on the Provision of Services</b>	<b>(89,154)</b>
2,047	Difference between fair value depreciation and historical cost depreciation	2,671
1,265	Accumulated gains on assets sold or scrapped	2,751
<b>3,312</b>	<b>Amount written off to the Capital Adjustment Account</b>	<b>5,422</b>
<b>(244,115)</b>	<b>Balance at 31 March</b>	<b>(327,847)</b>

## 2021/22 Statement of Accounts

### (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 gains recognised on any donated assets that have yet to be consumed by the Council. The account also contains revaluation gains accumulated on Property, Plant and Equipment prior to 1 April 2007 when the Revaluation Reserve was created to hold such gains. The source of the majority of postings in the table below can be seen in Note 5.

31 March 2021		31 March 2022	
£000		£000	
(278,922)	<b>Balance at 1 April</b>	(241,067)	
	Reversal of items relating to capital expenditure debited or credited to the CIES:		
20,804	Charges for depreciation of non current assets (PPE)	22,615	
19,315	Revaluation and Impairment losses on Property, Plant and Equipment	44,038	
(4,883)	Revaluation gains reversing previous losses (PPE)	(7,636)	
20	Amortisation of intangible assets	0	
16,322	Revenue expenditure funded from capital under statute (REFCUS) - net of Funding	10,521	
17,942	PPE written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	24,802	
(24,554)	Adjustments to and fair value decrease of Long Term Capital Debtors	1,751	
0	Adjustments to and fair value decrease of Long Term Investments	(17,255)	
3,664	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	6,839	
(1,265)	Accumulated gains on assets sold or scrapped	(2,751)	
47,365		82,924	
(2,047)	Adjusting amounts written out of the Revaluation Reserve		(2,672)
45,318	<b>Net written out amount of the cost of non current assets consumed in the year</b>		80,252
	Capital financing applied in the year:		
(5,224)	Use of the Capital Receipts Reserve to finance new capital expenditure	(3,129)	
0	Use of Capital Receipts to Repay Debt	(13,100)	
(10,540)	Use of the Major Repairs Reserve to finance new capital expenditure	(9,240)	
(54,790)	Application of grants to capital financing	(15,399)	
0	Dedicated Schools Grant Adjustment Account	0	
(13,189)	Statutory provision for the financing of capital investment charged against the General Fund and HRA Balances (including finance lease liabilities)	(6,675)	
0	Capital expenditure charged against the General Fund and HRA balances	(1,300)	
(83,743)			(48,843)
3	Movements in assets held for sale debited to the CIES		1
76,277	Capitalisation Direction		21
(241,067)	<b>Balance at 31 March</b>		(209,634)

## 2021/22 Statement of Accounts

### (c) Financial Instrument 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 the 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 38 years remaining.

31 March 2021 £000		31 March 2022 £000
13,619	Balance at 1 April	13,197
(422)	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(422)
13,197	Balance at 31 March	12,775

### (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 2021 £000		31 March 2022 £000
158,894	Balance at 1 April	195,941
26,314	Actuarial gains or losses on pensions assets and liabilities	(98,328)
26,838	Reversal of items relating to retirement benefits debited or credited to the Deficit on the Provision of Services in the CIES	37,974
(16,105)	Employer's pensions contributions and direct payments to pensioners payable in the year	(14,409)
195,941	Balance at 31 March	121,178

### (e) Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of business rate income in the Comprehensive Income and Expenditure Statement as it falls due from

## 2021/22 Statement of Accounts

business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

31 March 2021 £000		31 March 2022 £000
(2,091)	Balance at 1 April	23,804
25,894	Amount by which collection fund income credited to the CIES is different from collection fund income calculated for the year in accordance with statutory requirements	(21,968)
23,804	Balance at 31 March	1,836

## 2021/22 Statement of Accounts

### Note 21 ANALYSIS OF GOVERNMENT GRANTS

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

2020/21 £000	2021/22 £000
<b>Credited to Taxation and Non Specific Grant Income:</b>	
<b>Revenue</b>	
(68,414) Council Tax	(73,404)
(40,263) National Non Domestic Rates	(41,639)
(9,865) COVID -19 LA Support	(4,853)
(6,806) Revenue Support Grant	(6,844)
(2,993) New Homes Bonus	(1,807)
(722) Other	(1,463)
<b>(129,063)</b>	<b>(130,010)</b>
<b>Capital</b>	
(7,531) Department for Transport	(9,292)
(18) Department for Education	(5,711)
(31,176) South Essex Local Enterprise Partnership	(2,527)
(1,664) DCMS	0
(1,455) S106	(627)
(1,207) CLG	(325)
0 Department of Health	(4,386)
(5,864) Other	(700)
<b>(177,978) Total</b>	<b>(153,578)</b>
<b>2020/21 £000</b>	
<b>2021/22 £000</b>	
<b>Credited to Services:</b>	
<b>Revenue</b>	
(33,584) Housing Benefit	(30,354)
(11,501) Public Health Grant	(11,562)
(41,651) Dedicated Schools Grant	(42,877)
(17,035) Better Care Fund	(17,021)
(5,405) Better Care Fund - Improved BCF	(5,406)
(857) Unaccompanied Asylum Seekers Grant	(1,063)
(771) Low Carbon Across the South and East (LOCASE)	(698)
(3,823) Adult social care support grant	(4,725)
(1,284) Covid-19 Hardship Fund	
(5,260) Covid-19 Test and Trace	(2,245)
(5,180) Covid-19 Business Grant	(1,345)
(1,069) Covid-19 Income compensation	(1,571)
(3,534) Covid-19 Other grants	(3,440)
(1,224) South East Creative, Cultural and Digital Support (SECCADS)	(440)
(1,400) Thames Estuary Growth Board	
(1,214) Thurrock Adult College & DFE	(1,179)
(1,042) Preventing Homelessness and Rough sleeping Grants	
(1,025) Department for Education	(2,910)
(600) DFG	(600)
(452) HB Admin Grant	0
(6,710) Other	(7,606)
<b>Capital</b>	
(529) Department for Education	(1,367)
(1,143) S106	(161)
0 Department for Transport	(2,350)
(1,604) Other	(2,293)
<b>(147,897) Total</b>	<b>(141,213)</b>



## 2021/22 Statement of Accounts

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 are as follows:

31 March 2021 £000		31 March 2022 £000
	<b>Capital Grants &amp; Contributions - Receipts in Advance</b>	
(9,764)	Section 106	(10,119)
(115)	Department of Communities and Local Government	(123)
(50)	South Essex Local Enterprise Partnership	0
(3,108)	Other Contributions	(568)
(326)	Port of London Authority	(326)
<b>(13,363)</b>	<b>Total</b>	<b>(11,136)</b>

### Note 22 CONTINGENT LIABILITIES

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

### Note 23 EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was authorised for issue by the Chief Finance Officer on 22 October 2024. In September 2022, in response to concerns about levels of financial risk and debt, and clear 'Best Value' failure in relation to our financial functions, the Government appointed Essex County Council as 'Best Value Commissioner' for Thurrock Council.

### Note 24 HERITAGE ASSETS

These assets relate to buildings, art, a coin collection, ship models and antiques. The application of FRS30 required a summary of transactions relating to heritage assets reported in the balance sheet in the current year and for the four preceding periods – these are listed below. There has been minimal additions and no disposals of heritage assets between 2018/19 and 2021/22 with the only main change in asset values relating to revaluations.

	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22
	Buildings	Artefacts	Buildings	Artefacts	Buildings	Artefacts	Buildings	Artefacts
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening Carrying Value	491	122	841	122	1,014	184	1,028	184
Expenditure	350	0	173	0	14	0	0	0
Revaluations	0	0	0	62	0	0	0	0
<b>Closing Carrying Value</b>	<b>841</b>	<b>122</b>	<b>1,014</b>	<b>184</b>	<b>1,028</b>	<b>184</b>	<b>1,028</b>	<b>184</b>

## 2021/22 Statement of Accounts

### Note 25 INTANGIBLE ASSETS

2020/21 £000		2021/22 £000
	<b>Balance at start of the year:</b>	
13,185	Gross Carrying Amounts	5,748
(7,023)	Accumulated Amortisation	(5,748)
6,162	<b>Net carrying amount as at start of year:</b>	0
	Additions:	
(7,437)	- Purchases	0
1,275	Amortisation for the period	0
	<b>Balance at end of the year:</b>	
5,748	Gross Carrying Amounts	5,748
(5,748)	Accumulated Amortisation	(5,748)
0	<b>Net carrying amount at the end of the year:</b>	0

## 2021/22 Statement of Accounts

### Note 26 PROPERTY, PLANT AND EQUIPMENT

Movement 2021/22	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant & Equipment £000	Community Assets £000	Assets Under Construction £000	Surplus Assets £000	Total PP&E £000
<b>Cost or Valuation</b>							
At 1 April 2021	740,169	125,881	36,761	19,856	15,378	62,186	<b>1,000,231</b>
In year adjustment	1	228	0	1	0	(228)	<b>2</b>
Additions / Donations	53,777	1,766	5,029	125	10,230	63	<b>70,990</b>
Derecognition - Disposals	0	(14)	(1,245)	0	0	(1,500)	<b>(2,759)</b>
Derecognition - Other - Note 2	(17,597)	(4,785)	(4,941)	(18)	0	0	<b>(27,341)</b>
Revaluations Recognised in Revaluation Reserve	46,619	2,054	0	103	0	21,396	<b>70,172</b>
Revaluations Recognised in Deficit on Provision of Services	(28,122)	(11,749)	0	0	0	1,165	<b>(38,706)</b>
Assets reclassified (to) Held for Sale	(7,217)	(1,137)	0	0	0	0	<b>(8,354)</b>
Other movements in Cost or Valuation	11,522	12,068	0	0	(23,590)	0	<b>0</b>
<b>At 31 March 2022</b>	<b>799,152</b>	<b>124,312</b>	<b>35,604</b>	<b>20,067</b>	<b>2,018</b>	<b>83,082</b>	<b>1,064,235</b>

## 2021/22 Statement of Accounts

Movement 2021/22	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant & Equipment £000	Community Assets £000	Assets Under Construction £000	Surplus Assets £000	Total PP&E £000
<b>Accumulated Depreciation and Impairment</b>							
At 1 April 2021	0	(5,372)	(21,063)	(9,692)	0	(312)	<b>(36,439)</b>
In year adjustment	0	0	(1)	0	0	0	<b>(1)</b>
Depreciation charge	(9,051)	(2,114)	(4,227)	(785)	0	(69)	<b>(16,246)</b>
Depreciation written back to the Revaluation Reserve	8,567	5,530	0	72	0	358	<b>14,527</b>
Depreciation written back to Deficit on Provision of Services	485	1,796	0	0	0	23	<b>2,304</b>
Derecognition - Disposals	0	0	893	0	0	0	<b>893</b>
Derecognition - Other - Note 2	0	150	4,941	3	0	0	<b>5,094</b>
Other movements in Depreciation and Impairment	0	0	0	0	0	0	<b>0</b>
<b>At 31 March 2022</b>	<b>1</b>	<b>(10)</b>	<b>(19,457)</b>	<b>(10,402)</b>	<b>0</b>	<b>0</b>	<b>(29,868)</b>
<b>NBV At 31 March 2021</b>	<b>740,169</b>	<b>120,509</b>	<b>15,698</b>	<b>10,164</b>	<b>15,378</b>	<b>61,874</b>	<b>963,792</b>
<b>NBV At 31 March 2022</b>	<b>799,153</b>	<b>124,302</b>	<b>16,147</b>	<b>9,665</b>	<b>2,018</b>	<b>83,082</b>	<b>1,034,367</b>

## 2021/22 Statement of Accounts

Movement 2020/21	Council Dwellings	Other Land and Buildings	Vehicles, Plant & Equipment	Community Assets	Assets Under Construction <i>Restated</i>	Surplus Assets	Total PP&E
	£000	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation:</b>							
At 1 April 2020	719,772	126,358	34,876	19,533	30,298	62,121	992,958
Additions / Donations	14,316	2,045	2,211	323	9,759	0	28,654
In Year Adjustment	1	228	0	1	0	(228)	2
Derecognition - Disposals	0	0	(326)	0	0	0	(326)
Derecognition - Other - Note 2	(13,198)	(4,468)	0	0	(429)	0	(18,095)
Revaluations Recognised in Revaluation Reserve	16,617	53	0	0	0	64	16,734
Revaluations Recognised in Deficit on Provision of Services	(15,700)	243	0	0	0	1	(15,456)
Assets reclassified (to) Held for Sale	(3,722)	(691)	0	0	0	0	(4,413)
Other movements in Cost or Valuation	22,084	2,341	0	0	(24,250)	0	175
<b>At 31 March 2021</b>	<b>740,170</b>	<b>126,109</b>	<b>36,761</b>	<b>19,857</b>	<b>15,378</b>	<b>61,958</b>	<b>1,000,233</b>

## 2021/22 Statement of Accounts

Movement 2020/21	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant & Equipment £000	Community Assets £000	Assets Under Construction <i>Restated</i> £000	Surplus Assets £000	Total PP&E £000
<b>Accumulated Depreciation and Impairment</b>							
At 1 April 2020	0	(5,492)	(17,564)	(8,943)	0	(243)	(32,242)
In Year Adjustment	0	0	(1)	0	0		(1)
Depreciation charge	(8,863)	(2,345)	(3,817)	(749)	0	(69)	(15,843)
Depreciation written back to the Revaluation Reserve	8,455	1,685	0	0	0	0	10,140
Depreciation written back to Deficit on Provision of Services	408	616	0	0	0	0	1,024
Derecognition - Disposals	0	0	318	0	0	0	318
Derecognition - Other - Note 2	0	162	0	0	0	0	162
Other movements in Depreciation and Impairment	0	2	0	0	0	0	2
<b>At 31 March 2021</b>	<b>0</b>	<b>(5,372)</b>	<b>(21,064)</b>	<b>(9,692)</b>	<b>0</b>	<b>(312)</b>	<b>(36,440)</b>
<b>NBV At 31 March 2020</b>	<b>719,772</b>	<b>120,866</b>	<b>17,312</b>	<b>10,590</b>	<b>30,298</b>	<b>61,878</b>	<b>960,716</b>
<b>NBV At 31 March 2021</b>	<b>740,170</b>	<b>120,737</b>	<b>15,697</b>	<b>10,165</b>	<b>15,378</b>	<b>61,646</b>	<b>963,793</b>

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

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

## 2021/22 Statement of Accounts

### Note 26 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 2021 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 Ministry of Housing, 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 2021/22 desktop review referenced four indices (Halifax, Land Registry, Nationwide and Office for National Statistics) in order to reach a decision. In addition a mini beacon exercise was undertaken using the Council's HRA Dwellings data.

The various sources of information on house price movements for the period 31 March 2021 to 31 March 2022 all showed a clear consensus in an upward direction of movement. An annual change for this year of +3.73% has been chosen and applied, as a result of the mini "Beacon exercise", as this is considered to best represent the condition, type and composition of the Council's portfolio. The next full valuation of Council dwellings is scheduled to take place in 2023.

A desktop review of other land and building assets was undertaken as at 31 March 2022. 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 2022 and based on the evidence obtained, no increase was applied.

The PPE balance on the balance sheet includes the Infrastructure Assets balance and that is covered in Note 28.

#### 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 1.16).

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Community Assets £'000	Assets Under Construction £'000	Surplus Assets £'000	Total £'000
Carried at historical cost	0	0	35,604	18,045	2,018	0	55,667
Valued at current value as at:							
31st March 2022	16,279	26,622	0	55	0	34,429	77,385
31st March 2021	782,873	35,629	0	0	0	773	819,275
31st March 2020 *	0	29,281	0	0	0	6,746	36,027
31st March 2019	0	17,554	0	0	0	17,943	35,497
31st March 2018	0	15,226	0	1,967	0	23,191	40,384
Total Cost or Valuation	799,152	124,312	35,604	20,067	2,018	83,082	1,064,235

## 2021/22 Statement of Accounts

\*Council dwellings were last revalued in 2017/18 and have been indexed in the following years.

### Note 27 SURPLUS ASSETS

#### Fair Value Hierarchy

Details of the Council's surplus properties and information about the fair value hierarchy as at 31 March 2021 and 31 March 2022 are as follows:

31/03/2021	Other Significant Observable Inputs (Level 2) £'000	Significant Unobservable Inputs (Level 3) £'000	Fair Value as at 31 March 2021 £'000
<b>Recurring Fair Value Measurements Using:</b>			
Land	11,338	503	11,841
Industrial properties	45,395	0	45,395
Other properties	3,866	544	4,410
<b>Total</b>	<b>60,599</b>	<b>1,047</b>	<b>61,646</b>

31/03/2022	Other Significant Observable Inputs (Level 2) £'000	Significant Unobservable Inputs (Level 3) £'000	Fair Value as at 31 March 2022 £'000
<b>Recurring Fair Value Measurements Using:</b>			
Land	19,411	688	20,099
Industrial properties	59,669	0	59,668
Other properties	2,720	595	3,315
<b>Total</b>	<b>81,800</b>	<b>1,283</b>	<b>83,082</b>

#### 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.



## 2021/22 Statement of Accounts

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 INFRASTRUCTURE ASSETS

#### Highways Infrastructure Assets

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets [Local Government Circular 09/2022 Statutory Override Accounting for Infrastructure Assets for England and Wales Local Authorities] this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements. The authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

	2020/21 £'000	2021/22 £'000
Net book value (modified historical cost) at 1 April	161,698	202,328
Additions	45,842	47,713
Depreciation	(5,212)	(6,358)
Revaluations/Transfers	0	(750)
<b>Net Book Value at 31 March</b>	<b>202,328</b>	<b>242,933</b>

	2020/21 £'000	2021/22 £'000
Infrastructure Assets	202,328	242,933
Other PPE assets	963,793	1,034,367
<b>Total Property, Plant and Equipment</b>	<b>1,166,121</b>	<b>1,277,300</b>

### Note 29 CAPITAL EXPENDITURE AND FINANCING

## 2021/22 Statement of Accounts

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.

2020/21		2021/22
£000		£000
<b>1,369,986</b>	<b>Opening Capital Financing Requirement</b>	<b>1,184,925</b>
	<b>Capital investment</b>	
74,474	Property, Plant and Equipment	70,990
22	Intangible Assets	0
14	Heritage Assets	0
16,322	Revenue Expenditure Funded from Capital under Statute	10,521
(268,427)	Net Long Term Debtors	32,109
76,277	Capitalisation Direction	21
	<b>Sources of finance</b>	
(5,224)	Capital receipts	(16,229)
(54,790)	Government grants and other contributions (includes REFCUS & MRA)	(16,699)
(10,540)	Major Repairs Reserve (MRR)	(9,240)
(13,189)	MRP (including finance leases liabilities)	(6,675)
<b>1,184,925</b>	<b>Closing Capital Financing Requirement</b>	<b>1,249,723</b>
	<b>Explanation of movements in year</b>	
(185,061)	Increase in underlying need to borrowing (unsupported by government financial assistance)	64,798

### Note 30 CAPITAL COMMITMENTS

As at 31 March 2022, the Council had authorised expenditure in future years of £16.3m. In addition, a further £233.4m had been previously authorised for use in 2022/23 to 2024/25, giving a total future years' commitment of £249.7m.

### Note 31 FINANCIAL INSTRUMENTS

#### 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.

## 2021/22 Statement of Accounts

### 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. Some of the assets held were subject to re-classification in line with accounting requirements during 2020/21 with limited reclassifications during 2021/22. More details of these changes are shown in the 2020/21 accounts and below.

#### Classification of financial assets held by the Council.

**Assets held at 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,
- 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.

**Assets held at Fair value through profit and loss** (all other financial assets) comprising:

- Long-term debtor - capital investment.
- Long-term debtor - revenue investment
- Short-term debtor - capital investment
- Short-term debtor - revenue investment
- Long-term investment – capital
- Long-term investment – revenue (incl. pooled property funds managed by CCLA fund managers)
- Short-term investment – revenue

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.

### Reclassification of financial assets

As set out above, a review of the classification of financial assets held was undertaken and this resulted in the reclassification of the majority of assets to be designated at fair value through profit and loss (FVPL). The reclassifications during 2021/22 are based on the following analysis:

- Redwood Bank Limited - The Council made an investment of £9m in Redwood Bank bonds in 2019/20. These bonds were reclassified from long-term capital debtors at amortised cost to Long-term capital investments at amortised cost in 2020/21. In 2021/22 £4.2m of these bonds were

## 2021/22 Statement of Accounts

derecognised and replaced with £4.2m of equity in the Bank, maintaining the overall investment at £9m. This replacement investment has been reclassified as a long-term investment capital.

The table below details the material non-treasury/commercial investments held by the Council, revised financial instrument classification, and the gains and losses associated with each investment. The revenue impairments are charged to revenue during the year. The capital impairments are written off through the minimum revenue provision charge. The impairments are based on the best available information at the time of publication, and may be subject to change as actual receipts are received.

**Credit Risk** - Since these non-treasury/commercial investments were first recognised significant increases in credit risk have occurred. The failings and credit environment surrounding these activities have been documented in the Government Intervention, the Best Value Inspection, the Section 114 notice and the Improvement and Recovery Plan. All these reports and additional information are published on the Council's website.

## 2021/22 Statement of Accounts

Investment Asset	Classification	2021/22 Original	2021/22 Change	2021/22 Revised	2020/21 Original	2020/21 Change	2020/21 Revised
Solar Farms	FVPL LT Capital Debtor	118,101,167	0	118,101,167	118,101,167	0	118,101,167
Solar Farms - Bond 8	FVPL LT Revenue Investment	115,628,141	0	115,628,141	115,628,141	0	115,628,141
Solar Farms - Bond 9-12	FVPL LT Revenue Investment	21,898,833	0	21,898,833	21,898,833	0	21,898,833
Solar Farms - Bond 1	FVPL LT Revenue Investment	0	0	0	2,000,000	(2,000,000)	0
Windsor	AC - ST Investment	1,000,000	0	1,000,000	1,000,000	0	1,000,000
Solar Farms Impairment	Capital Impairment/(Gain)	0	0	0	0	2,592,142	0
Solar Farms Impairment	Revenue Impairment/(Gain)	0	0	0	0	0	0
Sheringham Shoal Wind Farm (Silverwing/Equitix)	FVPL LT Investment Capital	0	0	0	0	0	0
Sheringham Shoal Wind Farm (Silverwing/Equitix)	FVPL LT Investment Capital	40,236,000	(589,000)	39,647,000	49,405,000	(9,169,000)	40,236,000
Sheringham Shoal Wind Farm Impairment	Capital Impairment/(Gain)	0	511,000	0	0	3,564,000	0
Housing Regeneration Bond (Safe as Houses)	FVPL LT Capital Debtor	6,686,321	(4,657,580)	2,028,741	11,606,993	(4,920,672)	6,686,321
Housing Regeneration Bond Impairment	Capital Impairment/(Gain)	0	4,657,580	0	0	4,920,672	0
Shard Credit Partners Fund 1 - SKS	FVPL LT Capital Debtor	4,303,920	2,945,345	7,249,265	4,336,170	(32,250)	4,303,920
Shard Credit Partners Fund 1 - ATEL	FVPL LT Capital Debtor	62,301	42,500	104,801	0	62,301	62,301
Shard Credit Partners Fund 1 - BWL/PRAC	FVPL LT Capital Debtor	7,794,128	500,553	8,294,681	5,150,153	2,643,975	7,794,128
Shard Credit Partners Fund 1 (SCRIP)	FVPL LT Investment Capital	5,840,581	1,030,037	6,870,618	2,982,023	2,858,558	5,840,581
Shard Credit Partners Fund Impairment	Capital Impairment/(Gain)	0	534,773	0	0	654,570	0
Allied Care Bond	AC LT Revenue Investment	0	0	0	0	0	0
Allied Care Bond Impairment	Revenue Impairment/(Gain)	0	0	0	0	0	0
Westermost Rough Wind Farm (Arjun)	FVPL LT Investment Capital	0	0	0	0	0	0
Westermost Rough Wind Farm (Arjun)	FVPL LT Investment Capital	27,410,428	2,134,929	29,545,357	30,275,952	(2,865,524)	27,410,428
Westermost Rough Wind Farm (Arjun)	AC - LT Revenue Debtor	301,712	0	301,712	580,830	(279,118)	301,712
Westermost Rough Impairment	Capital Impairment/(Gain)	0	(2,134,929)	0	0	2,865,524	0
Technology Enhanced Oil plc	FVPL LT Investment Capital	0	0	0	4,701,520	(4,701,520)	0
Technology Enhanced Oil plc	FVPL LT Investment Capital	1,722,294	80,677	1,802,971	1,663,010	59,285	1,722,294
Technology Enhanced Oil Impairment	Capital Impairment/(Gain)	0	80,677	0	0	4,642,236	0
Thurrock Regeneration Ltd - St Chads - Principal	AC - LT Capital Debtor	0	0	0	0	0	0
Thurrock Regeneration Ltd - St Chads - Principal	AC - ST Capital Debtor	23,882,135	(810,000)	23,072,135	24,902,134	(1,019,999)	23,882,135
TRL Principal Prepayment - Belmont road	AC - ST Revenue Debtor	622,875	0	622,875	622,875	0	622,875
Thurrock Regeneration Ltd - St Chads - Interest	AC - LT Capital Debtor	0	0	0	0	0	0
Thurrock Regeneration Ltd - St Chads - Interest	AC - ST Revenue Debtor	6,350,536	1,020,546	7,371,082	5,132,628	1,217,908	6,350,536
Thurrock Regeneration Ltd - Equity (Gloriana)	AC LT Investment Capital	5,797,231	0	5,797,231	5,797,231	0	5,797,231
Capital - Royal Opera House	AC - LT Capital Debtor	1,271,237	(42,995)	1,228,242	1,312,145	(40,908)	1,271,237
Redwood Bank	AC LT Investment Capital	0	0	0	9,000,000	(9,000,000)	0
Redwood Bank	FVPL LT Investment Capital	0	3,463,600	3,463,600	0	0	0
Redwood Bank	AC LT Investment Capital	9,000,000	(4,200,000)	4,800,000	0	9,000,000	9,000,000
Redwood Bank	Capital Impairment/(Gain)	0	736,400	0	0	0	0
Pure World Energy Holdings PLC (PWE)	FVPL LT Capital Debtor	0	0	0	0	0	0
Pure World Energy Holdings PLC (PWE)	FVPL ST Revenue Investment	1,000,000	0	1,000,000	11,000,000	(10,000,000)	1,000,000
PWE Holdings PLC - Impairment	Capital Impairment/(Gain)	0	0	0	0	0	0
PWE Holdings PLC - Impairment (incl.Accrued interest)	Revenue Impairment/(Gain)	0	0	0	0	0	0
CCLA - Property Fund	FVPL LT Revenue Investment	0	0	0	0	0	0
CCLA - Property Fund	FVPL LT Revenue Investment	98,301,954	17,254,649	115,556,603	99,008,343	(706,389)	98,301,954
CCLA - Property Fund	Revenue Impairment/(Gain)	0	(17,254,649)	0	0	706,389	0
CCLA Diversified Fund	AC - ST Investment	1,000,000	0	1,000,000	1,000,000	0	1,000,000
Miramar Solar Farms	FVPL LT Capital Debtor	238,371,859	0	238,371,859	238,371,859	0	238,371,859
Miramar - Impairment	Capital Impairment/(Gain)	0	0	0	0	0	0
Public Sector Social Impact Fund (Equity)	FVPL LT Investment Capital	0	0	0	10,000,000	(10,000,000)	0
Public Sector Social Impact Fund (Equity)	FVPL LT Investment Capital	10,000,000	0	10,000,000	0	10,000,000	10,000,000
Just Cashflow Finance	FVPL LT Revenue Investment	15,500,000	0	15,500,000	12,152,900	3,347,100	15,500,000
Just Cashflow Finance- ST	FVPL ST Revenue Investment	7,502,902	0	7,502,902	10,850,000	(3,347,098)	7,502,902
JLG 1 year deal	FVPL ST Revenue Investment	6,200,000	0	6,200,000	20,000,000	(13,800,000)	6,200,000
Just Cashflow Finance - Impairment	Revenue Impairment/(Gain)	0	0	0	0	13,800,000	0
Totals		775,786,556	5,304,113	793,959,817	818,479,908	(8,947,819)	775,786,556

### Financial Instruments - Balances

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

## 2021/22 Statement of Accounts

### Financial Instruments-Balances (Liabilities)

Financial Liabilities	Long Term		Short Term	
	31.03.2022	31.3.2021	31.03.2022	31.3.2021
	£000	£000	£000	£000
Loans at amortised cost:				
- Principal sum borrowed	(265,041)	(390,042)	(1,185,763)	(963,455)
- Accrued interest	0	0	(1,555)	(4,809)
- EIR adjustments	735	735	0	0
At fair value through profit & loss:				
- Fair value	0	0	0	0
<b>Total Borrowing</b>	<b>(264,306)</b>	<b>(389,307)</b>	<b>(1,187,318)</b>	<b>(968,264)</b>
Loans at amortised cost:				
- Bank overdraft	0	0	0	0
<b>Total Cash Overdrawn</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Liabilities at amortised cost:				
- Finance leases	(11,920)	0	179	0
- PFI arrangements	0	0	0	0
<b>Total Other Long-term Liabilities</b>	<b>(11,920)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Liabilities at amortised cost:				
- Trade payables	0	0	(82,003)	(80,419)
- Finance leases	0	0	0	0
- PFI arrangements	0	0	0	0
<b>Included in Creditors</b>	<b>0</b>	<b>0</b>	<b>(82,003)</b>	<b>(80,419)</b>
- Financial guarantees	0	0	0	0
- Loan commitments	0	0	0	0
<b>Included in Provisions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Financial Liabilities</b>	<b>(276,227)</b>	<b>(389,307)</b>	<b>(1,269,321)</b>	<b>(1,048,683)</b>

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

£000's	Non-Current				Current				Total
	Investments		Debtors		Investments		Debtors		
	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	
Fair value through profit and loss									
FVPL Capital Debtor	375,320	374,151	-	-	-	-	-	-	374,151
FVPL Investment Capital	85,209	91,330	-	-	-	-	-	-	91,330
FVPL Revenue Investment	251,329	268,584	-	-	14,703	14,703	-	-	283,286
Sub-total	711,858	734,064	-	-	14,703	14,703	-	-	748,767
Amortised Cost - Soft Loans	-	-	-	-	-	-	-	-	-
Amortised Cost - Other	-	-	-	-	-	-	-	-	-
AC - Investment Capital	14,797	10,597	-	-	-	-	-	-	10,597
AC - Capital Debtor	-	-	1,271	1,228	-	-	23,882	23,072	24,300
AC - Revenue Debtor	-	-	302	302	-	-	-	-	302
AC - Revenue Investment	-	-	-	-	-	-	-	-	-
AC - Investment	-	-	-	-	2,000	2,000	-	-	2,000
Sub-total	14,797	10,597	1,573	1,530	2,000	2,000	23,882	23,072	37,199
Fair value through other comprehensive income	-	-	-	-	-	-	-	-	-
-designated equity instruments	-	-	-	-	-	-	-	-	-
Fair value through other comprehensive income - other	-	-	-	-	-	-	-	-	-
Total financial assets	726,655	744,661	1,573	1,530	16,703	16,703	23,882	23,072	785,966

Note 1 – Under accounting requirements the carrying value of the financial instrument value is shown in the balance sheet which includes the principal amount borrowed or lent and further adjustments for breakage costs or stepped interest loans (measured by an effective interest rate calculation) including accrued interest. Accrued interest is shown separately in current assets/liabilities where the payments/receipts are due within one year. The effective interest rate is effectively accrued interest receivable under the instrument, adjusted for the amortisation of any premiums or discounts reflected in the purchase price.

Note 2 – Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value can be measured by:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.

## 2021/22 Statement of Accounts

- Level 2 inputs - Direct reference to published price quotations in an active market; and/or
- Level 3 inputs - Estimating using a valuation technique.

The Council's assets are restricted to Level 2 and 3 valuations.

Note 3 - Local authorities sometimes give financial guarantees that require them to make specified payments to reimburse the holder of a debt if the debtor fails to make payment when due in accordance with the terms of the contract. The Authority provided no financial guarantees in 2021/22.

Note 4 - The Authority as made no material loans to voluntary organisations.

Note 5 - Employee Car Loans - The Authority made no car purchase loans to employees.

Note 6 - Defaults and breaches – The Council did not default on any of its financial liabilities.

### **Financial Assets at Fair Value through Profit & Loss**

Following the reclassification exercise, the Council holds assets designated as Fair Value through Profit and Loss of £748.8m as of 31 March 2022 (£726.5m on 31 March 2021). The only asset measured at Level 2 inputs (inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly) is the CCLA property fund (£115.6m on 31 March 2022). The CCLA provides quarterly mid-market valuations. The remaining FVPL asset values are Level 3 valuations and have been provided by the Council's external advisers.

### **Financial assets measured at fair value**

## 2021/22 Statement of Accounts

Recurring fair value measurements (£)	Classification	Input level in fair value hierarchy	Valuation technique used to measure fair value	As at 31/3/21	As at 31/3/22
<b>Fair Value through Profit and Loss</b>					
Solar Farms	FVPL LT Capital Debtor	Level 3	Using valuat	118,101	118,101
Solar Farms - Bond 8	FVPL LT Revenue Investment	Level 3	Using valuat	115,628	115,628
Solar Farms - Bond 9-12	FVPL LT Revenue Investment	Level 3	Using valuat	21,899	21,899
Sheringham Shoal Wind Farm (Silverwing/Equitix)	FVPL LT Investment Capital	Level 3	Using valuat	40,236	39,647
Housing Regeneration Bond (Safe as Houses)	FVPL LT Capital Debtor	Level 3	Using valuat	6,686	2,029
Shard Credit Partners Fund 1 - SKS	FVPL LT Capital Debtor	Level 3	Using valuat	4,304	7,249
Shard Credit Partners Fund 1 - BWL/PRAC	FVPL LT Capital Debtor	Level 3	Using valuat	7,794	8,295
Shard Credit Partners Fund 1 (SCRIP)	FVPL LT Investment Capital	Level 3	Using valuat	5,841	6,871
Westermost Rough Wind Farm	FVPL LT Investment Capital	Level 3	Using valuat	27,410	29,545
Technology Enhanced Oil plc	FVPL LT Investment Capital	Level 3	Using valuat	1,722	1,803
Pure World Energy Holdings PLC (PWE)	FVPL LT Revenue Investment	Level 3	Using valuat	1,000	1,000
Redwood Bank	FVPL LT Investment Capital	Level 3	Using valuat	-	3,464
CCLA - Property Fund (Revenue)	FVPL LT Revenue Investment	Level 2	Published pric	98,302	115,557
Miramar Solar Farms	FVPL LT Capital Debtor	Level 3	Using valuat	238,372	238,372
Public Sector Social Impact Fund (Equity)	FVPL LT Investment Capital	Level 3	Using valuat	10,000	10,000
Just Cashflow Finance	FVPL LT Revenue Investment	Level 3	Using valuat	15,500	15,500
Just Cashflow Finance- ST	FVPL ST Revenue Investment	Level 3	Using valuat	7,503	7,503
JLG 1 year deal	FVPL ST Revenue Investment	Level 3	Using valuat	6,200	6,200
<b>Total</b>				<b>726,499</b>	<b>748,662</b>
Capital Investments				460,467	465,375
Revenue Investments				24,184	283,286
<b>Total</b>				<b>484,651</b>	<b>748,662</b>

The FVPL capital investments of £465.5m have been assessed at level 3 and are calculated based on 31 March 2022 by our external advisers and by reference to published accounts. In 2021/22, the cumulative adverse movement in capital investments of £192.7m (£4.463m relates to 2021/22) in FV was posted to CIES Financing and Investment Income and Expenditure and then reversed in the MIRS and posted to CAA. This loss will be charged through to the CIES through Minimum Revenue Provision (MRP) in accordance with statutory guidance.

The £283.3m revenue investments on 31 March 2022 have been either assessed at level 3 and calculated by our external advisers or by reference to published accounts, or with the CCLA Local Authorities Property Fund at Level 2 and valued at fair value based on the bid price. The CCLA fund was previously valued at Level 1 and is now Level 2 as there is not an active market in these shares. The difference between the carrying value and the fair value of these investments, a net loss of £94.9m, has been posted to CIES Financing and Investment Income and Expenditure and then reversed in the MIRS and posted to Capitalisation Direction.

### Equity shareholding in Sheringham Shoal Wind Farm, Shard Credit Partners Fund 1 (SCRIP), Westermost Rough Wind Farm, and Technology Enhanced Oil

The Authority's shareholdings in these companies are not traded in an active market their fair value in the table above has been based on valuation techniques that are not based on observable current market transactions or available market data. The valuations have been made based on analyses of the assets and liabilities in the company's latest audited accounts and an assessment of future trading prospects.



## 2021/22 Statement of Accounts

### Transfers between Levels of the Fair Value Hierarchy

There were no transfers between input levels 1 and 2 during the year.

### Changes in the Valuation Technique

There has been no change in the valuation techniques used during 2021/22 for the financial instruments. A reclassification exercise was undertaken in 2020/21.

### Reconciliation of Fair Value Measurements for Financial Assets Carried at Fair Value Categorised within Level 3 of the Fair Value Hierarchy for Financial Assets

31 March 2022				
	Unquoted Shares £000's	Other £000's	Total £000's	
Opening balance	136,459	492,039	628,498	
Transfers into Level 3	4200	0	4,200	
Transfers out of Level 3	0	0	0	
Total gains or losses for the period:				
· Included in Surplus or Deficit on the				
Provision of Services	890	(1,048)	(157)	
· Included in Other Comprehensive				
Income and Expenditure	0	0	0	
Additions	1,021	630	1,650	
Disposals	-922	0	0	
<b>Closing Balance</b>	<b>141,648</b>	<b>491,621</b>	<b>633,269</b>	

  

31 March 2021				
	Unquoted Shares £000's	Other £000's	Total £000's	
Opening balance	138,531	493,136	631,667	
Transfers into Level 3	0	0	0	
Transfers out of Level 3	0	0	0	
Total gains or losses for the period:				
· Included in Surplus or Deficit on the				
Provision of Services	(11,072)	(22,019)	(33,091)	
· Included in Other Comprehensive				
Income and Expenditure	0	0	0	
Additions	9,000	20,922	29,922	
Disposals	0	0	0	
<b>Closing Balance</b>	<b>136,459</b>	<b>492,039</b>	<b>628,498</b>	

### 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:

## 2021/22 Statement of Accounts

	2021/22	2020/21
	£'000	£'000
Interest expense	18,112	20,829
Losses on de-recognition	0	0
Losses from changes in fair value	4,386	19,239
Impairment losses	0	14,506
<b>Interest payable and similar charges</b>	<b>22,497</b>	<b>54,575</b>
Interest income	(39,229)	(46,188)
Dividend income	0	0
Gains on de-recognition	0	0
Gains from changes in fair value	17,255	0
Impairment loss reversals	0	0
<b>Interest and investment income</b>	<b>(21,974)</b>	<b>(46,188)</b>
<b>Net impact on surplus/deficit on provision of services</b>	<b>523</b>	<b>8,387</b>

### 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 on 31<sup>st</sup> March 2022, 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 31<sup>st</sup> March.
- No early repayment or impairment is recognised for any financial instrument.
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount.
- 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:

## 2021/22 Statement of Accounts

- 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 31.3.2022 £000	Fair Value 31.3.2022 £000	Balance Sheet 31.3.2021 £000	Fair Value 31.3.2021 £000
<i>Financial liabilities held at amortised cost:</i>					
Loans from PWLB	2	(512,105)	(541,501)	(537,300)	(599,948)
Long-term LOBO loans	2	(26,000)	(51,844)	(26,000)	(59,801)
Other long-term loans	2	(75,000)	(21,972)	(98,653)	(22,267)
Short-term loans	2	(837,699)	(897,000)	(691,545)	(691,545)
<b>TOTAL FINANCIAL LIABILITIES</b>		<b>(1,450,804)</b>	<b>(1,512,317)</b>	<b>(1,353,497)</b>	<b>(1,373,561)</b>

The fair value of the liabilities is greater than the carrying amount because the Authority's portfolio of loans includes several fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date. This shows a notional future loss (based on economic conditions on 31 March 2022) arising from a commitment to pay interest to lenders above current market rates.

### 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. This Strategy was approved by Council on 26 February 2020 and sets out the parameters for the management of risks associated with financial instruments. The Council also maintains 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 Guidance on Local Government Investments issued by the Ministry for Housing, Communities and Local Government. 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.

## 2021/22 Statement of Accounts

### Credit Risk: Treasury Investments

The Council manages credit risk by ensuring that treasury investments are only placed with organisations considered as high credit quality as set out in the Treasury Management Strategy. The full Investment Strategy for 2021/22 was approved by Full Council on 23 February 2022 with the treasury 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 such as UK building societies. Recognising that credit ratings are only one indicator of the risk of default, the Council has regard to other measures including credit default swap and equity prices when selecting counterparties 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	31.3.2022		31.3.2021	
	Long-term £000	Short-term £000	Long-term £000	Short-term £000
CCLA property fund - unrated	115,557	0	98,302	0
CCLA Diversified Income fund - unrated	0	1,000	0	1,000
Other funds - unrated	10,000	0	10,000	0
UK Local authorities	0	1,000	0	1,000
Unrated building societies	0	20,000	0	20,000
<b>Total</b>	<b>125,557</b>	<b>22,000</b>	<b>108,302</b>	<b>22,000</b>
Credit risk assessed as immaterial	0	0	0	0
<b>Total Investments</b>	<b>125,557</b>	<b>22,000</b>	<b>108,302</b>	<b>22,000</b>

The Council also made investments not using treasury management cash surpluses, but by borrowing external funds to enable these investments to be undertaken. These investments, and the associated gains/impairments are shown in Note 29.

### Credit Risk: Trade Receivables

The Council's trade receivables on 31 March 2022 were £5.4m (31 March 2021 £1.6m).

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.

### Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Treasury Management Code of Practice. This seeks to ensure that cash is available when needed.

The Council has access to borrowing at favourable rates from the Public Works Loan Board.

### Market Risks: Interest Rate Risk

## 2021/22 Statement of Accounts

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

- borrowings at variable rates – the interest expense 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 high as on 31 March 2022 £1.142bn borrowings are short term (£0.816bn 31 March 2021).

### Market Risks: Price Risk

The market prices of the Council's fixed rate bond investments, equity investments and its units in pooled bond funds are governed by prevailing interest rates, and company and marketplace performance and the price risk associated with these instruments is managed alongside interest rate risk.

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.

Estimated and actual impairments of the non-treasury/commercial investment portfolio are shown in Note 29.

## 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 (LGPS) administered by Essex County Council. This is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a Fund, calculated at a level 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 2023 and will set contributions for the period from 1 April 2024 to 31 March 2027. 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.

## 2021/22 Statement of Accounts

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

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

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

### **Discretionary Post- retirement Benefits**

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

### **Transactions Relating to Post-Employment Benefits**

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

The following transactions have been made during the year:

## 2021/22 Statement of Accounts

	Local Government Pension Scheme	Local Government Pension Scheme	Unfunded Benefits	Unfunded Benefits
	2020/21	2021/22	2020/21	2021/22
	£'000	£'000	£'000	£'000
<b>Comprehensive Income and Expenditure Statement</b>				
Cost of Services:				
Service cost comprising:				
• current service costs	22,953	33,387	0	0
• past service costs/gains	20	531	0	0
• administration costs	327	278	0	0
Financing and Investment Income and Expenditure:				
• Net interest cost	3,538	3,778	168	142
<b>Total Post-Employment Benefit Charged to the Deficit on the Provision of Services</b>	<b>26,838</b>	<b>37,974</b>	<b>168</b>	<b>142</b>
<b>Other Post-Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>				
Remeasurement of the net defined benefit liability comprising:				
• return on plan assets (excluding the amount included in the net interest expense)	119,790	43,141	0	0
• actuarial (gains) and losses arising on changes in demographic assumptions	6,871	16,373	(97)	(230)
• actuarial (gains) and losses arising on changes in financial assumptions	(161,206)	33,007	625	(102)
• experience loss (gain) on defined benefit obligation	8,231	(1,399)	(110)	22
• other	0	7,206	0	0
<b>Total Post-Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>524</b>	<b>136,302</b>	<b>586</b>	<b>(168)</b>
<b>Movement in Reserves Statement</b>				
• reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(26,838)	(37,974)	(168)	(142)
<b>Actual amount charged against the General Fund Balance for pensions in the year:</b>				
• Employers' contributions payable to scheme	16,105	14,409		
• Retirement benefits payable to pensioners	-	-	609	581

## 2021/22 Statement of Accounts

The cumulative amount of actuarial gains and losses, since 1 April 2005 recognised in the Comprehensive Income and Expenditure statement to 31 March 2022 is a £98.328m 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	Local Government Pension Scheme	Unfunded Benefits	Unfunded Benefits
	2020/21 £'000	2021/22 £'000	2020/21 £'000	2021/22 £'000
<b>Present value of defined benefit obligation</b>	763,643	754,931	7,413	6,664
Fair Value of plan assets	(575,115)	(640,417)	0	0
<b>Sub-total</b>	188,528	114,514	7,413	6,664
<b>Net liability arising from defined benefit obligation</b>	188,528	114,514	7,413	6,664

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

	Local Government Pension Scheme	Local Government Pension Scheme
	2020/21 £'000	2021/22 £'000
<b>Opening fair value of scheme assets</b>	<b>434,062</b>	<b>575,115</b>
Interest income	10,441	11,539
Return on plan assets less interest	119,790	43,141
Other actuarial gains/(losses)	0	7,206
Administrative Expenses	(327)	(278)
Contributions from employer	16,105	14,409
Contributions from employees into the scheme	4,831	4,889
Benefits paid	(15,483)	(15,604)
Settlements Received/(Paid)	5,696	0
<b>Closing fair value of scheme assets</b>	<b>575,115</b>	<b>640,417</b>

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.



## 2021/22 Statement of Accounts

### 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
	2020/21	2021/22	2020/21	2021/22
	£'000	£'000	£'000	£'000
Opening balance at 1 April	592,956	771,056	(7,436)	(7,413)
Current service cost	23,882	33,387	0	0
Interest cost	13,979	15,317	(168)	(142)
Contributions by scheme participants	4,831	4,889	0	0
Liabilities assumed/(extinguished) on settlements	4,767	0	0	0
Actuarial (gains) and losses arising from changes in demographic assumptions	(6,871)	(16,373)	97	230
Experience loss/(gain) on defined benefit obligation	(8,231)	1,399	110	(22)
Actuarial (gains) and losses arising from in financial assumptions	161,206	(33,007)	(625)	102
Estimated Benefits Paid Net of Transfers In	(14,874)	(15,023)	0	0
Curtailments & Settlements	20	531	0	0
Unfunded Pension Payments	(609)	(581)	609	581
Closing balance at 31 March	771,056	761,595	(7,413)	(6,664)

### Local Government Pension Scheme assets comprised:

	Fair Value of Scheme Assets 2020/21	Fair Value of Scheme Assets 2021/22
	%	%
<b>Cash and Cash Equivalents</b>	<b>3</b>	<b>3</b>
<b>Equity</b>	<b>63</b>	<b>59</b>
<b>Bonds</b>		
- Corporate	5	4
- Government	3	2
<b>Sub-total Bonds</b>	<b>8</b>	<b>6</b>
<b>Property</b>	<b>7</b>	<b>9</b>
Alternative Assets	11	13
Other Managed Funds	8	10
Total assets	100	100

### 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.

## 2021/22 Statement of Accounts

Estimates for Thurrock Council are based on the latest full valuation of the scheme as at 31 March 2019 which has been rolled forward using financial assumptions.

The principal assumptions used by the actuary are as follows:

	Local Government Pension Scheme	Local Government Pension Scheme
	31 March 2021	31 March 2022
Mortality assumptions:		
Longevity at 65 for current pensioners:		
* Men	21.6	21
* Women	23.6	23.5
Longevity at 65 for future pensioners:		
* Men	22.9	22.3
* Women	25.1	24.9
Rate of inflation	2.80%	3.20%
Rate of increase in salaries	3.80%	4.20%
Rate of increase in pensions	2.80%	3.20%
Rate for discounting scheme liabilities	2.00%	2.60%

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	Decrease in Assumption
	£'000	£'000
Longevity (increase or decrease in 1 year)	797,668	727,267
Rate of increase in salaries (increase or decrease by 0.1%)	762,660	760,538
Rate of increase in pensions (increase or decrease by 0.1%)	776,411	747,223
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	746,092	777,586

### 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 2023.

The expected employer contribution to the plan for the year to 31 March 2023 is £14.083m.

## 2021/22 Statement of Accounts

### 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 2021 £'000		31 March 2022 £'000
46	Cash held by the Council and in transit	83
10,375	Bank current accounts	64,453
19,999	Short-term deposits in UK banks & investments in money market funds	19,999
<b>30,420</b>	<b>Total Cash and Cash Equivalents</b>	<b>84,535</b>

### Note 34 OPERATING ACTIVITIES CASH FLOW STATEMENT

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

2020/21 £'000		2021/22 £'000
46,843	Interest Received	(14,701)
(15,678)	Interest paid	(5,390)
<b>31,165</b>	<b>Total Operating Activities</b>	<b>(20,091)</b>

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:

2020/21 £'000		2021/22 £'000
(74,444)	Purchase of property, plant and equipment and intangible assets	(105,652)
(45,487)	Purchase of short-term and long-term investments	(49,425)
(17,305)	Other payments for investing activities	(2,168)
6,874	Proceeds from the sale of property, plant and equipment	15,429
73,000	Proceeds from short-term and long-term investments	30,850
51,111	Other receipts from investing activities (including capital grants)	28,407
<b>(6,251)</b>	<b>Net cash flows from investing activities</b>	<b>(82,559)</b>

## 2021/22 Statement of Accounts

### Note 36

### FINANCING ACTIVITIES CASH FLOW STATEMENT

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

2020/21 £'000		2021/22 £'000
2,859,500	Cash receipts of short and long-term borrowing	917,450
(2,922,300)	Repayments of short and long-term borrowing	(818,000)
(25,192)	Other payments for financing activities	22,209
<b>(87,992)</b>	<b>Net cash flows from financing activities</b>	<b>121,659</b>

	2021/22 1 April £000s	Financing Cashflows £000s	Reclassification/ Movements £000s	2021/22 31 March £000s
Long Term borrowings	374,307	0	0	374,307
Short Term borrowings	983,258	0	0	983,258
Other payments for financing activities	(16,959)	0	0	(16,959)
<b>Total Liabilities from Financing activities</b>	<b>1,340,606</b>	<b>0</b>	<b>0</b>	<b>1,340,606</b>

## 2021/22 Statement of Accounts

### Note 37 NON CASH MOVEMENT CASH FLOW STATEMENT

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

2020/21 £'000		2021/22 £'000
<b>(39,654)</b>	<b>Net Deficit on the Provision of Services</b>	<b>(28,374)</b>
	Adjust net deficit on the provision of services for non cash movements:	
20,804	Depreciation	22,615
14,435	Impairment and downward valuation	36,403
21	Amortisation	0
38,530	Increase in Creditors	(11,338)
36,981	Increase/Decrease in Debtors	(17,505)
69	Increase/Decrease in Inventories	(46)
10,733	Movement in Pension Liability	23,565
16,719	Other non-cash items charged to the net deficit on the provision of services	3,222
21,606	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	31,641
<b>159,898</b>		<b>88,557</b>
	<b>Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities</b>	
(52,191)	Any other items for which the cash effects are investing or financing cash flows	(29,739)
0	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0
(6,873)	Proceeds from the sale of property, plant and equipment	(15,429)
<b>(59,064)</b>		<b>(45,168)</b>
<b>61,180</b>	<b>Net Cash Flows for Operating Activities</b>	<b>15,015</b>

## 2021/22 Statement of Accounts

### NOTE 38 BETTER CARE FUND

The Better Care Fund (BCF) 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 as the host organisation, is 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 in 2021-22 was £50.804m. The contributions into the pooled budget are shown in the following table:

Funding Sources	Thurrock Council	Thurrock CCG	Total
Disabled Facilities Grant (DFG)	£1,318,524		£1,318,524
Minimum CCG Contribution		£12,072,093	£12,072,093
Improved Better Care Fund (iBCF)	£5,405,710		£5,405,710
Additional LA Contribution	£27,058,683		£27,058,683
Additional CCG Contribution		£4,948,905	£4,948,905
<b>Total</b>	<b>£33,782,917</b>	<b>£17,020,998</b>	<b>£50,803,915</b>
Planned Expenditure			£50,803,914
Actual Expenditure			£50,345,735
<b>Balance transferred to BCF reserve</b>			<b>£458,179</b>

At the end of 2021-22, the pooled budget had an underspend of £0.458m, which is held in an earmarked reserve by the Council.

\* Since July 2022 with Mid and South Essex Integrated Care Board (ICB)

### NOTE 39 PRIOR PERIOD ADJUSTMENT

There are no prior period adjustment in the 2021-23 Statement of Accounts.

# **Housing Revenue Account**

## **2021/22**

## 2021/22 Statement of Accounts

### HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT

2020/21		2021/22
£'000	Notes	£'000
	<b>EXPENDITURE</b>	
13,106	Repairs and Maintenance	13,196
24,058	Supervision and Management	26,621
26	Rents, rates, Taxes and Other Charges	55
24,206	Depreciation and Impairment of Non Current Assets	36,652
211	Debt Management Costs	0
177	Movement in the Allowance for Bad Debts	205
<b>61,784</b>	<b>Total Expenditure</b>	<b>76,729</b>
	<b>INCOME</b>	
(43,828)	Gross Rent from Dwellings	(44,745)
<b>(43,828)</b>	<b>Net Rent from Dwellings (sub total)</b>	<b>(44,745)</b>
	Non Dwelling Rents:	
0	Shop Rents	0
(864)	Garage Rents	(979)
(44)	Premises Income	(46)
<b>(908)</b>	<b>Non Dwelling Rents (sub-total)</b>	<b>(1,025)</b>
	Charges for Services and Facilities:	
(5,250)	Water Charges	(5,357)
(45)	Central Heating Charges	(46)
<b>(5,295)</b>	<b>Charges for Services and Facilities (sub-total)</b>	<b>(5,403)</b>
	Contributions Towards Expenditure:	
(808)	Leaseholder Charges	(958)
(4,042)	Tenant Service Charges	(4,181)
<b>(4,850)</b>	<b>Contributions Towards Expenditure (sub total)</b>	<b>(5,139)</b>
(567)	Miscellaneous Income	(370)
<b>(55,448)</b>	<b>Total Income</b>	<b>(56,682)</b>
<b>6,336</b>	<b>Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement</b>	<b>20,047</b>
<b>6,336</b>	<b>Net Expenditure for HRA Services</b>	<b>20,047</b>
	<b>HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:</b>	
10,637	(Gain) or loss on sale of HRA non-current assets	12,785
5,698	Interest payable and similar charges (Deferred Purchase Interest)	5,887
0	Interest and Investment Income	(318)
346	Pensions interest cost and expected return on Pension Assets	375
<b>23,017</b>	<b>Deficit for the Year on HRA Services</b>	<b>38,776</b>



## 2021/22 Statement of Accounts

### MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

2020/21		2021/22
£'000		£'000
(5,852)	Balance on HRA at 1 April	(8,440)
23,021	Deficit for the Year on HRA Services	38,778
(25,609)	Adjustments Between Accounting Basis and Funding Basis under Statute:	(41,334)
(8,440)	<b>Total</b>	<b>(10,996)</b>
0	<b>Transfer to/(from) Reserves:</b>	<b>0</b>
(8,440)	<b>Balance on HRA at 31 March</b>	<b>(10,996)</b>

### ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

2020/21		2021/22
£'000		£'000
	<b>Reversal of Items debited or credited to the HRA Income and Expenditure Account</b>	
(9,060)	Depreciation of non-current assets	(9,251)
(17,610)	Revaluation and Impairment losses on Property, Plant and Equipment	(31,099)
2,463	Revaluation gains reversing previous losses	3,697
(3)	Movement in value of Held for Sale Assets	(1)
(16,863)	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	(25,096)
6,283	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	12,409
(57)	Contribution from the capital receipts reserve towards administration costs of non-current assets disposal	(98)
(34,847)		<b>(49,439)</b>
	<b>Insertion of items not debited or credited to the HRA Income and Expenditure Account</b>	
0	Use of HRA Earmarked Reserves	1,300
10,540	Reversal of Major Repairs Allowance credited to the HRA	9,240
(2,623)	Reversal of items relating to requirement benefits debited or credited to the CIES	(3,771)
1,333	Employer's pension contributions and direct payment to pensioners payable in year	1,348
(13)	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	(11)
9,237		<b>8,106</b>
(25,610)	<b>Total</b>	<b>(41,333)</b>

## 2021/22 Statement of Accounts

### NOTES TO THE HOUSING REVENUE ACCOUNT

#### Note 1 DEPRECIATION

Depreciation of £9.052mm was charged to the HRA in relation to operational assets. There were further charges in respect of impairments of £27.41m.

2020/21 £'000	Analysis of Depreciation and Impairment Charges	2021/22 £'000
	Depreciation:	
8,863	Dwellings	9,051
142	Other Land and Buildings	142
34	Plant and Equipment	34
14	Non-Operational Property, Plant and Equipment	16
15,150	Impairment of Property, Plant and Equipment	27,411
24,203	<b>Total for Year</b>	36,653

#### Note 2 PENSION RESERVE MOVEMENT

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

#### Note 3 HOUSING STOCK

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

31 March 2021	Number and Types of Properties	31 March 2022
5,161	Number of Houses and Bungalows	5,167
3,465	Number of Flats and Maisonettes	3,560
1,214	Number of Aged Person Dwellings	1,214
<b>9,840</b>	<b>Total</b>	<b>9,941</b>

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

2020/21	Change in Stock of Properties	2021/22
9,799	Stock at 1 April	9,840
(44)	Less Sales	(76)
85	Additions	177
<b>9,840</b>	<b>Total</b>	<b>9,941</b>

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

## 2021/22 Statement of Accounts

31 March 2021		31 March 2022
£'000	Balance Sheet Value of HRA Properties	£'000
	Operational Non-Current Assets:	
753,438	Dwellings and other land and buildings	813,545
20,682	Non-Operational Non-Current Assets	6,357
<b>774,120</b>	<b>Total</b>	<b>819,902</b>

### Note 4 MAJOR REPAIRS RESERVE

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

2020/21		2021/22
£'000	Major Repair Reserve	£'000
(10,540)	Transfer to HRA	(9,240)
10,540	Financing of Capital Expenditure	9,240
<b>0</b>	<b>Total</b>	<b>0</b>

### Note 5 CAPITAL EXPENDITURE

Capital expenditure on land, houses and other properties within the HRA in 2021/22 was financed as follows:

2020/21		2021/22
£'000	Financing of Capital Expenditure	£'000
10,540	Major Repairs Reserve	9,240
0	Grants / Section 106	415
4,422	Capital Receipts	15,978
3,971	Prudential Borrowing	17,328
0	Reserves	1,300
<b>18,933</b>	<b>Total</b>	<b>44,261</b>

### Note 6 CAPITAL RECEIPTS

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

2020/21		2021/22
£'000	Capital Receipts	£'000
(6,283)	Sales of Dwellings	(12,409)

# **Collection Fund Statement**

## **2021/22**

## 2021/22 Statement of Accounts

### COUNCIL TAX

		2020/21	2021/22
Notes		£'000	£'000
<b>INCOME</b>			
2	Council Tax	(82,286)	(88,033)
	Transfer from General Fund	(1,195)	0
	<b>Total Income</b>	<b>(83,481)</b>	<b>(88,033)</b>
<b>EXPENDITURE</b>			
Precepts and Demands:			
	Essex Police Authority	10,308	71,111
	Essex Fire Authority	3,835	10,597
	Thurrock Borough Council	69,169	3,755
	<b>Precepts and Demands (sub-total)</b>	<b>83,312</b>	<b>85,463</b>
Provision for Bad Debts:			
	Change in Provision	984	(733)
	Write offs	94	543
	<b>Provision for Bad Debts (sub-total)</b>	<b>1,078</b>	<b>(190)</b>
<b>CONTRIBUTIONS</b>			
	Essex Police Authority	100	48
	Essex Fire Authority	38	18
	Thurrock Borough Council	670	319
	<b>Contributions (sub-total)</b>	<b>808</b>	<b>385</b>
	<b>Total Expenditure</b>	<b>85,198</b>	<b>85,658</b>
	<b>(Surplus)/ Deficit for Year</b>	<b>1,717</b>	<b>(2,375)</b>
	<b>Fund Balance Brought Forward</b>	<b>(393)</b>	<b>1,324</b>
	<b>Fund Balance Carried Forward</b>	<b>1,324</b>	<b>(1,051)</b>

#### Share of Collection Fund (Council Tax) Balance:

Thurrock Council	1,098	(871)
Essex Police Authority	164	(131)
Essex Fire Authority	62	(49)
<b>Total</b>	<b>1,324</b>	<b>(1,051)</b>

## 2021/22 Statement of Accounts

### NATIONAL NON-DOMESTIC RATES

Notes		£'000	£'000
	<b>INCOME</b>		
3a	Income Collectable from Non-Domestic Ratepayers	(79,427)	(112,741)
	Transitional Protection Payments	1,421	1,359
	Cost of Collection	229	228
	<b>Total Income</b>	<b>(77,777)</b>	<b>(111,154)</b>
	<b>EXPENDITURE</b>		
	Share of Business Rates:		
	Essex Fire Authority	1,201	1,213
	Thurrock Borough Council	58,829	59,440
3b	<b>Share of Non-Domestic Rates (sub-total)</b>	<b>60,030</b>	<b>60,653</b>
	<b>Payment of the Central Share of the Non-Domestic Rating Income to Central Government</b>	<b>60,030</b>	<b>60,653</b>
	Provision for Bad Debts:		
	Change in Provision	1,204	(1,675)
	Write Offs	(365)	1,276
	<b>Provision for Bad Debts (sub-total)</b>	<b>839</b>	<b>(399)</b>
	<b>Provision for Appeals - Change in Provision</b>	<b>5,285</b>	<b>(237)</b>
	<b>CONTRIBUTIONS</b>		
	Essex Fire Authority	15	(511)
	Thurrock Borough Council	719	(25,057)
	Central Government	733	(25,568)
	<b>Contributions (sub-total)</b>	<b>1,467</b>	<b>(51,136)</b>
	<b>Total Expenditure</b>	<b>127,651</b>	<b>69,534</b>
	<b>Deficit/(Income) for the Year</b>	<b>49,874</b>	<b>(41,620)</b>
	<b>Fund Balance Brought Forward</b>	<b>(2,721)</b>	<b>47,153</b>
	<b>Fund Balance Carried Forward</b>	<b>47,153</b>	<b>5,533</b>
	<b>Share of Collection Fund (NDR) Balance:</b>		
	Thurrock Council	23,105	2,711
	Essex Fire Authority	472	55
	Central Government	23,576	2,767
	<b>Total</b>	<b>47,153</b>	<b>5,533</b>

## 2021/22 Statement of Accounts

### NOTES TO THE COLLECTION FUND

#### 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 2021/22 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*	9	5:9	5
A	4,105	6:9	2,736
B	9,998	7:9	7,776
C	22,433	8:9	19,940
D	11,105	9:9	11,105
E	4,366	11:9	5,336
F	2,115	13:9	3,055
G	787	15:9	1,311
H	33	18:9	67
	<b>54,951</b>		<b>51,331</b>

#### Note 3 INCOME FROM BUSINESS RATE PAYERS

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 2021/22 49.9p was the small business multiplier and 51.2p the large business multiplier (49.9p small business multiplier and 51.2p large business multiplier in 2020/21). 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%) and the remainder of 49% is the council's share.

The total Non-Domestic rateable value at the 31 March 2022 was 289,344,619 (283,262,767 as at 31 March 2021).

# **Group Accounts**

## **2021/22**



## **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 have been consolidated with the group companies - Thurrock Regeneration Ltd and Thurrock Regeneration Homes Ltd. The Group Accounts are presented in addition to the Council's 'single entity' financial statements and comprise:

- 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.

## 2021/22 Statement of Accounts

### GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2020/21				2021/22			
Gross Expenditure	Gross Income	Net Expenditure		Notes	Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000			£000	£000	£000
95,332	(49,783)	<b>45,549</b>	Adults; Housing and Health		104,067	(57,990)	<b>46,077</b>
108,204	(57,988)	<b>50,216</b>	Children's Services		111,832	(61,960)	<b>49,872</b>
47,926	(10,802)	<b>37,125</b>	Public Realm		53,584	(13,654)	<b>39,930</b>
45,361	(50,130)	<b>(4,769)</b>	Corporate Costs		35,967	(40,807)	<b>(4,840)</b>
6,179	(4,109)	<b>2,069</b>	Strategy; Engagement & Growth		6,282	(1,363)	<b>4,919</b>
25,660	(10,460)	<b>15,200</b>	Resources & Place Delivery		32,949	(7,719)	<b>25,230</b>
68,270	(59,423)	<b>8,846</b>	Housing Revenue Account		83,142	(61,476)	<b>21,666</b>
12,597	(2,941)	<b>9,656</b>	HR; OD and Transformation		13,146	(3,629)	<b>9,517</b>
<b>409,528</b>	<b>(245,636)</b>	<b>163,892</b>	<b>Cost of Services</b>		<b>440,968</b>	<b>(248,599)</b>	<b>192,371</b>
26,927	(6,874)	<b>20,053</b>	Other operating expenditure		33,253	(15,429)	<b>17,824</b>
77,218	(44,970)	<b>32,248</b>	Financing and investment income and expenditure	3	7,029	(40,163)	<b>(33,134)</b>
4,101	(179,472)	<b>(175,371)</b>	Taxation and non-specific grant income and expenditure		3,480	(151,785)	<b>(148,305)</b>
<b>517,774</b>	<b>(476,952)</b>	<b>40,822</b>	<b>Deficit on Provision of Services</b>		<b>484,730</b>	<b>(455,977)</b>	<b>28,755</b>
0	(27,903)	<b>(27,903)</b>	(Surplus) on revaluation of Property, Plant and Equipment assets		0	(90,986)	<b>(90,986)</b>
26,314	0	<b>26,314</b>	Actuarial gains/ losses on pension liabilities		0	(98,328)	<b>(98,328)</b>
<b>26,314</b>	<b>(27,903)</b>	<b>(1,589)</b>	<b>Other Comprehensive Income and Expenditure</b>		<b>0</b>	<b>(189,314)</b>	<b>(189,314)</b>
<b>544,088</b>	<b>(504,855)</b>	<b>39,233</b>	<b>Total Comprehensive Income and Expenditure</b>		<b>484,730</b>	<b>(645,291)</b>	<b>(160,559)</b>

## 2021/22 Statement of Accounts

### GROUP MOVEMENT IN RESERVE STATEMENT

	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000	Group's share of Reserves of Subsidiaries - Usable	Group's share of Reserves of Subsidiaries - Unusable	Group Reserves
Balance at 31 March 2021 carried forward	(71,989)	(8,441)	(25,268)	(21,219)	(126,917)	(249,100)	(376,017)	6,168	(4,219)	(374,069)
Adjustment to Subsidiary reserve opening balance	(401)				(401)	401	0			
Revised Balance as at 1 April 2021 carried forward	(72,390)	(8,441)	(25,268)	(21,219)	(127,318)	(248,699)	(376,017)	6,168	(4,219)	(374,069)
<b>Movement in reserves during 2021/22</b>										
Total Comprehensive Income and Expenditure	(10,404)	38,778	0	0	28,374	(187,483)	(159,109)	380	(1,831)	(160,559)
Adjustments from income & expenditure charged under the accounting basis to the funding basis	13,285	(41,333)	4,573	(14,341)	(37,816)	37,816	0			0
<b>Increase or (Decrease) in 2021/22</b>	<b>2,881</b>	<b>(2,555)</b>	<b>4,573</b>	<b>(14,341)</b>	<b>(9,442)</b>	<b>(149,666)</b>	<b>(159,108)</b>	<b>380</b>	<b>(1,831)</b>	<b>(160,559)</b>
<b>Balance at 31 March 2022 carried forward</b>	<b>(69,509)</b>	<b>(10,996)</b>	<b>(20,695)</b>	<b>(35,560)</b>	<b>(136,760)</b>	<b>(398,365)</b>	<b>(535,125)</b>	<b>6,548</b>	<b>(6,050)</b>	<b>(534,627)</b>

## 2021/22 Statement of Accounts

	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000	Group's share of Reserves of Subsidiaries - Usable	Group's share of Reserves of Subsidiaries - Unusable	Group Reserves
Balance at 1 April 2020	(32,369)	(5,852)	(28,984)	(23,819)	(91,024)	(324,131)	(415,155)	5,000	(3,145)	(413,300)
Roundings	1	0	(2)	1	0	(1)	(1)	0	0	(1)
Reporting of schools budget deficit to new adjustment account at 1 April 2020	(1,978)	0	0	0	(1,978)	1,978	0	0	0	0
Restated Balance at 1 April 2020	(34,346)	(5,852)	(28,986)	(23,818)	(93,002)	(322,154)	(415,156)	5,000	(3,145)	(413,301)
<b>Movement in reserves during 2020/21</b>										
Total Comprehensive Income and Expenditure	16,636	23,018	0	0	39,654	(515)	39,139	1,168	(1,074)	39,233
Adjustments from income & expenditure charged under the accounting basis to the funding basis	(54,279)	(25,607)	3,718	2,599	(73,569)	73,569	0	0	0	0
<b>Increase or (Decrease) in 2020/21</b>	<b>(37,643)</b>	<b>(2,589)</b>	<b>3,718</b>	<b>2,599</b>	<b>(33,915)</b>	<b>73,054</b>	<b>39,139</b>	<b>1,168</b>	<b>(1,074)</b>	<b>39,233</b>
<b>Balance at 31 March 2021 carried forward</b>	<b>(71,989)</b>	<b>(8,441)</b>	<b>(25,268)</b>	<b>(21,219)</b>	<b>(126,917)</b>	<b>(249,100)</b>	<b>(376,017)</b>	<b>6,168</b>	<b>(4,219)</b>	<b>(374,069)</b>

## 2021/22 Statement of Accounts

### GROUP BALANCE SHEET

31 March 2021	Notes	31 March 2022
£000		£000
1,202,161	Property, Plant & Equipment	1,314,927
0	Intangible Assets	0
1,212	Heritage Assets	1,212
345,538	Long Term Investments	364,713
376,893	Long Term Debtors	343,469
<b>1,925,804</b>	<b>Long Term Assets</b>	<b>2,024,321</b>
16,662	Short Term Investments	16,062
2,294	Assets Held for Sale	8,314
242	Inventories	289
55,887	Short Term Debtors	88,772
31,013	Cash and Cash Equivalents	84,935
<b>106,098</b>	<b>Current Assets</b>	<b>198,372</b>
(968,258)	Short Term Borrowing	(1,187,318)
(80,540)	Short Term Creditors	(82,692)
(2,760)	Short Term Provisions	(1,996)
<b>(1,051,558)</b>	<b>Current Liabilities</b>	<b>(1,272,006)</b>
(7,404)	Long Term Provisions	(7,352)
(389,307)	Long Term Borrowing	(264,307)
(195,941)	Pension Liability	(121,178)
0	Leasing Liability	(11,920)
(262)	Long Term Creditors	(168)
(13,363)	Capital Grants Receipts in Advance	(11,136)
<b>(606,277)</b>	<b>Long Term Liabilities</b>	<b>(416,061)</b>
<b>374,067</b>	<b>Net Assets</b>	<b>534,626</b>
(120,747)	Usable reserves	(130,210)
(253,320)	Unusable Reserves	(404,416)
<b>(374,067)</b>	<b>Total Reserves</b>	<b>(534,626)</b>

I certify that the statement of accounts gives a true and fair view of the financial position of the authority at 31 March 2022 and its income and expenditure for the year ended 31 March 2022.

*D. Calvert*

Dawn Calvert  
Chief Finance Officer (S151 Officer)

Date: 23 October 2024

## 2021/22 Statement of Accounts

### GROUP CASHFLOW

2020/21 £'000	Notes	2021/22 £'000
(39,046)	Net (deficit) on the provision of services	(27,555)
159,105	Adjustment to deficit on the provision of services for non cash movements	88,355
(59,064)	Adjust for items included in the net deficit on the provision of services that are investing and financing activities	(45,168)
<b>60,995</b>	<b>Net Cash flows from operating activities</b>	<b>15,632</b>
(6,251)	Investing Activities	(83,369)
(87,992)	Financing Activities	121,660
<b>(33,248)</b>	<b>Net increase or decrease in cash and cash equivalents</b>	<b>53,923</b>
64,261	Cash and cash equivalents at the beginning of the reporting period	31,013
<b>31,013</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>84,936</b>

### NOTES TO THE GROUP ACCOUNTS

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

#### **Note 1 GROUP BOUNDARY**

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

#### **Note 2 ACCOUNTING POLICIES**

In preparing the Group Accounts the Council has:

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

### 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 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.



## 2021/22 Statement of Accounts

### **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**

## 2021/22 Statement of Accounts

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**

## 2021/22 Statement of Accounts

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.

### **National 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)**

## 2021/22 Statement of Accounts

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.