



Draft Annual Financial Report 2021-2022

Basildon Borough Council

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BasildonCouncil

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Introduction from the Chief Executive

It gives me great pleasure to introduce the Annual Financial Report for 2021/22.

I am passionate about our borough and all that it has to offer. Hedgerows and fields, new town architecture and historic towns, close knit communities, thriving local businesses and the potential for significant economic growth, makes for a place that looks and feels like no other. It is this multifaceted identity that creates great opportunity and great challenges.

The COVID-19 pandemic created a new set of challenges for the council and its residents and businesses but the response of individuals, voluntary groups and businesses has demonstrated to me their resilience and flexibility as we recover from this shock and emerge stronger and more confident.

The Corporate Plan 2021-24 is the principal corporate strategy of Basildon Council. It sets out the ambitions for the organisation and the borough using strategic themes. It details the outcomes the council wishes to achieve, the actions that will be taken to deliver them and how the necessary activity will be resourced. The council is committed to improving the lives of all residents across the borough's five towns. This will be achieved by creating opportunity and prosperity for local people and businesses.

By articulating a clear set of ambitions and commitments, the Corporate Plan also helps residents to hold the council to account for its performance and challenge it to improve.

The Corporate Plan includes:

- 4 themes: People, Place, Prosperity, and Fit for Purpose Council
- 16 outcomes
- 46 activities

Our four Corporate Plan ambitions are defined as follows:

- People: We want Basildon to be home to healthy and active local communities able to support themselves and each other.
- Place: We want Basildon to offer a high quality of life for all residents through attractive, liveable, accessible, and safe neighbourhoods and towns along with the provision of enduring facilities, green spaces and town centres that meet the needs of the community.
- Prosperity: We want Basildon to have a thriving, dynamic and diverse economy where all our communities benefit from increased opportunity and our workforce has the right skills for our local economy and beyond.
- Fit for Purpose Council: Basildon's Local Code of Corporate Governance sets out our commitments to good governance, which ensures that we are doing the right things, in the right way, in line with our values to enable delivery of this Corporate Plan.

The Corporate Plan 2021-24 is available at: <https://www.basildon.gov.uk/corporate-plan>

This report and the statement of accounts that it accompanies demonstrates how the resources have been used to begin to deliver the outcomes promised in our corporate plan.

During the year, in addition to managing the recovery from the pandemic, the council has;

- Invested in new homes, including the transfer of Acorn House into our Housing Revenue Account to provide 94 new one and two bedroom social housing properties for our residents
- Continued to provide financing to its subsidiary house building company, Semptra Homes Ltd., to continue to develop new properties in the town, including a number of shared-ownership properties
- Completed the installation of a new concrete skatepark in Gloucester Park
- Made significant improvements to 9 of the boroughs play areas
- Undertaken the refurbishment and reopening of Laindon Community Centre
- Continued to work to modernise the waste collection services within the borough
- Undertaken a tree planting programme, leading to the planting of over 16,000 trees by 2041
- Completed the cinema development which is currently being fitted out and due to open autumn 2022

Introduction from the Chief Executive

The council continues to work with our partners, other local authorities, health services, the police, our schools and colleges, and community and voluntary organisations pooling resources, acting together, influencing what others do, supporting one another – so that the best possible outcomes can be achieved for our residents.

There is no doubt that the impact of COVID-19 on the council's finances is likely to be long-lasting. The council's cash-backed reserves were an essential tool to help the council to meet the immediate costs of the pandemic, as well as the recovery from it and we are well placed to manage this financially. It will be difficult to balance financial recovery with meeting the costs of delivering on our vision for the borough, but it is a challenge that we will continue to meet.

Scott Logan
Chief Executive

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Narrative Report

REVIEW OF THE YEAR 2021/22

Regeneration

Basildon Town Centre

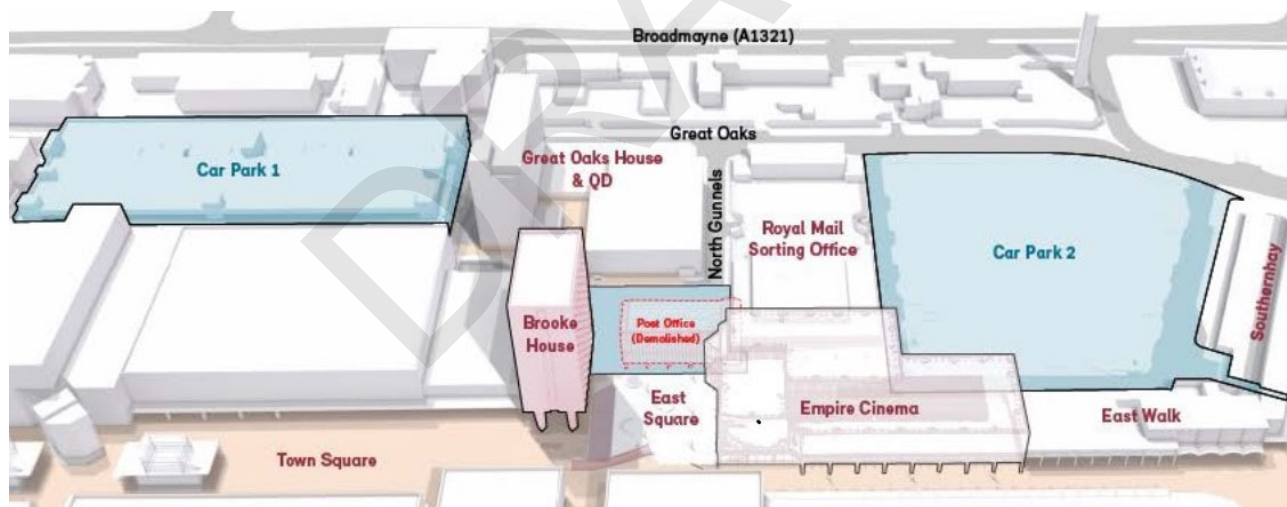
A major town centre regeneration project, the East Square cinema development, providing a 10-screen cinema and 6 commercial units, completed its construction phase in January 2022. The main tenant is Empire Cinemas Ltd., who are currently fitting out the cinema. The first of the commercial units has been let to Loungers (Orleto Lounge), which is open and trading well. Positive interest is being received on the remaining commercial units with legal agreements being progressed on Units 1 and 6. The cinema is currently expected to open in autumn 2022.



The project represents significant investment in the town centre by the council and is one of a number of measures to bring new life into underused parts of the town centre, as well as to develop facilities that can be used throughout the day and into the evening.

In addition to the above, the council has aspirations to redevelop the former post office to bring forward a mixed-use scheme comprising 52 new residential units and commercial space. Plans were also being progressed for the Housing Infrastructure Project, a partnership with Homes England with grant funding available from Housing Infrastructure Fund (HIF), to provide new parking infrastructure in the town centre,

which will enable the utilisation of part of the existing car park sites for housing development. Work is focussed on Car Parks 1 and 2, located as follows as well as Car Park 12:



Laindon Town Centre

During the year the council progressed plans for public realm improvements outside Laindon Library to complement the works being undertaken as part of the Laindon Centre. Discussions have been held with Essex County Council and options have been prepared. Committee approval was secured in February to advance the project through the detailed design and implementation phase, which will continue into 2022/23 with further investment expected to follow.

Pitsea Town Centre

Pitsea Regeneration Programme has now been fully commissioned. The Pitsea Gateway Project will improve the links between Pitsea railway station and Pitsea town centre. Engagement with Essex County Council and

Narrative Report

local landowners was started, and a consultation exercise will be carried out once detailed plans are established.

In addition to this, a review of land ownership in the wider area has been completed. A high-level capacity study has been started to look at options to bring forward a health-led residential scheme, which could include The Place and neighbouring health facilities. Discussions are taking place with health partners, Essex County Council and The Place to ascertain future space requirements.

Wickford Town Centre

The council is currently working with an adjoining key landowner to bring forward a new major food superstore in Wickford Town Centre. Work is also being progressed to bring forward a vacant brownfield site at Woodlands Road (former market site) owned by the council for a new mixed-use development. This site will form part of a wider development in the Town Centre. A Saturday road closure has been secured for Wickford High Street to support the market, funded through the council and Welcome Back funding from the government. The council will work with Essex County Council to explore options to make this permanent.

Housing

Acorn House

In March 2022 the council purchased the completed housing development, Acorn House, from its subsidiary company Acorn House Developments (Basildon) Limited. This development consists of 94 one and two bedroom properties and were made available to local residents requiring social housing.

The block is situated in Great Oaks, adjacent to Basildon town centre.



Did you know?

This purchase represents the biggest single transfer of new properties into the Housing Revenue Account since the initial transfer of housing stock from the Commission for New Towns in 1994.

New Builds & Acquisitions

In addition to this large transfer, the council also added 30 additional properties through its new build and acquisitions programme. As well as these properties, early development work was undertaken on a number of sites and, where appropriate, these will continue to be progressed through the next financial year.

Brooke House

A £5 million programme of work has been approved and a planning application was approved in June 2022. A plan will be developed to manage access and public communications throughout the works, which are estimated to start in the autumn of 2022.

Sempra Homes

Sempra Homes Limited is a wholly owned subsidiary of Basildon Borough Council (with the council having the role as ultimate parent). During 2021/22 the company continued to develop and acquire new properties and, by the end of the year, owned a portfolio of 120 properties which were a mix of affordable rent, market rent and shared ownership.

To add to the sites purchased in previous years, during the year, the company also acquired the site known as The Granary Car Park at Victoria Rd, Chelmsford. This, and other sites, will continue to be developed in line with the approved business plan to bring forward additional homes in the future.

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A significant amount of work continues to be undertaken behind the scenes to develop additional sites and exploit new opportunities which will complement the portfolio currently held by the company.



Former ITEC Building

Nevendon Place (former ITEC) is being converted into 10 self-contained residential units. This will be 'move on' accommodation to support independent living. An additional 6 SoloHaus units will be provided by the Hill Group on the same site and will be managed by the Salvation Army providing a total of 16 units.

Tenants & Leaseholder Engagement Strategy

A revised strategy was approved at Housing & Estate Renewal Committee on 23 November 2021. The strategy introduces a new framework to increase opportunity for tenants and leaseholders to engage with the council and work is underway to increase the number of tenant and leaseholder representatives.

Did you know?

At the end of 2021/22, the council owned 10,837 dwellings with a value (adjusted for Social Housing use) of over £950 million. The open market value of these properties is over £2.5 billion.

Major Acquisitions

Wickford Enterprise Centre

The Wickford Enterprise Centre, based at Enterprise Way, Wickford, comprises of 10 industrial units located on the Wickford Business and Community Park. The units were constructed in the 1980's and have a total floor area of 49,671 square feet.

The council took the opportunity to purchase the centre from the freeholder in March 2022 and as a result, now has full control of the tenancies and rental income streams.



Newington Causeway

During the year the council entered into a lease investment in Newington Causeway in south London, having previously signed an Agreement For Lease on the property. The arrangement is designed to provide the council with an income source by taking on the management of the property. The asset contains a 140-room Travelodge hotel over 11 floors and is situated just a mile away from Borough Market, providing an ideal base for travel around London. This newly developed site completed in August 2021 and opened to the public shortly after.

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Improvements to Council Assets

Play Strategy and Play Areas

The Play Review is a programme of play upgrades which was approved as part of the Play Strategy by Members at the Leisure and Environment Committee on 24 June 2021. The review is a 10-year programme of targeted improvements to our borough's play areas, where approximately £9 million of improvements will be made to create a network of the highest-quality play facilities for residents. To date investments in 11 sites across the borough totals £935,000.



Completed sites include:

- Paget Drive was completed in December 2021
- Swan Mead was completed in December 2021
- Wesley Gardens completed 17 February 2022.
- Ovington Gardens completed 23 February 2022.
- Priors Close (Pinmill) was completed 14 March 2022.
- East Thorpe Moat Open Space completed 21 March 2022.
- Caister Drive should be completed 25 March 2022.

Sporhams is due to be completed later in the spring once ground conditions for access to the site have improved.

Wat Tyler works commenced on site on 1 March 2022 and are due to be completed by the end of May 2022.

Did you know?

There are currently 145 play areas in the Basildon Borough – 128 owned by Basildon Council, 13 owned by Basildon Council's Housing department, two owned by Parish Councils and two owned by South Anglia Housing.

Laindon Community Centre

During 2021/22 the Laindon Community Centre underwent a £1 million refurbishment and was handed back to the community. The council took back the site from the former Laindon Community Association after it handed over the keys in October 2020.

The programme of work to bring the centre up to a condition where reopening was possible included fire and water safety, new toilets and reconnection of utilities. It has also undergone a host of refurbishment works to the bar area and communal spaces.

Community Activities

Creation of Wickford Town Council

The Community Governance Reorganisation Order has now been made creating the parish of Wickford and new Town Council. A shadow council has supported transitional arrangements ahead of the first elections in May 2022.

Digital Inclusion

The strategy was formally adopted on 2 March 2022 and has already made progress on the following:

- Over 200 digital devices sent to schools in the borough by working in partnership local charity Every Child Online.
- Greater working with partners such as Sempra Homes to ensure improved connectivity when building new homes.

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- A new Service Design Framework for a more effective design of Council services to our customers. This will create greater opportunities for its customers to help design Council services for the future.
- Council introduced new smart forms to reduce the number of PDF forms available online. This resulted in over 3,000 smart forms completed by our customers, an improved customer experience and greater efficiency in service delivery.
- Over 14,000 downloads of the newly developed Basildon Borough Council Waste Services App that resulted in the development of a number of new features requested by our customers.

Waste Strategy

The Council is in year 2 of a 5-year programme to modernise the Refuse and Recycling Service in response to the Environment Act 2021.



The Food and Garden collection service was first reviewed, with consultation generating 7,000 responses. The segregated recycling model has been approved and will be implemented by September 2022. This is the first change to collection services in over 10 years, with the aim to remove food waste from residual waste, where it emits harmful greenhouse gases and instead can be recycled and used for generating electricity and heat.

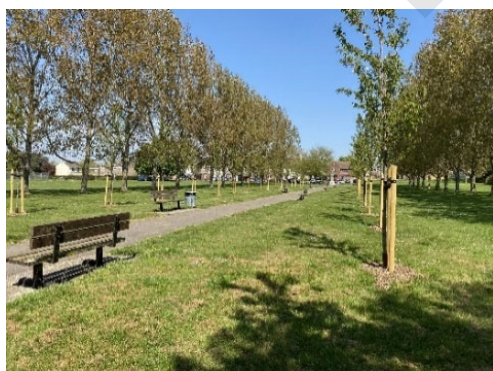
A segregated recycling model trial was completed at Noak Bridge, and the model will be subject to wider consultation. For residual waste, options have been reviewed by the Waste Member Working Group and overall future service principles will be consulted on. The aim is to consult on the recycling and residual services in summer 2022. A decision will then be taken in Autumn 2022 by Cabinet.

Route optimisation software has been implemented with officers and modelling completed. Existing food and garden routes have been optimised and were trialled throughout January and February.

An In Cab Technology proof of concept has been developed and a business case is in development with the aim of installing In Cab Tech by September 2022.

To assist with future costs, route optimisation software has been implemented to enable the service to reduce its agency and vehicle hire spend over the Christmas period. Existing staff are also undertaking HGV driver training to assist in dealing with the national HGV driver shortage.

Tree Strategy



The Council's Tree Planting Framework was approved by the Leisure and Environment Committee on 23 September 2021.

The project cost of £32,214 is being joint funded with Essex County Council and local businesses.

To commemorate the Platinum Jubilee, five tree circles are being planted in each of the five towns. An avenue of cherry trees is also planned for Howard Jubilee Park in Pitsea.

Activity to date includes:

- Gloucester Park Orchard - 125 fruit trees have been planted, consisting of a mixture of apple, plum, pear and cherry trees
- 50 oak trees have been planted in areas of open space in Basildon, Pitsea and Wickford
- 300 mixed saplings have been planted in open spaces in Wickford, Laindon and Vange
- Wick Country Park – avenue of cherry trees to be planted along both sides of the entrance road in partnership with the Wickford Wombles over the coming few weeks

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- A further 11,500 trees to be planted by volunteers in Gloucester Park and Christopher Martin Road by the end of March 2022
- In partnership with Friends of Wickford Memorial Park, 3,050 mixed species of these will be planted at the Beauchamp's Field site along with 200 mixed fruit trees as part of the community orchard. Sponsorship opportunities are currently being developed for the community orchard and will be available to the community and businesses

Cultural Strategy

Work on the Cultural Strategy is now being embedded into Basildon Town Centre work programme where a delivery plan will be developed for Member approval in June 2022.

In early 2022 the council and its partners were showcased as an exemplar by Arts Council England and South East Local Enterprise Partnership (SELEP) in its Creative High Streets report.

In February the borough was announced as one of Arts Council England's 'Levelling Up for Culture Places'. This is in addition to being a Creative People Places area and one of 54 authority areas for the 'Priority Places' programme.

£58,000 was given to support the BasildON Consortium's phase two application to Arts Council England, to continue and expand the work of the Basildon Creative People and Places programme.



As part of the BasildON Consortium, delivery of 7 Open Labs where vacant shops in Basildon were transformed into pop-up pockets of activity for communities to explore and enjoy.

Basildon Town Centre, working with local community groups to create bespoke art that represents their important work and experiences.

7 murals were delivered by national and international artists in

Local Plan

Council resolved on 3 March 2022 to withdraw the Local Plan and asked the Strategic Planning and Infrastructure Committee to consider the options and associated issues with the preparation of a new local plan and bring a report to a future meeting of the Council.

Safe & Sound Estates

The approach to the Safe and Sound Estates programme was agreed by Housing and Estate Renewal Committee on 23 November 2021. The 3 priority estates for the first phase are:

- Felmores
- Five Links
- Lee Chapel North

Economic Development

During 2021/22 the Economic Development Service delivered a range of services to support businesses in the borough to grow, overcome business challenges and recover from the effects of the pandemic. This included delivering over half a million pounds of EU funded projects to support the growth of local markets and the support the recovery of our town centres.

The team also supported the Revenues and Benefits teams to pay over £10.2 million of grant support for businesses in the borough to help them to recover from the adverse effects of the pandemic. The Economic Development Team also led the delivery of the South Essex Technical University project to establish a new Technical University in the area, working with a range of stakeholders including Ford UK, Leonardo, DP World, Olympus, Southend Airport and the Association of South Essex Local Authorities (ASELA).

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FINANCIAL REVIEW OF 2021/22

Background

The way that the council is funded differs significantly from that of a private company. As well as support from government in the form of grants, the council is able to charge for some of the services that it provides. However, most of the funding received in year is from local taxation in the form of business rates and council tax. It should be noted though, that in respect of these taxes, the council not only collects income for itself, but also for other parts of central and local government and other public sector bodies who are financed, at least in part, from this income stream. These other bodies that the council collects for are known as preceptors and are discussed in more detail under the Business Rates and Council Tax sections below.

In general, the council incurs two types of expenditure, revenue and capital. Revenue costs are those incurred on day to day activities, whereas capital costs are usually related to the creation, enhancement or prolonging the life of assets owned by the council. In addition, the council also operates a Housing Revenue Account (HRA) for the provision of social housing to local residents. The HRA is a ring-fenced account, mainly financed by rents paid by tenants, with strict rules around the expenditure that can be incurred, this being to support the provision of existing and new social housing only. The council's finances are therefore split between General Fund and HRA and between revenue and capital expenditure.

Budget Setting

Revenue Budgets

The council is required to set a budget before the start of a financial year, which should outline the costs for all services and how this expenditure is to be financed. For revenue, the starting point is to determine the expenditure expected to be incurred for each service area along with any income that should be generated by the charging for services (where permitted) along with any other direct support, to establish a net cost of services. Any costs that cannot be met from government support or from taxation, must be met by transferring resources from reserves. Reserves are resource balances that are held over time, some of which can be called upon to support expenditure in any given financial year, however they are only available for use once. More detail on reserves, including how and why they are held, is outlined in the Reserves section below.

The approved budgets for 2021/22 were as set out below:

	2021/22 £'000
General Fund Net Expenditure	25,940
HRA Net Expenditure	14,670
Total Expenditure on Services	40,610
Transfers to/(from) Reserves:	
General Fund Earmarked Reserves	(13,856)
Housing Revenue Account Balances	(14,670)
Total Expenditure to be Financed	12,084
Government Grants	(3,109)
Business Rates Income	(6,298)
New Homes Bonus	(294)
Net deficit/(surplus) on Collection Fund	14,586
Council Tax Requirement	16,969

Capital Budgets

The council can finance its capital activity differently from revenue, most notably with the use of capital receipts and borrowing. Capital receipts are generated from the sale of assets or from the repayment of loans made by the council. The council is also permitted to borrow for capital purposes, which will increase the debt position

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of the authority as outlined in the Treasury Management and Debt section below. These additional resources are not available to fund revenue and can therefore only be used for capital.

The approved capital budgets for 2021/22 were as below:

	2021/22 £'000
General Fund Expenditure	34,423
HRA Expenditure	38,019
Total Capital Expenditure	72,442
Major Repairs Allowance (HRA)	(17,207)
Government Grants	(5,900)
Capital Receipts	(8,754)
Other Grants & Contributions	(1,000)
Revenue Contributions	(12,358)
Borrowing	(27,223)
Total Financing	(72,442)

Collection Fund

The Collection Fund is the fund operated by the council into which all business rates and council tax income is paid. The relevant preceptors are paid from this fund prior to the council's share of income being taken to fund services. The level of precepts, being the sums payable to the preceptors, are set at the beginning of the year, with any surpluses or deficits paid to, or recovered from, preceptors in subsequent years. The Collection Fund is split between Council Tax and Business Rates as set out in the following sections.

Council Tax 2021/22

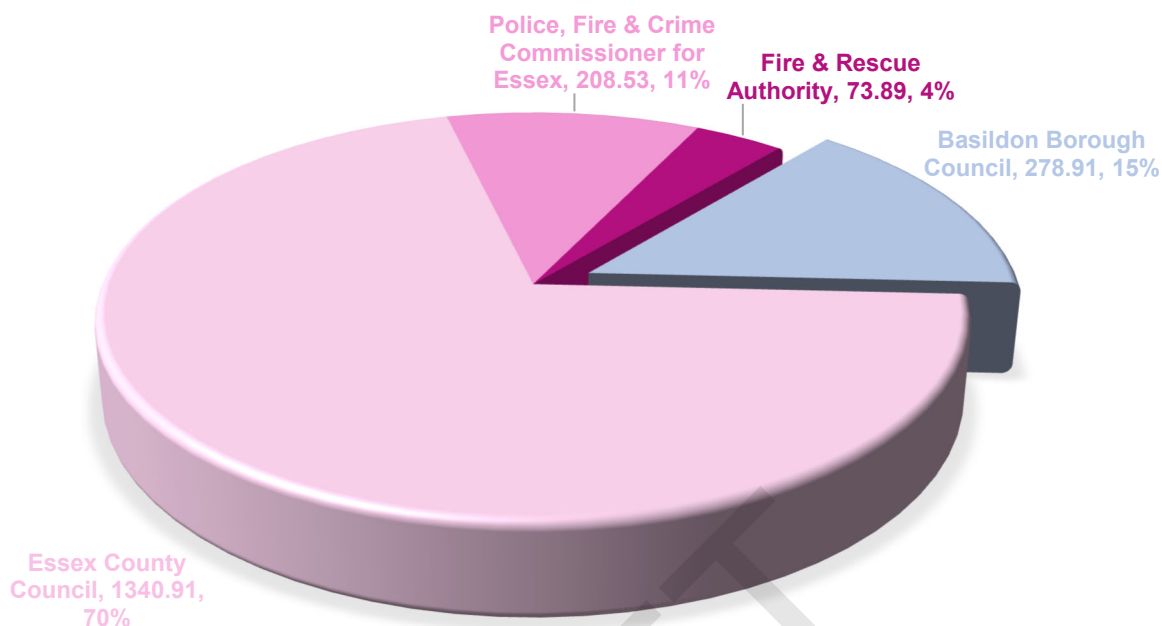
The council tax requirement figure, as shown in the previous revenue budget table, is the amount that the council required to be collected from council tax for the financial year. For 2021/22 this was £16,969 million.

The 2021/22 Band D council tax for Basildon Council services was £278.91 (no increase on the charge for 2020/21). The calculated amounts were based on an estimated Council Tax Base (after allowing for irrecoverable amounts and the local council tax support scheme) of 60,840 Band D equivalent properties.

Did you know?

The total Band D equivalent council tax for the Borough was £1,902.24 distributed among the major and local preceptors as set out in the chart below.

BAND D COUNCIL TAX BY PRECEPTOR



Business Rates

Any business in a building or part of a building, will have to pay business rates.

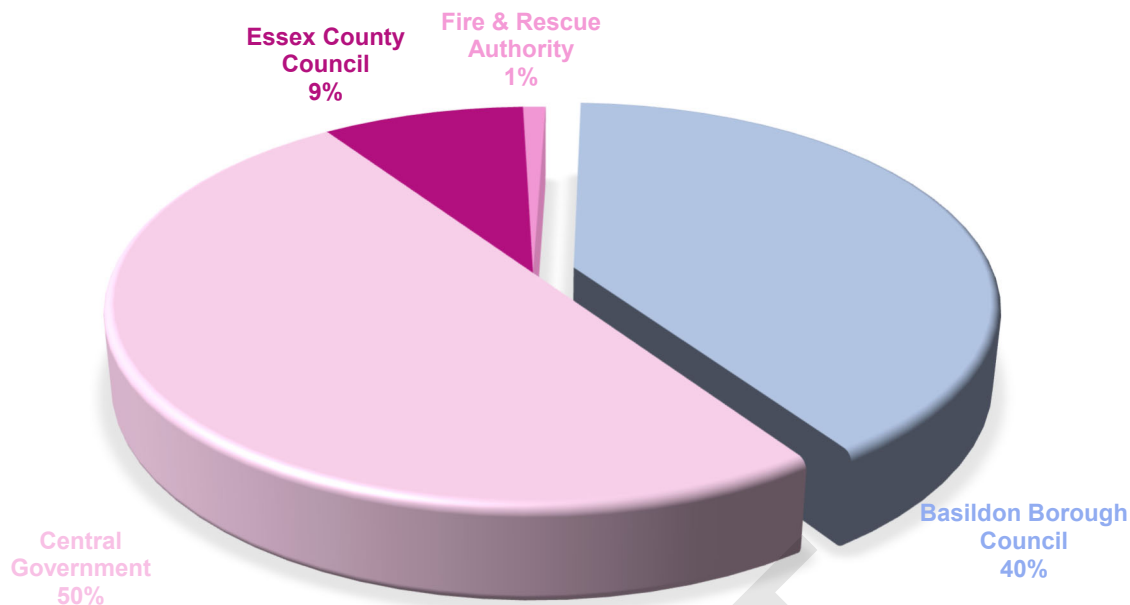
All businesses have a rateable value. The amount businesses have to pay is based on a professional judgement of the annual rent of a property on the open market at the fixed valuation date. The Valuation Office Agency (VOA) gathers as much information as possible on the actual rents paid for properties throughout England. It uses this evidence and other information to determine the levels of rental value appropriate in a particular location for a particular type of property. The charge is calculated by multiplying the Rateable Value (RV) of the business premises by the Rate on the Pound/Multiplier. Before the start of each financial year the Government sets two Business Rate Multipliers for the whole of England. The standard rate for 2021/22 was 51.2p, with the rate for small business of 49.9p.

For the purpose of setting budgets, the present rules require each billing authority to produce an official estimate of its net rating income for the budget year and of the amounts payable to the Government and each preceptor (i.e. the central and local shares). Each authority affected will use that estimate to calculate the expected growth or decline in its retained income.

The following chart shows how business rates income is distributed amongst the major and local preceptors.

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SHARE OF BUSINESS RATES COLLECTED



Accounting for Collection Fund

In fulfilling its role as a collection agent for business rates and council tax, the council maintains a separate collection fund as a ring-fenced account, which does not form part of the council's accounts. Only the council's own share of business rates and council tax is included in the council accounts, however, a separate section is included in the accounts document which details annual activity and movements within the collection fund.

Where in the Accounts...?		
Reference	Statement/Note	Page
Business Rates and Council Tax Receipts and Payments to Preceptors	Collection Fund Section	94

Financial Outturn 2021/22

General Fund Revenue Outturn

Once budgets are set, they can be amended during the year to take account of new, or changes to existing activities, or because sums are being carried forward into the following financial year, where the service is committed to undertaking a particular activity. These changes create a Working Budget which forms the basis of the outturn position at year end.

The outturn is the net income or expenditure of a service for the financial year, with the outturn variance being the extent to which this is different from the working budget. Services are permitted to request carry forwards as described above and these sums are added to the outturn before a final outturn variance is determined.

The following tables show the outturn for the various services of the council for 2021/22. The original budget position shown is the budget set for the year as previously outlined, amended to produce a working budget as set out above. The table also shows the outturn for each service as well as any carry forward and the outturn variance following this carry forward.

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	Original Budget	Working Budget	Working Budgets inc. Agreed Reserve Movements	Actuals	Variance from Working Budget	Carry Forwards	Outturn Variance from Working Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Service Net Expenditure							
Community	1,625	1,700	1,700	1,751	51	15	66
Development and Regulation	(184)	308	1,018	1,036	18	574	592
Environment	10,618	10,632	10,632	9,661	(971)	123	(848)
Housing	2,861	3,258	3,258	2,768	(490)	369	(121)
Leisure	7,817	8,739	8,739	7,964	(775)	344	(431)
Regeneration & Partnerships	2,475	2,735	2,735	2,068	(667)	700	33
Corporate & Central	728	(896)	1,050	(4,467)	(5,517)	5,182	(335)
Net Cost of Services	25,940	26,476	29,132	20,781	(8,351)	7,307	(1,044)

As well as analysing service net expenditure against the budgets set, it is also necessary to consider how the actual expenditure has been financed for the year compared to what was assumed in the budget at the beginning of the year. The following table therefore takes the funding categories from the budget table above and shows the extent to which these resources have been used for the year. Any unused resources are taken to reserves at year end.

	Original Budget	Working Budget	Working Budgets inc. Agreed Reserve Movements	Actuals	Variance from Working Budget	Carry Forwards	Outturn Variance from Working Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Funding							
Revenue Support Grant	0	0	0	0	0	0	0
New Homes Bonus	(294)	(294)	(294)	(294)	0	0	0
Other Grants	(3,109)	(3,197)	(3,197)	(3,642)	(445)	0	(445)
Council Tax	(16,969)	(16,969)	(16,969)	(16,969)	0	0	0
Council Tax Surplus/Deficit	308	308	308	307	(1)	0	(1)
Business Rates Income	(6,298)	(7,715)	(7,715)	(8,692)	(977)	0	(977)
Business Rates Surplus/Deficit	14,278	7,054	7,054	8,840	1,786	0	1,786
Reserve Movements							
Other transfer (from)/to reserves	(13,856)	(5,663)	(8,319)	(331)	7,988	(7,307)	681
Total Funding	(25,940)	(26,476)	(29,132)	(20,781)	8,351	(7,307)	1,044

Council Tax and Business Rates Income refers to the income received in year. Council Tax Surplus/Deficit and Business Rates Surplus/Deficit reflects the unwinding of timing differences from previous years as actual income is distributed over a 3-year cycle.

Housing Revenue Account (HRA) Revenue Outturn

The table below shows the outturn and outturn variance position for the HRA. The financing of this fund is different to the general fund as, due to the ring-fencing arrangements, HRA expenditure cannot be financed from local taxation. The net expenditure position is therefore taken to, or financed from HRA reserves at the end of the financial year.

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	Original Budget	Working Budget	Actuals	Variance from Working Budget	Carry Forwards	Outturn Variance from Working Budget
	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure						
Management	18,679	18,312	17,633	(679)	174	(505)
Repairs	11,454	11,954	11,980	26	0	26
Depreciation and Financing costs	38,665	38,888	38,462	(426)	0	(426)
Total Expenditure	68,798	69,154	68,075	(1,079)	174	(905)
Income						
Rents	(49,178)	(49,178)	(49,346)	(168)	0	(168)
Service charges and contributions	(4,950)	(4,950)	(4,755)	195	0	195
Total Income	(54,128)	(54,128)	(54,101)	27	0	27
Total net cost	14,670	15,026	13,974	(1,052)	174	(878)

Accounting for Revenue Outturn

The outturn position for the general fund and HRA is the starting point for the Comprehensive Income and Expenditure Statement (CIES) within the accounts. Although the council's accounts are generally prepared following International Financial Reporting Standards (IFRS) the accounting regulations the council is required to comply with allow for certain overrides to usual accounting treatments, mainly to ensure that costs incurred do not become an unnecessary burden to the taxpayer and when they do, the regulations usually allow for these costs to be spread over time (amortised).

The note that deals with these overrides is the Expenditure and Funding Analysis. This note starts with the outturn position, which agrees to the general fund and HRA outturn tables above and applies the necessary accounting adjustments to arrive at the figures in the CIES. A breakdown of the accounting adjustments is included in Note 10.

Where in the Accounts...?		
Reference	Statement/Note	Page
General Fund & HRA Outturn Position	Expenditure & Funding Analysis (Net Expenditure Charged to General Fund and HRA Balances Column)	47
Expenditure & Funding Analysis (Net Expenditure in the CIES Column)	Comprehensive Income and Expenditure Statement	48
Expenditure & Funding Analysis (Adjustments Between the Funding and Accounting Basis Column)	Note 10 – Note to the Expenditure & Funding Analysis	59

Capital Outturn

The following table shows the outturn position in respect of the council's capital expenditure for both the general fund and HRA for 2021/22. Carry forwards in the capital programme are usually due to slippage in the delivery of the projects.

Narrative Report

	Original Budget	Working Budget	Actuals	Variance from Working Budget	Carry Forwards	Outturn Variance from Working Budget
	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure						
Housing – General Fund	2,600	4,815	1,260	(3,555)	3,555	0
Housing - HRA	38,019	42,986	47,846	4,860	(4,860)	0
General Fund	31,823	48,984	14,462	(34,522)	34,662	140
Total Expenditure	72,442	96,785	63,568	(33,217)	33,357	140

As with revenue expenditure, it is necessary to track how the capital programme has actually been financed in comparison to what was expected at budget setting. The following table sets out the final position for financing of the capital programme.

	Original Budget	Working Budget	Actuals	Variance from Working Budget	Carry Forwards	Outturn Variance from Working Budget
	£'000	£'000	£'000	£'000	£'000	£'000
Financing						
Capital Receipts	(8,754)	(8,765)	(10,373)	(1,608)	0	(1,608)
Grants & Contributions	(6,900)	(10,999)	(1,593)	9,406	(8,451)	955
Contributions from Revenue	(12,358)	(10,616)	(11,463)	(847)	(1,537)	(2,384)
Major Repairs Reserve	(17,207)	(17,207)	(18,308)	(1,101)	0	(1,101)
Borrowing	(27,223)	(49,198)	(21,831)	27,367	(23,369)	3,998
Total Financing	(72,442)	(96,785)	(63,568)	33,217	(33,357)	(140)

Details of the split of capital financing can be found in note 39 (page 82) for the General Fund, and note 6 (page 92) for the Housing Revenue Account.

In addition to the above, the following items have been accounted for as capital expenditure in the accounts, but did not form part of the capital programme:

	£'000
Purchase of Wickford Enterprise Centre	12,150
New Finance Leases	298
Lease Investment - Newington Causeway	31,700
Loan to Sempra Homes	8,940
Shares in Basildon Borough Enterprises	3,000
Sempra Capitalised Interest	1,526
Total Expenditure	57,614

In terms of the financing of the above items, it is assumed that they are all funded from borrowing.

Accounting for Capital Outturn

Narrative Report

Under the existing regulations, the council is only permitted to use capital accounting for asset based expenditure. Where this spend is applied to an asset at the end of the year, the effect should be to increase the value of the asset or prolong its life. This expenditure is therefore kept separate from revenue. The accounts provide information relating to this expenditure in Note 39.

Where in the Accounts...?		
Reference	Statement/Note	Page
General Fund & HRA Capital Outturn Position	Note 39 - Capital Expenditure and Capital Financing	82

Reserves

The council's financial position is subject to a range of external influences and risks. In addition, the council is ambitious and is continuing to deliver a number of significant investment and regeneration projects. These projects when combined with the current funding regime mean that the scale of risk and complexity that the council is managing is significant. In this context it is essential that the council maintains an adequate level of reserves.

All of the activity included above is likely to have an impact on the reserves held by the council. In terms of the revenue position, any unused resources will be transferred into reserves, including those being used to fund carry forward of budgets into the following financial year. For the capital programme, reserves will often be used to manage the timing difference between when resources are received and when they are applied to capital expenditure. Due to the ring-fencing arrangements required by the regulations, general fund and HRA reserves are required to be kept separate and one cannot be used to finance the other.

Reserves that deal with revenue resources are split into General and Earmarked. Earmarked reserves are held to be used for a specific purpose, or to manage a specific risk whereas general reserves are usually available for any purpose. As previously stated though, reserves are only available to be spent once, and the council is required to maintain an ongoing balance in its reserves to manage general risks and unforeseen events.

The table below sets out the revenue reserves position at 31 March 2022.

	2021/22 Opening position	Change in reserves in year	Outturn 2021/22	Carry Forwards	Available reserves
	£'000	£'000	£'000	£'000	£'000
General Fund Balance	9,932	3,167	13,098	(7,307)	5,791
General Fund Earmarked Reserves	49,622	(3,450)	46,126	0	46,126
Sub-total: General Fund	59,554	(283)	59,224	(7,307)	51,917
Housing Revenue Account	4,134	40	4,174	(174)	4,000
HRA – Earmarked Balances	20,383	(13,896)	6,369	0	6,369
Sub-total: Housing Revenue Accour	24,517	(13,856)	10,543	(174)	10,369
Total Balances and Reserves	84,071	(14,139)	69,767	(7,481)	62,286

The table below sets out the reserve and the use that it can be put to.

Narrative Report

Reserve	Use
General Fund	Can be used for any general fund purpose.
General Fund Earmarked Reserves	Can only be used for specific purposes.
Housing Revenue Account – General	Ring-fenced within the general fund and has its own identified reserves.
HRA – earmarked balances	Ring-fenced within the general fund and has its own identified reserves and can only be used for specific purposes.

The table below sets out the capital reserves position at 31 March 2022. The change in reserves is the difference between resources received and those applied to finance capital during the year.

	2021/22 Opening position	Change in reserves in year	Outturn 2021/22
	£'000	£'000	£'000
GF Capital receipts	200	683	883
HRA Capital receipts - any use	9,989	2,187	12,176
HRA Capital receipts - 1 for 1 use only	11,999	(5,844)	6,155
Major repairs	161	(161)	52
Capital grants unapplied	8,560	1,975	10,535
Lifecycle Funds	1,761	(409)	1,352
Regeneration	2,350	2	2,352
Total capital reserves	35,020	(1,567)	33,505

The table below describes the use to which each capital reserve can be put.

Reserve	Use
General Fund Capital receipts	Can be used for any General Fund capital purpose.
HRA Capital receipts - any use	Can be used for any Housing Revenue Account capital purpose and are programmed to be used over the next few years.
HRA Capital receipts – 1 for 1 use only	Can only be used to fund 40% of the costs of new affordable homes and must be paid over to the Government if this does not happen within 5 years of their retention. Continuation of their retention is currently being reviewed.
Major repairs	Can only be used for HRA capital purposes.
Capital grants unapplied	Represents unspent unconditional grants.
Lifecycle Funds	Can only be used to fund the replacement and renewal of plant and equipment at the Sporting Village and Wickford pool.
Regeneration	Generated from and can only be used to fund regeneration activity in Basildon town centre.

The final type of reserve held by the council is unusable reserves. In general these reserves absorb the differences between:

- the expenditure actually incurred by the council in providing services (applying accruals accounting), and
- the expenses the council is required or permitted to charge against the General Fund balance each year under council tax setting rules

Narrative Report

This includes the changes made between the outturn position and the balances that are included in the CIES as described above. This means these reserves are not available to be used for any other purpose.

Accounting for Reserves

Changes to the levels of reserves can be seen on the Balance Sheet in the accounts. There is also a breakdown for the details movement of the earmarked reserves in Note 12.

Where in the Accounts...?		
Reference	Statement/Note	Page
Reserves Outturn Position	Balance Sheet	50
Breakdown of Outturn for Earmarked Reserves	Note 12 - Transfers to/From Earmarked Reserves	61

Treasury Management and Debt

Treasury management deals with managing the council's cash resources including the levels of borrowing and other debt as well as the investment of surplus cash balances. Borrowing undertaken by the council can only increase where capital expenditure has been incurred as described earlier, the council is not permitted to borrow to finance revenue costs.

The overall debt position includes borrowing, which is classified as either short or long term, dependant on duration and expected repayment date, as well as other forms of debt such as finance leases.

The council is also permitted to invest surplus cash to generate a financial return. There are regulations that restrict the types of investments that can be undertaken in order to reduce the risk of this activity.

The table below sets out the closing position for the council's debt and investment portfolios compared with the opening position from the start of the financial year.

	2021/22 Opening position £m	Movement in year £m	2021/22 Closing position £m
Borrowing	329.6	49.7	379.3
Finance leases	157.7	26.8	184.5
Total External Debt	487.3	76.5	563.8
Investments	(63.0)	(39.6)	(102.6)
Net External Debt	424.3	36.9	461.2

The figures above for external debt do not include accrued interest.

Interest payable on external debt and other liabilities for the year amounted to £14.5 million. The average interest rate on external borrowing was 2.75% for the year. Investment income for year was £0.07 million at an average return of 0.09%. The borrowing rate is the product of taking loans at fixed rates with extended maturities as is appropriate when incurring capital expenditure to finance assets with long lives. The principal aim when the council is investing is to ensure the security of the sum invested and this results in relatively low returns.

Further information on the capital and treasury activities of the council can be found in the Capital & Investment Strategy, which is available from: [Capital Investment Strategy.pdf \(basildonmeetings.info\)](#)

Accounting for Treasury Management and Debt

Narrative Report

Borrowing and other debt balances are disclosed in the current and long term liabilities section of the balance sheet in the accounts. Additional detail on borrowing and investments is provided in the Financial Instruments section of the accounts, which covers Notes 30 through to 33. Further information in respect of finance lease liabilities is given in Note 29 within the 'Council as a Lessee' section.

Where in the Accounts...?		
Reference	Statement/Note	Page
Balance for Outstanding Borrowing and Lease Liabilities	Balance Sheet	50
Detailed Breakdown of Borrowing and Investments and Associated Risks	Financial Instruments - Notes 30 to 33	74
Finance Lease Liabilities	Note 29 – 'Council as a Lessee' Section	71

Assets and Liabilities

The financial position of the council at the end of the year can be assessed by the level of net assets/liabilities, which is equal to the balances of all reserves held. Assets provide economic benefit to the council, either as buildings, vehicles or equipment to enable services to be delivered, as sums due to be received, or as cash or investment balances. Liabilities represent the outflow of resources through sums due to be paid either within the following 12 months (current liabilities) or over the longer term.

The table below compares the assets and liabilities of the council at 31 March 2022 with those at 31 March 2021.

	2021/22 Opening position £m	Movement in year £m	2021/22 Closing position £m
Long Term Assets	1,322.3	119.1	1,441.4
Current Assets	128.6	18.0	146.6
Current Liabilities	(94.0)	(44.5)	(138.5)
Long Term Liabilities	(575.4)	(17.9)	(593.3)
Net Assets	781.5	74.7	856.2
Usable Reserves	119.7	(16.4)	103.3
Unusable Reserves	661.8	91.1	752.9
Total Reserves	781.5	74.7	856.2

Did you know?

Overall the value of the net assets of the council rose by £74.7 million during 2021/22.

Pension Liability

In common with most, if not all, other local authorities, this council carries a deficit on its Pension Reserve. This reflects Basildon Council's share of the pension fund administered by Essex County Council. This deficit reduced from £114.4 million at 31 March 2021 to £86.6 million at 31 March 2022. This decrease is largely the consequence of an increase in the fair value of the fund assets attributable to the council.

[Accounting for Assets and Liabilities](#)

Narrative Report

All of the information in respect of assets and liabilities of the council can be seen on the balance sheet within the accounts. The balance sheet also references the relevant notes in the accounts where additional information is provided against each item. Further information on the basis of the valuation of the council's pension assets and liabilities is provided in Note 40.

Where in the Accounts...?		
Reference	Statement/Note	Page
Assets and Liabilities	Balance Sheet	50
Pension Liability	Note 40 - Defined Benefit Pension Scheme	83

Key Performance Statistic	2020/21
Unqualified audit opinion on the council's accounts	Yes

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THE BUDGET AND FINANCIAL FORECAST TO 2025/26

The following narrative sets out the assumptions used when the budget for 2022/23 was developed. Clearly the impact of the COVID-19 pandemic has fundamentally changed the council's financial outlook although the impact going forward is assumed to have decreased. However, the base assumptions concerning government funding remain valid at this point in time.

Government funding for 2022/23

The final Local Government Finance Settlement for 2022/23 was issued on 7 February 2022. The key elements of the Government's funding strategy most relevant for local government, consists of:

- The negative revenue support grant of £0.7 million previously forecast for 2022/23 has been eliminated.
- The Lower Tier Service Grant (£256,000) introduced last year has been continued into this year and a new Services Grant (£393,000) introduced.
- Nevertheless, even when taking this into account Basildon's Core Spending Power (excluding council tax) is £3.0 million (30%) lower than it was in 2017/18.
- Core Spending Power (excluding council tax) if adjusted for inflation, using 2017/18 as the base year, would have to be in the region of £11 million. This is almost 40% higher than the actual level.

Government funding post 2022/23

The settlement for 2022/23 is for one year only, the position for funding post 2022/23 is still unclear and is not likely to be any clearer until late 2022.

The forecast for business rates beyond 2022/23 reflects the Government's funding baseline under the existing 50% retention scheme at this stage. Potential impacts on future funding of the council include the following:

- Fair Funding (review of needs and resources, including social care)
- Move to 75% Business Rates Retention (including the future of the levy/safety net and pooling). Though it should be noted that ministers have suggested that the move to 75% retention may not happen at all.
- Reset of Business rates growth
- Abolition of Revenue Support Grant (including negative RSG), Rural Services Delivery Grant, and other Services Grants
- Reform of the New Homes Bonus
- Transitional arrangements (to phase in wins and losses)

Sustainable finances

The financial strategy of the council seeks to maintain a sustainable financial position against a background of continuing financial uncertainty and reduced government funding.

The assumptions used to forecast future income and expenditure are prudent and realistic.

Did you know?

On current projections the council is forecasting a budget gap of £2.9 million by 2025/26 and £10.7 million by 2031/32.

The council is continuing to develop its financial strategy to deliver the corporate plan while addressing the budget gap and mitigating risk. The budget gap will be addressed primarily through:

- The ongoing review and redesign of services as part of the Organisation Strategy.
- A focus on growing income from business rates through supporting economic development.
- Working with partners to more effectively deliver services and positive outcomes for residents.
- Generating new ideas for delivering efficiencies.

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- Optimising the council's use of technology to enable new ways of working and improving service quality for our residents.
- Ensuring the council's assets are used effectively and efficiently.
- Developing the activity of Sempra Homes.
- Generating income through commercial activity and seeking to embed commercial thinking throughout the organisation.

Value for Money

Basildon Council is committed to making every penny count and delivering value for money for residents. It seeks to continue to innovate and deliver efficiencies to maintain and enhance the essential services delivered to the community.

The council strives to secure both value for money and added value in its procurement activities. Added value has been achieved by, for example, securing apprenticeships via contracts awarded by the council. While the re-procurement of contracts provides an opportunity to enhance value for money, it also presents the risk that costs will be higher under a new contract due to changes in the relevant market. The council ensures that value for money is obtained through its procurement strategy, contract procedure rules and benchmarking of services.

The Procurement Strategy and Social Value Policy can be located as follows:

[Procurement Strategy](#)
[Social Value Policy](#)

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BASILDON BOROUGH

Introduction to section

The following section provides some background information in respect of the borough of Basildon and the council. This provides some context to the environment in which the council operates and the community to which services are provided.

Economy and society

Demographics

Basildon Council has a population of approximately 187,600 (2021 Census data).

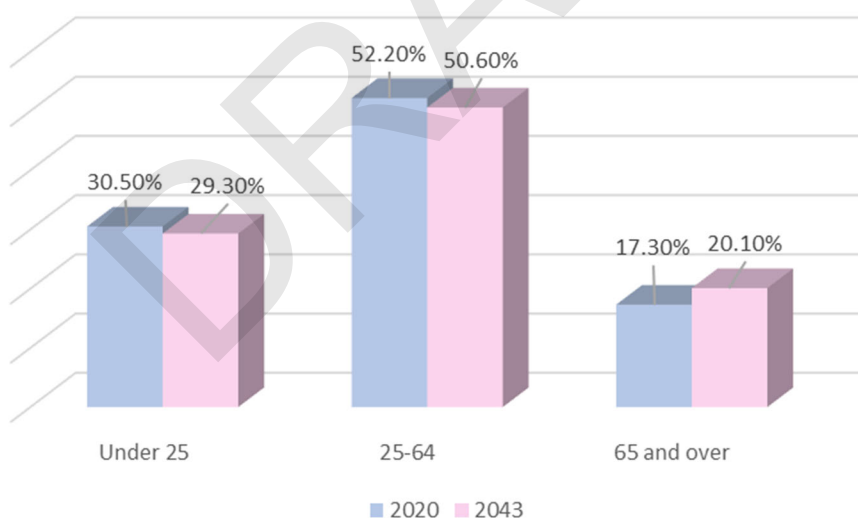
It comprises five distinct towns, Basildon, Laindon, Pitsea, Billericay and Wickford.

Did you know?

Basildon Council is the second largest district authority in Essex after Colchester.

By 2043 the population is expected to have grown to in excess of 206,509 (an increase of 11% over 25 years). The proportion of under 25s is projected to drop from 30.7% in 2020 to 29.3% in 2043, whereas the proportion of over 65s will rise from 17.2% to 20.1%, which will put further strain on local health and social care services

AGE PROFILE OF BASILDON - PERCENTAGE OF PEOPLE BY AGE GROUPS



Source – Basildon Borough Profile

Did you know?

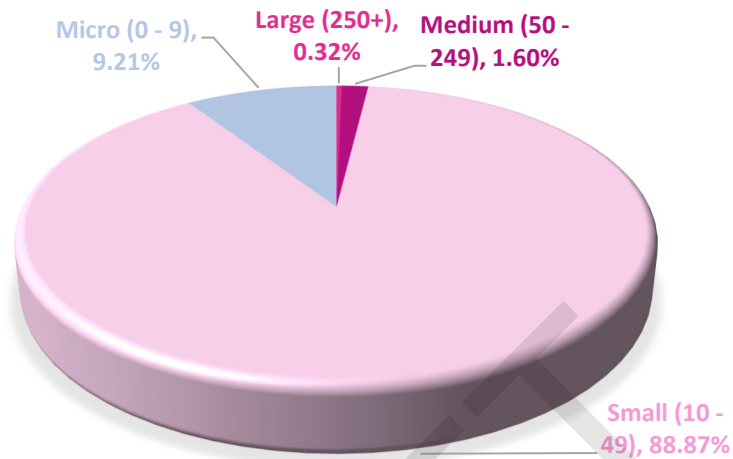
The predominant age band in Basildon in 2020 was 'all persons aged 30 to 34' with 13,357 people out of the total population of 187,558.

Economy

Narrative Report

Basildon borough is the largest economy in Essex, its key employment hub and the centre of economic activity in South Essex. It has a long history of being the home of advanced engineering and manufacturing, with companies such as Ford Motor Company, New Holland Agriculture, Leonardo, Costa Coffee and Konica Minolta making Basildon their home

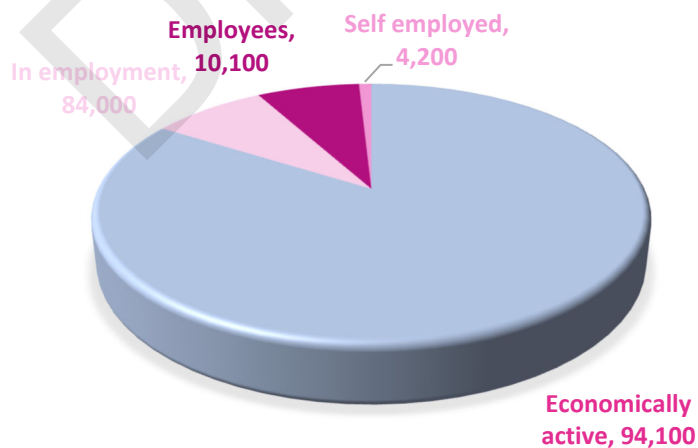
ENTERPRISES BY EMPLOYEE SIZE 2020



Source – nomis – labour market statistics for Basildon

Most businesses in Basildon are very small, with the large majority employing fewer than 10 people, whilst the ten largest companies in Basildon account for 12.5% of total employment.

BREAKDOWN OF THE NUMBER OF PEOPLE ECONOMICALLY ACTIVE JAN 2021 - DEC 2021

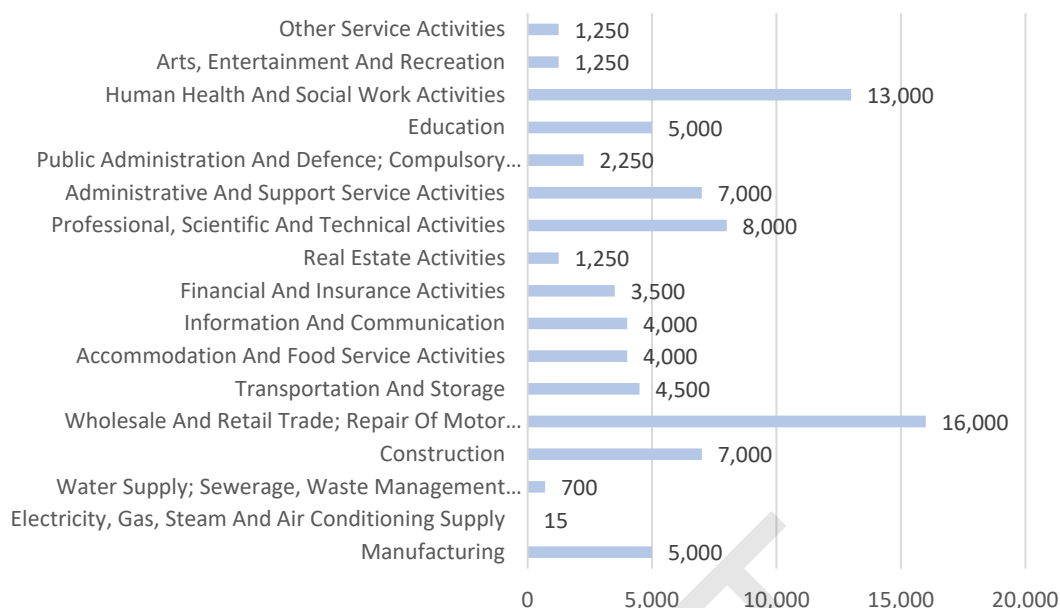


Source – nomis – labour market statistics for Basildon

Basildon working-age residents are most likely to work in high-skilled occupations – 41% are in professional or associate professional, technical and managerial jobs – however, “low-skilled” jobs (caring and leisure; sales and customer service; process and machine operatives; elementary occupations) accounted for 29% of the total.

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NUMBER OF EMPLOYEE JOBS BY INDUSTRY 2020



Source – nomis – labour market statistics for Basildon

Did you know?

That during 2021/22, 172 new jobs and opportunities were created for local people.

Education

The borough has a large number of high value jobs; however these are difficult to access by residents who have one of the lowest levels of skills in Essex.

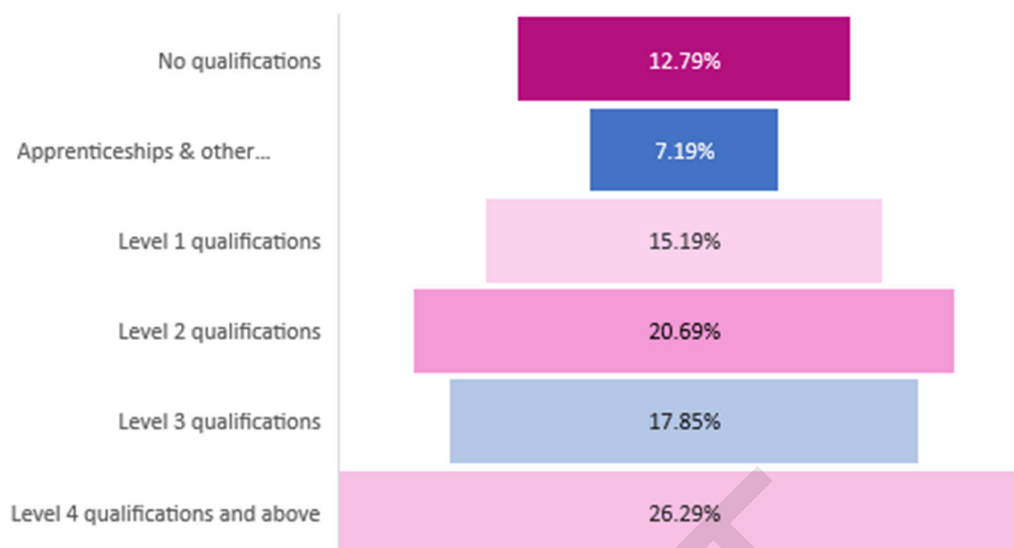
In 2019, 65% of the borough's residents aged 16-64 had NVQ2 level qualifications or above, which is equivalent to five GCSEs at grades A*-C – this is lower than Essex (71%) the eastern region (74%) and England (76%).

The skills gap becomes even greater when considering the proportion of residents that have an NVQ4 or above, which is equivalent to a professional BTEC level award or a certificate of higher education. For the same year, 26% of Basildon's residents aged 16 - 64 had this level of qualification, while 34% in Essex, 37% of people in the eastern region and 40% the total population in England had an NVQ4 or above (ONS annual population survey).

In 2019, Basildon had some of the most deprived neighbourhoods in England when measured on the education, training and skills domain (IMD); the level of education is therefore significantly impacting the quality of life for residents.

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HIGHEST QUALIFICATIONS IN ADULTS BETWEEN AGES 16-64 - 2019



NVQ 1 equivalent – e.g. few than 5 GCSE's at grades A-C, foundation GNVQ, NVQ 1.

NVQ 2 equivalent – e.g. 5 or more GCSE's at grades A-C, intermediate GNV, NVQ 2.

NVQ 3 equivalent – 2 or more A levels, advanced GNVQ, NVQ 3.

NVQ4 equivalent and above – e.g. HND, Degree and Higher Degree level qualifications or equivalent.

Source – Basildon Borough Profile

Basildon residents are behind the rest of the UK when it comes to acquiring higher-grade skills. One eighth of borough adult residents have no formal qualifications. Basildon residents also achieve lower levels of NVQ level 4 qualifications or higher (first degree and above), with 26.3% of residents attaining this level compared to an average of 33.5% for the whole of Essex and 40% across England

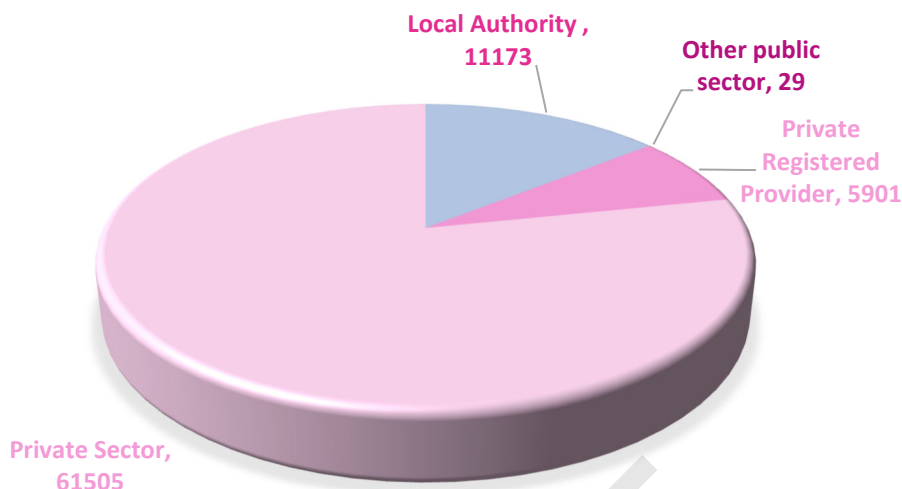
Housing

In 2020, there were around 78,608 homes in the borough.

The borough of Basildon offers a cost-effective housing option for those commuting into London for work (while offering many jobs and recreational activities in the borough itself for those who live and work more locally).

The median house price in Basildon for 2020 was £300,000; this is a rise of 1.7% from the previous year. Even so, the median house price in Basildon was below any of the London boroughs, making it an attractive location for commuters.

HOUSING STOCK BY TENURE

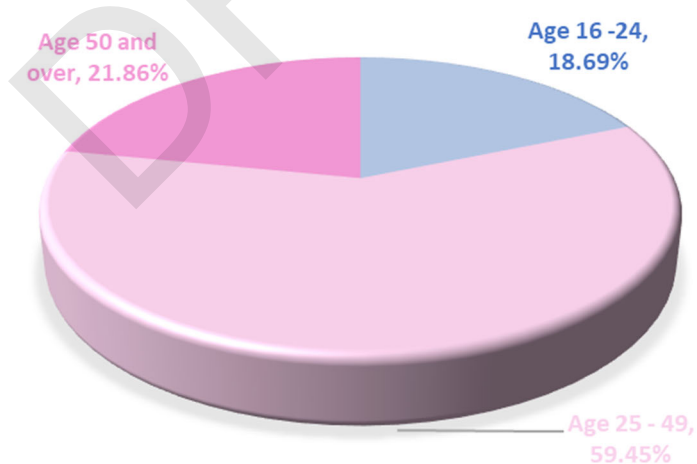


Source – Basildon Borough Profile

Welfare

For March 2022 the number of Universal Credit claimants for Basildon was 4.0%; this is higher than the rate for Essex (3.4%), but slightly lower than England (4.1%). The figure for Basildon was made up of 4.7% of males and 3.2% of females. The breakdown of claimants by age was as follows:

PERCENTAGE OF CLAIMANTS BY AGE GROUP MARCH 2022



Source – nomis – labour market statistics for Basildon

Deprivation

Basildon council is 113th out of 326 authorities in the Index of Multiple Deprivation rankings.

This table shows how Basildon’s wards compare in terms of deprivation. Wards are listed down the left hand side, and listed across the top are the different ways in which deprivation is measured, starting with the overall deprivation score, and then moving on to its component domain scores.

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The higher the ranking (i.e. the lower the number) the more deprived the ward is in comparison to others wards in Basildon.

WARD	RANK (of 16, where 1 is most deprived)							
	OVERALL IMD SCORE	INCOME	EMPLOYMENT	HEALTH	EDUCATION	HOUSING	CRIME	LIVING ENVIRONMENT
Vange	1	1	1	3	2	7	4	6
Pitsea North West	2	2	2	2	1	4	5	1
Pitsea South East	3	6	3	1	3	3	1	3
Lee Chapel North	4	3	4	4	6	5	3	9
St Martin's	5	5	5	7	5	6	2	2
Fryerns	6	4	6	5	4	11	6	4
Laindon Park	7	7	7	6	7	1	9	10
Nethermayne	8	8	8	8	8	15	7	7
Crouch	9	9	9	10	9	2	8	8
Wickford North	10	11	10	9	12	8	14	14
Wickford Park	11	10	12	13	11	9	12	12
Wickford Castledon	12	12	11	11	10	16	10	5
Langdon Hills	13	13	13	12	13	10	11	13
Burstead	14	15	14	15	14	14	13	11
Billericay West	15	14	15	14	15	13	16	16
Billericay East	16	16	16	16	16	12	15	15

Life expectancy for both men and women in Basildon is close to the England average; between 2017 and 2019, the life expectancy at birth for males was 79.4 and 83.1 for females; but the difference in life expectancy between wards in Basildon is 6.9 years for males (Pitsea South East vs Billericay East) and 7.7 years for females

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Environment

The council has direct responsibilities for the environment through its role as a planning authority and as a recycling and waste collection authority.

Key Performance Statistic	2021/22
Percentage of household recycling rates	45.2%

Key Achievements
44,513 tonnes of household waste collected
37,787 tonnes of household recycling collected
14.4 million waste and recycling collections completed across the borough
5,660 littering fines issued
151 investigations into fly tipping resulted in a fixed penalty notice or corrective action being taken

The borough occupies an area of 42.5 square miles and approximately half of the borough is designated as Green Belt and it is home to several Sites of Special Scientific Interest (SSSI).

The council owns and promotes the use of:

- Parks, recreation grounds and country parks – 513.9 hectares
- Open spaces (unrestricted access) – 233.8 hectares.

In addition, it manages:

- Open spaces (restricted access) – 273.4 hectares
- Cemeteries – 15.25 hectares
- Allotments – 9.3 hectares.

There are currently 143 play areas within the Borough owned by The Council

The council is in the second year of a 10 year play area replacement programme that will provide increased play value and inclusivity.

The council is wholly or partly responsible for four Sites of Special Scientific Interest at Norsey Wood, Wat Tyler Country Park, Langdon Hills and Mill Meadows in Billericay.

Norsey Wood has 175 acres of ancient coppiced sweet chestnut, oak and hornbeam woodland. Its association with 400 years of history and the richness of its wildlife make this site unique. Norsey Wood has been designated an ancient monument and a Site of Special Scientific Interest (SSSI).

Located on the Thames Estuary Marshes, Wat Tyler Country Park has over 120 acres of thorn woodlands, adventure play areas, craft units, miniature railway, cafe and education centre. The park is also rich in plant and animal life which includes several local and nationally rare species.

Narrative Report

Mill Meadows Nature Reserve in Billericay is a series of rolling old meadows covering 90 acres. Centuries of grazing have created the right conditions for a wonderful diversity of wildflowers and insects many of which are now rare in the county.

Key Performance Statistics	2021/22
Number of play inspections completed	4,548
Percentage of spot check play / park inspections signed off by Operations Manager	100%

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Narrative Report

Corporate Plan 2022-26

This Corporate Plan is the principal corporate strategy of Basildon Borough Council. It recognises our primary role in delivering good quality local government services in the borough. It sets out our ambitions for the borough in three strategic themes, and underpins them with a fourth ambition, to ensure our organisation is fit for purpose. It details the outcomes we wish to achieve, the actions we will take to deliver them and how we will resource the necessary activity.

It covers the full range of the council's responsibilities and priorities and is an important tool to help focus our effort and resources on the right things.

Our three Corporate Plan ambitions

Our three Corporate Plan ambitions, the strategic themes for our work, are defined as follows:

People

We want Basildon to be home to healthy and active local communities able to support themselves and each other.

Place

We want Basildon to offer a high quality of life for all residents through attractive, liveable, accessible and safe neighbourhoods and towns along with the provision of enduring facilities, green spaces and town centres that meet the needs of the community.

Prosperity

We want Basildon to have a thriving, dynamic and diverse economy where all our communities benefit from increased opportunity and our workforce has the right skills for our local economy and beyond.

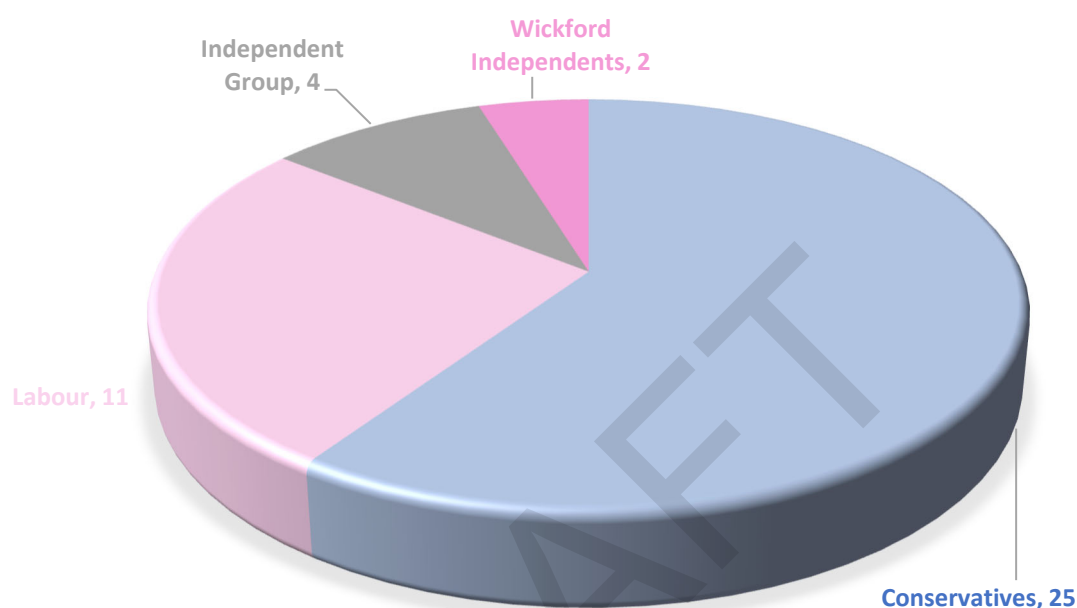
The Corporate Plan 2022-26 is available at: [Corporate Plan 2022-26](#)

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Political structure 2021/22

The council has 42 elected councillors representing 16 wards. The councillors are elected by thirds with one third of councillors standing for election three years in every four.

At the end of 2021/22 the political composition was as set out in the chart below:



Decisions on the council's strategic priorities, main policies, council tax levels and overall budget are the responsibility of Full Council.

The following committees have delegated authority to exercise the council's functions relating to the delivery, by or on behalf of the council and through any partnership arrangements that fall within their remit.

The committees are responsible for delivering the council's priorities within the budget set by Full Council and for ensuring that services are delivered to expected levels. The chairman of each committee is the council's spokesman on matters within that committee's remit with the chairman of Policy and Resources Committee being designated Leader of the Council. Committees are able to establish sub-committees to manage specific areas of activity.

Service committees

- Strategic Planning and Infrastructure Committee
- Communities and Wellbeing Committee
- Enforcement and Public Order Committee
- Leisure and Environment Committee
- Housing and Estates Renewal Committee
- Policy Executive Committee
- Regeneration and Economic Development Committee
- Resources and Commercial Committee
- Scrutiny Committee

Sub-Committees can be established by either Full Council or the relevant committee.

Narrative Report

Sub committees

- Enforcement Sub-Committee
- Urgent Decisions and Staffing Sub-Committee
- Gambling Act sub committee

The three Regulatory Committees and one Joint Committee act and make decisions within their own areas of responsibility as set out in the council's Constitution .

The majority of Regulatory Committees' decisions can be made without the need for Council to be involved. However, there are exceptions which require a matter to be referred to the Council for a final decision.

Other standing committees dealt with a range of non-executive and quasi-judicial matters such as planning and licensing. The Audit and Risk Committee is a non-executive committee whose role is to provide independent assurance to the Council on the adequacy of the overall corporate governance and internal control environments. This includes scrutiny of treasury management, risk management and financial reporting processes. It reviews and approves the Statement of Accounts following the completion of the audit process.

Regulatory committees

- Audit and Risk Committee
- Licensing Committee
- Planning Committee

The council is required to promote and maintain high standards of conduct by councillors and co-opted Members. For this purpose, it has established a Joint Standards Committee with the area's town, parish and village councils.

Joint committee

- Joint Standards Committee

All committees are made up of councillors reflecting the political make-up of the council. For more information on the current council, its councillors and committee structure including the changes as a result of the May 2022 local elections, please visit the website at www.basildon.gov.uk.

At an extraordinary meeting on 26 May 2022, Basildon Borough Council resolved to cease operating a Committee System form of governance and to operate a Leader and Cabinet form of governance with effect from its Annual Meeting, also on 26 May.

Key Performance Statistic	2021/22
Total number of Member enquiries	3,512

Narrative Report

Organisational structure

The Senior Leadership Team consists of the Chief Executive and Deputy Chief Executive supported by a team of six senior managers. The role of Section 151 Officer is fulfilled by the Director of Resources. The role of monitoring officer is fulfilled by the Director of Strategy and Governance.

The salaries paid to and benefits received by the council's senior officers in 2021/22 are set out in Note 14 to the Statement of Accounts.

Employees

At 31 March 2021, the council had 856 employees or 789.27 FTE's (full time equivalent) compared with 854 employees or 787 FTE's as at 31 March 2020.

Temporary staff are also used as cover for vacancies when necessary. Overall staff costs were within the budget for 2021/22.

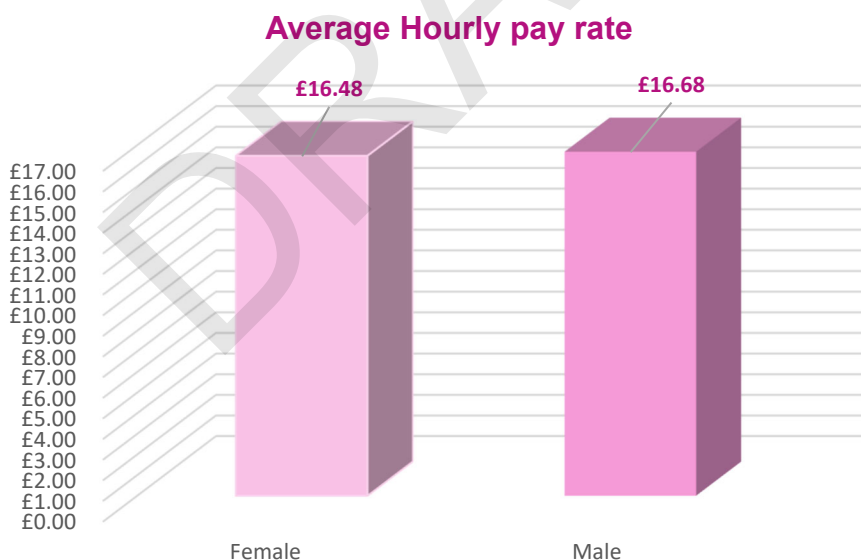
57% of the workforce reside in the Basildon Borough.

The average cost, salary plus on-costs (employer's national insurance and pension contributions), per employee for the year 2021/22 was £39,452.66 (£40,104 in 2020/21).

The employee data that follows relates to the 2020/21 year, which is the latest information available, published in January 2022.

Gender

The following graphs show the difference in average pay for male and female employees of the council.



The difference in average hourly rate is £0.20

Narrative Report

The council has adopted a number of initiatives that have resulted in the relatively low difference. These initiatives include:

- A robust job evaluation scheme
- Fixed pay scales within a banded structure
- Pay progression is limited within the bands.

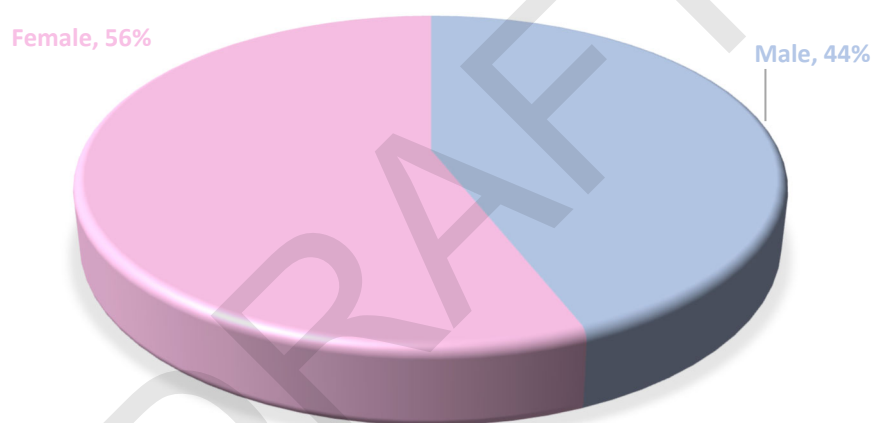
People performance

To underpin effective delivery of the principles and promises set out in the Corporate Plan the council uses a behavioural competency framework for our employee lifecycle – recruitment and selection, learning and development, and talent and succession planning. The framework helps ensure people have the skills, knowledge and flexible attitude that are key to the council's future success.

Workforce profile

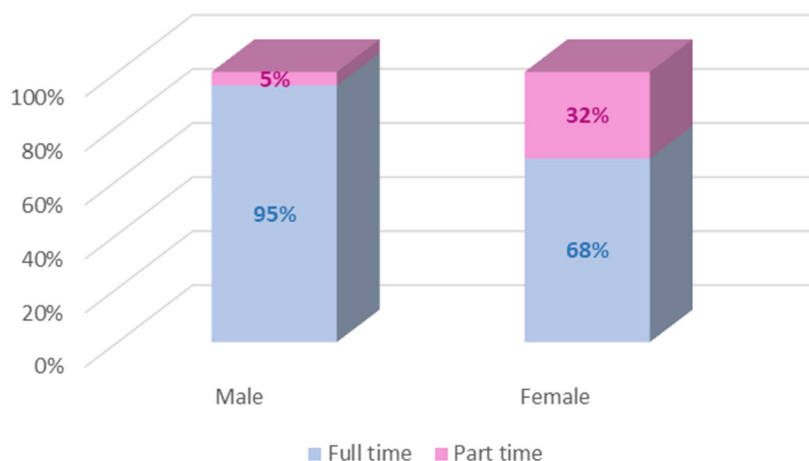
The following charts show some of the key characteristics of the structure of the workforce within the council:

GENDER COMPOSITION OF THE WORKFORCE



Source – Workforce Profile 2021

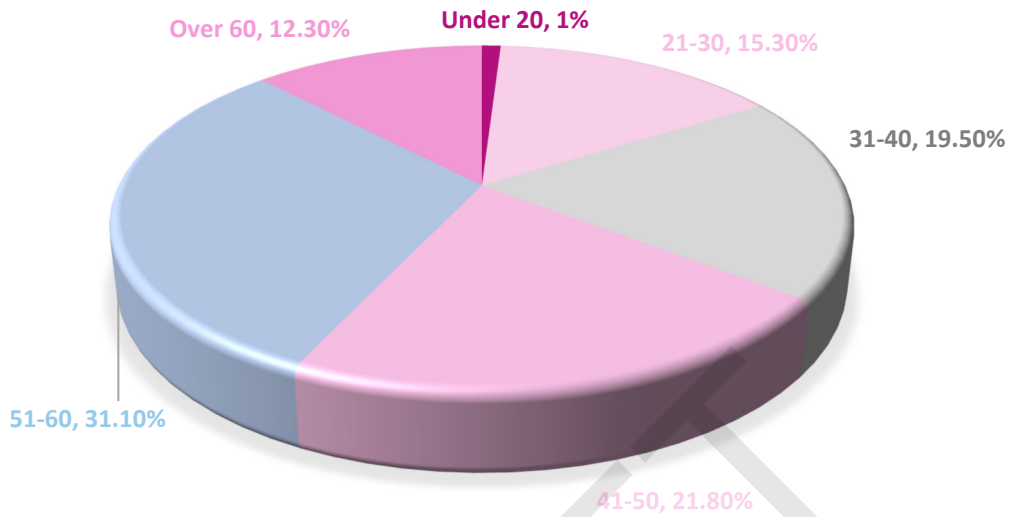
WORKING HOURS COMPOSITION OF THE WORKFORCE



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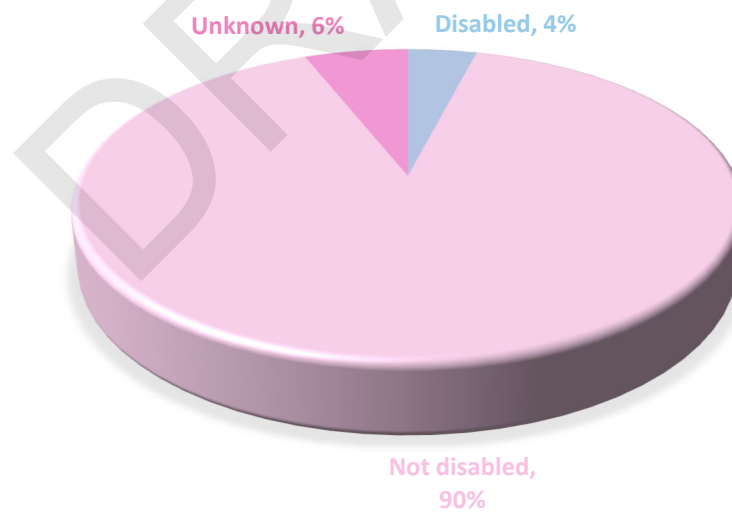
Source – Workforce Profile 2021

AGE COMPOSITION OF THE WORKFORCE



Source – Workforce Profile 2021

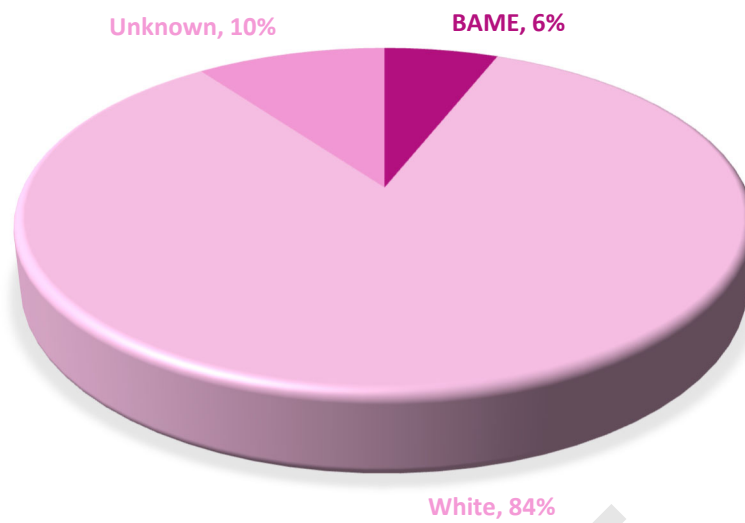
DISABILITY COMPOSITION OF THE WORKFORCE



Source – Workforce Profile 2021

Narrative Report

ETHNICITY COMPOSITION OF THE WORKFORCE



Source – Workforce Profile 2021

Working days lost to sickness increased in 2021/22 to an average of 10.03 days per annum compared with 9.19 days in 2020/21. This continues to be monitored and tracked by departments as office-based work resumes to some capacity for most employees.

Further information on the profile of the council's workforce can be found here: [Basildon Borough Council Workforce Profile 2021](#)

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Narrative Report

Risk and opportunities

Basildon Council recognises that risk management is an integral part of the operation of the Council and must be considered in all aspects of decision making. Successful risk management is about ensuring that we have the correct level of control in place to provide sufficient protection from harm, without stifling our development. The Council accepts that risk can never be totally eliminated and recognises that some managed risk-taking is essential if it is to meet its objectives. As such the Council's Policy is to be 'risk aware rather than risk averse by embedding the identification and management of Risk to support the achievement of Basildon Council's objectives'.

Basildon Council has seen and will continue to see unprecedented changes in not only its funding arrangements, but the way services will be delivered. Such changes will lead to new risks (Corporate, Partnership, Service and Project), which will need to be considered and managed appropriately. The Council will respond to such uncertainty through its risk management arrangements.

The Annual Governance Statement provides assurance through its approval by Members and is informed by individual service leadership and management, corporate oversight functions (including statutory officers), internal audit, external auditors and other review agencies. The corporate risk registers and significant high level operational risks are reported, as part of a Risk Management update report to the Senior Management Team quarterly and the Audit and Risk Committee every six months.

The Audit and Risk Committee's Member led Working Group met on six occasions during 2021/22 to review the corporate and red service risks. In addition the working group has also reviewed the detail and progress in addressing matters that have arisen as part of specific audit or external reviews, including progress against the limited audits. The Committee received assurance that these matters were being appropriately managed by the Council and that mitigation plans were in place to manage risks identified.

The Council currently has 17 Corporate Risks, which if they occurred, are those which would have a major impact on the organisation or delivery of its vision. They include cross-cutting risks that impact more than one service. Ultimately the corporate risk profile is owned and championed by the Senior Leadership Team.

In addition the Council also has a number of significant risks, which if they materialised, would seriously inhibit the achievement of the aims and objectives of the Directorate. These are maintained as part of the service and team planning processes and are reviewed quarterly by Management.

High priority risks, which reach a serious level above tolerance (i.e. 'red'), are reviewed quarterly by senior management and, where appropriate, actions are put in place to manage them effectively.

For more information on the measures used by the council to manage risk please see the Annual Governance Statement starting on page 108: [Agenda Document for Audit and Risk Committee, 29/06/2022](#)

Fraud

Local authorities need to remain ever vigilant to the threat of fraud and through strong internal controls look to prevent such activity. That said not all fraud can be prevented and, therefore, appropriate arrangements need to be in place for identification of potential threats. In this respect the Chief Audit Executive is of the opinion that the council's arrangements are effective; supported by a counter fraud policy and strategy that presents a zero-tolerance stance on fraud.

Internal Audit considers the risk of fraud in planning all individual audits and has supported Service departments as part of a wider more strategic approach to counter-fraud arrangements in risk identification and the development of controls to mitigate identified risks. During 2019/20 an internal advertising campaign was undertaken to promote the importance of whistleblowing as an essential organisational tool in the reporting of fraud and/or misconduct.

Both the National Fraud Initiative (NFI) and Pan Essex Data Hub provide the means for the council to identify potential fraud through data matching, followed by subsequent investigation by the Corporate Fraud Team (Internal Audit). Outside these two avenues fraud referrals are received from internal (Service departments) and external sources (members of the public / DWP / other third-party agencies).

Narrative Report

Key Achievements
589 fraud referrals received
13 Housing Applications stopped
4 council properties returned
10 Right to Buy applications either stopped or cancelled

Further particulars about the accounts can be obtained by writing to the Director - Resources, Basildon Borough Council, The Basildon Centre, St Martin's Square, Basildon SS14 1DL.

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Narrative Report

Other useful information can be found on the Council's website, including:

Prior years' Statements of Accounts:

<https://www.basildon.gov.uk/article/529/Annual-Financial-Reports>

Current and prior years' budget information:

<https://www.basildon.gov.uk/article/530/Council-Budgets>

Invoices paid over £500 in value by month:

<https://www.basildon.gov.uk/article/3400/Payments-to-Suppliers-over-500-Current-Financial-Year-2019-20>

Agendas and minutes for all Council Meetings. These contain useful information regarding decisions taken during the year:

<http://www.basildonmeetings.info/uuCoverPage.aspx>

Corporate Plan

<https://www.basildon.gov.uk/corporate-plan>

Budget Report 2019/20 – Item no. 90

[Basildon Council - Agenda for Council on Thursday, 14th February, 2019, 7.30 p.m. \(basildonmeetings.info\)](#)

Budget Report 2020/21 – Item no. 142

[Basildon Council - Agenda for Council on Thursday, 13th February, 2020, 7.30 p.m. \(basildonmeetings.info\)](#)

Budget Report 2021/22 – Item no. 160

[Basildon Council - Agenda for Council on Thursday, 25th February, 2021, 7.30 p.m. \(basildonmeetings.info\)](#)

Doing business with the Council:

<https://www.basildon.gov.uk/article/4643/Doing-business-with-Basildon-Council>

The Council's Constitution, the internal rules under which the council operates:

<https://www.basildon.gov.uk/article/2084/Political-Structure-Our-Constitution-and-the-way-we-work->

Information published under the requirements of the Transparency Code:

<http://www.basildon.gov.uk/opendata>

Sempra Homes Ltd:

<http://www.semprahomes.co.uk/>

Narrative Report

A GUIDE TO THE FINANCIAL STATEMENTS

The published accounts

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

The main Financial Statements within this document have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code), which defines proper accounting practices for local authorities.

The Code requires that the core financial statements and notes be prepared consistently with International Financial Reporting Standards (IFRS) as adopted for use in local government. IFRS accounting entries are in many cases reversed out through the Movement in Reserves Statement to reconcile back to the amount to be raised from council tax under statute. Similar adjustments are also made in respect of the Housing Revenue Account.

The accounts have been prepared on a going concern basis. This reflects the economic and statutory environment in which the council operates. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, it would not be appropriate for their financial statements to be prepared on anything other than a going concern basis.

The accounts for 2021/22 have been prepared on both a single entity (i.e. the Council only) and a Group basis (i.e. the Council and its three wholly owned subsidiaries, Sempra Homes Ltd, Acorn House Developments (Basildon) Ltd. and Basildon Borough Enterprises Ltd.). The notes to the accounts are all presented on a single entity basis except where it is helpful to present information on the Group as a whole.

The figures in this Narrative Report are based on the statutory amounts that impact on council tax levels, housing rents, reserves and balances. They, therefore, include amounts reversed out through the Movement in Reserves Statement.

While the Auditor does not certify the Narrative Report it is checked for consistency with the rest of the Statement of Accounts.

The Council's Auditor is BDO LLP.

Narrative Report

The Core Statements

Comprehensive income and expenditure statement (CIES)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Movement in reserves statement

This statement shows the movement in the year on the different reserves held by the authority. The surplus or deficit on the provision of services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and Housing Revenue Account for council tax setting and rent setting purposes. The Net Increase / Decrease before transfers to earmarked reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Balance sheet

The Balance Sheet shows the value at the end of the financial year of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain them at a prudent level and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves relates to those that the authority is not able to use to provide services. These reserves hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide resources if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

Cash flow statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The net cash flows arising from operating activities are a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash flows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

Housing Revenue Account

This statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and other income. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

Collection Fund

This is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the Council in relation to the collection from taxpayers, distribution to local authorities and the Government of council tax and business rates.

Statement of Responsibilities

Basildon Borough Council

The Council is required under local government legislation and other requirements 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 authority, that Officer is the Director of Resources (Section 151 Officer).

The Council is also required to manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets. It is also required to approve and publish a Statement of Accounts.

Director of Resources (Section 151 Officer)

I am the Director with delegated legal and professional responsibility 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). Where necessary I have to make judgements and estimates, and these must be both reasonable and prudent.

In preparing this Statement of Accounts, appropriate accounting policies have been adopted and applied consistently unless otherwise stated.

Proper and up to date records were kept and reasonable steps taken for the prevention and detection of fraud and other irregularities.

I confirm that the Statement of Accounts complies with the Code and gives a true and fair view of the financial position of the authority at the reporting date and of its income and expenditure for the year ended 31 March 2022.

Signed:

Owen Sparks
Director of Resources (Section 151 Officer)

29 July 2022

AUDITORS' REPORT TO APPEAR ON THIS PAGE

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Index to Financial Statements and Notes to the Accounts

FINANCIAL STATEMENTS

All statements have been prepared in accordance with the Accounting Policies and the Code of Practice on Local Authority Accounting in the United Kingdom.

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NOTES TO THE CORE STATEMENTS

All Notes have been prepared in accordance with the Accounting Policies and the Code of Practice. They are designed to enhance understanding of the financial statements by providing further detail and explanation on specific entries. Other information required to be disclosed by statute is also included here. The Notes have been split into five distinct sections to bring together related and similar Notes.

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The Notes for the Supplementary Statements (Housing Revenue Account and Collection Fund) follow immediately after the respective Financial Statement.

Expenditure and Funding Analysis

The Expenditure and Funding Analysis is a note to the Financial Statements, however it is positioned here as it provides a link from the figures reported in the Strategic Report to those in the Comprehensive Income and Expenditure Statement.

This note shows how expenditure is used and funded from annual resources (government grants, rents, council tax and business rates) by local authorities in comparison with those economic resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's services. 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 the Funding and Accounting Basis Note 10	Net Expenditure in the CIES		Net Expenditure chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis Note 10	Net Expenditure in the CIES
£000	£000	£000		£000	£000	£000
1,809	6,780	8,589	Corporate and Central	(4,467)	8,745	4,278
2,069	95	2,164	Community	1,751	2,190	3,941
1,724	2,719	4,443	Development and Regulation	1,036	3,708	4,744
2,752	63	2,815	Regeneration and Partnerships	2,068	33	2,101
9,972	326	10,298	Environment	9,661	1,657	11,318
2,565	1,801	4,366	Housing	2,768	2,191	4,959
8,672	1,878	10,550	Leisure and Open Spaces	7,964	813	8,777
29,563	13,662	43,225	General Fund	20,781	19,337	40,118
8,829	4,242	13,071	Housing Revenue Account	13,974	16,344	30,318
38,392	17,904	56,296	Cost of Services	34,755	35,681	70,436
(47,574)	19,019	(28,555)	Other income and expenditure	(20,450)	(6,115)	(26,565)
(9,182)	36,923	27,741	(Surplus) or Deficit on Provision of Services	14,305	29,566	43,871
(76,502)			Opening General Fund and HRA Balance	(84,072)		
(9,182)			(Surplus) or Deficit on Provision of Services	14,305		
1,613			Transfer to other statutory reserves ¹	-		
(84,071)			Closing General Fund and HRA Balance *	(69,767)		

* For an analysis of this balance between the General Fund and HRA see the Movement in Reserves Statement.

¹ Transfer of the COVID-19 Council Tax Hardship Fund discounts, awarded under S13A(1)(C) of the Local Government Finance Act 1992, to the collection fund.

Comprehensive Income and Expenditure Statement (CIES)

2020/21						2021/22						
Council			Group			Council			Group			
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
13,007	(4,418)	8,589	12,886	(4,297)	8,589		8,614	(4,336)	4,278	8,465	(4,187)	4,278
2,326	(162)	2,164	2,326	(162)	2,164		4,427	(486)	3,941	4,427	(486)	3,941
50,623	(46,180)	4,443	50,623	(46,180)	4,443		49,559	(44,815)	4,744	49,559	(44,815)	4,744
4,770	(1,955)	2,815	4,632	(1,817)	2,815		3,627	(1,526)	2,101	3,408	(1,307)	2,101
15,587	(5,289)	10,298	15,587	(5,289)	10,298		17,222	(5,904)	11,318	17,222	(5,904)	11,318
6,177	(1,811)	4,366	6,210	(1,811)	4,399		6,967	(2,008)	4,959	7,074	(2,008)	5,066
11,839	(1,289)	10,550	11,839	(1,289)	10,550		11,821	(3,044)	8,777	11,821	(3,044)	8,777
104,329	(61,104)	43,225	104,103	(60,845)	43,258		102,237	(62,119)	40,118	101,976	(61,751)	40,225
67,182	(54,111)	13,071	66,634	(53,563)	13,071		84,419	(54,101)	30,318	84,385	(54,067)	30,318
171,511	(115,215)	56,296	170,737	(114,408)	56,329		186,656	(116,220)	70,436	186,361	(115,818)	70,543
1,497	(1,601)	(104)	1,497	(2,445)	(948)	14	1,507	(3,063)	(1,556)	1,507	(3,278)	(1,771)
19,435	(10,619)	8,816	20,708	(9,891)	10,817	15	38,201	(30,185)	8,016	39,073	(29,380)	9,693
32,287	(69,554)	(37,267)	32,287	(69,590)	(37,303)	16	31,194	(64,219)	(33,025)	31,194	(64,507)	(33,313)
224,730	(196,989)	27,741	225,229	(196,334)	28,895		257,558	(213,687)	43,871	258,135	(212,983)	45,152
		-			384	24			-			1,051
		27,741			29,279				43,871			46,203
		(75,853)			(77,246)	34			(81,947)			(84,501)
		2,230			2,230	34			1,001			1,001
		11,819			11,819	40			(37,601)			(37,601)
		(61,804)			(63,197)				(118,547)			(121,101)
		(34,063)			(33,918)				(74,676)			(74,898)

Movement in Reserves Statement

Note	Revenue Reserves		Usable Capital Reserves				Unusable Reserves										
	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Earmarked Capital Reserves	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Deferred Capital Receipts	Pensions Reserve	Collection Fund Adjustment Account	Other Unusable Reserves	Total Unusable Reserves	Total Council Reserves	Council's share of subsidiary's reserves	Total Group Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
2021/22																	
Balance at 1 April 2021	59,555	24,516	160	22,187	9,162	4,111	119,691	466,416	217,125	108,796	(114,449)	(15,653)	(444)	661,791	781,482	603	782,085
Total Comprehensive Income and Expenditure	(5,535)	(38,336)	-	-	-	-	(43,871)	80,946	-	-	37,601	-	-	118,547	74,676	222	74,898
Adjustments between accounting basis & funding basis under regulations	9 5,204	24,363	(109)	(2,973)	1,373	(407)	27,451	(10,730)	(15,420)	(684)	(9,730)	9,132	(19)	(27,451)	-	-	-
Increase/(Decrease) in year	(331)	(13,973)	(109)	(2,973)	1,373	(407)	(16,420)	70,216	(15,420)	(684)	27,871	9,132	(19)	91,096	74,676	222	74,898
Balance at 31 March 2022 carried forward	59,224	10,543	51	19,214	10,535	3,704	103,271	536,632	201,705	108,112	(86,578)	(6,521)	(463)	752,887	856,158	825	856,983
Of which:																	
Earmarked Reserves	12 46,126	6,369															
General Reserves	13,098	4,174															
2020/21																	
Balance at 1 April 2020	43,156	33,346	153	22,258	7,423	5,044	111,380	399,978	330,039	6,447	(98,462)	(1,564)	(399)	636,039	747,419	748	748,167
Total Comprehensive Income and Expenditure	(7,586)	(20,155)	-	-	-	-	(27,741)	73,623	-	-	(11,819)	-	-	61,804	34,063	(145)	33,918
Adjustments between accounting basis & funding basis under regulations	9 25,598	11,325	7	(71)	1,739	(933)	37,665	(7,185)	(112,914)	102,349	(4,168)	(15,702)	(45)	(37,665)	-	-	-
Increase/(Decrease) in year	18,012	(8,830)	7	(71)	1,739	(933)	9,924	66,438	(112,914)	102,349	(15,987)	(15,702)	(45)	24,139	34,063	(145)	33,918
Transfer to Reserves	(1,613)	-	-	-	-	-	(1,613)	-	-	-	-	1,613	-	1,613	-	-	-
Balance at 31 March 2021 carried forward	59,555	24,516	160	22,187	9,162	4,111	119,691	466,416	217,125	108,796	(114,449)	(15,653)	(444)	661,791	781,482	603	782,085
Of which:																	
Earmarked Reserves	12 49,621	20,383															
General Reserves	9,934	4,133															

Further details of the nature and purpose of reserves can be found in Note 8.

Balance Sheet

31 March 2021			31 March 2022		
Council	Group			Council	Group
£000	£000		Note	£000	£000
1,075,887	1,125,919	Property, plant & equipment	34	1,145,838	1,193,497
101,915	101,915	Investment property	35	145,850	145,850
685	2,018	Intangible assets	37	571	1,905
18,115	-	Investment in subsidiaries	24	21,115	-
125,684	105,888	Long-term debtors	25	128,050	100,905
-	227	Deferred tax asset		-	-
1,322,286	1,335,967	Non current Assets		1,441,424	1,442,157
21,009	21,009	Investments	30	73,027	73,027
-	-	Assets held for sale	38	921	921
371	371	Inventories		278	278
53,243	43,504	Short-term debtors	25	40,101	36,723
53,991	54,129	Cash and cash equivalents	41	32,264	32,429
128,614	119,013	Current Assets		146,591	143,378
(32,308)	(32,308)	Borrowing	30	(65,098)	(65,098)
(51,666)	(52,792)	Short-term creditors	26	(55,252)	(48,602)
(8,546)	(8,735)	Provisions	27	(6,670)	(7,070)
-	(42)	Current tax liability		-	(244)
(358)	(358)	Grants receipts in advance - Capital	22	(1,182)	(1,182)
(1,158)	(1,158)	Grants receipts in advance - Revenue	22	(10,360)	(10,360)
(94,036)	(95,393)	Current Liabilities		(138,562)	(132,556)
(1,185)	(1,185)	Provisions	27	(1,116)	(1,116)
(299,960)	(299,960)	Borrowing	30	(317,085)	(317,085)
(154,787)	(154,787)	Finance lease liabilities	29	(181,899)	(181,899)
(5,000)	(5,000)	Long-term creditors	26	(6,616)	(6,616)
-	(541)	Deferred tax liability		-	(1,122)
(114,449)	(114,449)	Net pensions liability	40	(86,578)	(86,578)
(575,381)	(575,922)	Long-term Liabilities		(593,294)	(594,416)
781,483	783,665	Net Assets		856,159	858,563
9,934	9,934	General Fund Balance		13,098	13,098
49,621	49,621	GF Earmarked Reserves Balance	12	46,126	46,126
-	(611)	Subsidiary Reserves	24	-	(2,943)
4,134	4,134	Housing Revenue Account		4,174	4,174
20,383	20,383	HRA Earmarked Reserves Balance	12	6,369	6,369
160	160	Major Repairs Reserve		52	52
22,187	22,187	Capital Receipts Reserve		19,214	19,214
9,162	9,162	Capital Grants Unapplied		10,535	10,535
4,111	4,111	Earmarked Capital Reserves	12	3,704	3,704
119,692	119,081	Usable Reserves		103,272	100,329
466,416	469,209	Revaluation Reserve		536,632	541,979
217,125	217,125	Capital Adjustment Account		201,705	201,705
108,796	108,796	Deferred Capital Receipts Reserve		108,112	108,112
(114,449)	(114,449)	Pensions Reserve		(86,578)	(86,578)
(15,653)	(15,653)	Collection Fund Adjustment Account		(6,521)	(6,521)
(444)	(444)	Other Unusable Reserves		(463)	(463)
661,791	664,584	Unusable Reserves		752,887	758,234
781,483	783,665	Total Reserves		856,159	858,563

These unaudited financial statements were confirmed by the Section 151 Officer on 29 July 2022 and may be subject to change.

Owen Sparks
Director of Resources (Section 151 Officer)

Cash Flow Statement

2020/21			2021/22	
Council £000	Group £000		Council £000	Group £000
27,741	29,279	Net (surplus) or deficit on the provision of services	43,871	46,203
		Adjustments to net surplus or deficit on the provision of services for non-cash movements:		
(22,196)	(22,196)	Depreciation	(23,715)	(23,716)
(26,525)	(25,985)	Impairment and downward valuations	(54,249)	(53,653)
(115)	(115)	Amortisation	(114)	(114)
(1,335)	(1,339)	Movement in impairment provision for bad debts	(215)	(215)
(30,435)	(30,734)	Movement in creditors	(7,405)	(8,790)
1,808	5,124	Movement in debtors	(447)	(652)
182	182	Movement in inventories	(93)	(93)
(4,168)	(4,168)	Movement in pension liability	(9,730)	(9,730)
(106,326)	(110,406)	Carrying amount of non-current assets sold	(6,514)	(8,017)
(2,871)	(2,871)	Movement in provisions	1,945	1,734
(449)	(449)	Movement in the value of investment properties	12,235	12,235
(192,430)	(192,957)	Total adjustments	(88,302)	(91,011)
		Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities:		
107,983	112,907	Proceeds from the sale of property, plant and equipment	9,643	11,361
4,930	4,966	Grants received for the financing of capital expenditure	2,966	3,254
112,913	117,873	Total adjustments	12,609	14,615
(51,776)	(45,805)	Net cash flows from Operating Activities	(31,822)	(30,193)
93,315	87,518	Net cash flows from Investing Activities	115,856	114,200
(74,255)	(74,255)	Net cash flows from Financing Activities	(62,307)	(62,307)
(32,716)	(32,542)	Net (increase) or decrease in cash and cash equivalents	21,727	21,700
21,275	21,587	Cash and cash equivalents at the beginning of the reporting period	53,991	54,129
53,991	54,129	Cash and cash equivalents at the end of the reporting period	32,264	32,429

Notes to the Core Statements

General Notes

1 DATE ACCOUNTS AUTHORISED

These accounts were authorised for issue by the Section 151 Officer on 29 July 2022.

2 SIGNIFICANT ACCOUNTING POLICIES

The council is required to prepare a Statement of Accounts for each financial year by the Accounts and Audit Regulations 2015 in accordance with proper accounting practices.

For 2021/22 these proper accounting practices principally comprise:

- the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code)
- update to the 2021/22 Code of Practice on Local Authority Accounting in the United Kingdom (Code Update)
- the Service Reporting Code of Practice 2021/22 (SeRCoP)
- the Capital Finance and Accounting (England) Regulations 2003 as amended (2003 Regulations)

The Statement of Accounts has been prepared using the going concern and accruals bases. The historical cost convention has been applied, modified by the valuation of the following material categories of non-current assets:

Asset Class	Valuation Basis
Property, Plant and Equipment: Dwellings	Current value, comprising existing use value for social housing Dwellings are valued using market prices for comparable properties, adjusted to reflect occupancy under secure tenancies.
Property, Plant and Equipment: Other Land and Buildings	Current value, comprising existing use value Where prices for comparable properties are available in an active market, properties are valued at market value taking into account the existing use. Where no market exists, or the property is specialised, current value is measured at depreciated replacement cost.
Property, Plant and Equipment: Surplus Assets	Fair value
Investment properties	Fair value
Pensions Assets	Fair value

The Code requires local authorities with interests in subsidiaries to prepare group accounts. These accounts comprise the consolidated financial statements of the council and its subsidiaries Basildon Borough Enterprises Limited, Sempra Homes Limited and Acorn House Developments (Basildon) Limited. In the council's single-entity accounts the interests in the companies are recorded at cost, less any provision for losses. Consolidation has been performed on a line-by-line basis combining similar items, and any intra-group balances and transactions have been eliminated. The notes to the financial statements have been prepared for the single entity, where there are material differences to the single entity accounts separate disclosures are shown for the group position.

Detailed Accounting Policies for these and all other areas can be found on page 97.

3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Leases

Critical judgement has been applied to the assessment of leases to determine whether they are finance or operating leases. Accounting Standard IAS 17 (Leases) describes five primary and three secondary tests of the lease's characteristics, with the over-riding consideration that ownership rests with the party bearing substantially all of the risks and rewards of the underlying asset. The standard acknowledges that it is possible for the eight tests to return differing opinions on whether the lease falls to be classified as a finance lease, and advises that accountants must use their professional judgement to assess the substance of the lease. Leases have therefore been judged in the light of their terms and the effect on the council's ultimate ownership of the assets involved. See Note 29 for details of the council's leasing arrangements.

Notes to the Core Statements

General Notes

Grants and contributions

The appropriate accounting treatment of Grants and Contributions is a result of critical judgements made about whether any attached terms are deemed as restrictions or conditions and whether any conditions have been met, see Accounting Policy 11. If conditions are met then the income must be shown in the Comprehensive Income and Expenditure Statement. Treatment is the same if there are no conditions or just restrictions. However if there are conditions and they have not been met they must be shown in the Balance Sheet under Creditors. Details of grants recognised during the year can be found in Note 22.

Investment Properties

The council is required to judge whether or not it is holding property on an investment basis. The Code requires that, for an investment to be present, the property should only be held: a) for capital appreciation or b) to produce rental income, and for no other reason e.g. other operational reasons. See Note 35 for details of the council's investment properties.

Accruals, provisions and contingent liabilities

In terms of deciding if an item of expenditure should be classified as an accrual, a provision, or a contingent liability a judgement has to be made around whether the expenditure is virtually certain to be incurred or probably to be incurred, coupled with an assessment as to whether there is a present obligation from a past event or only a possible obligation from a past event. See Notes 27 and 28 for more information.

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

The statement of accounts contains estimated figures that are based on assumptions made by the council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

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 identified below.

Non current assets

Assets are depreciated over their useful lives and the length of this life is dependent on the level of repairs and maintenance to keep the asset in good order. The current economic climate has created some uncertainty as to the level of resources that might be available in the future to continue with the current repair and maintenance programme. However, for the 2021/22 asset valuations, it is assumed that current levels of expenditure will be maintained.

Pension fund

Many assumptions about the future are made by the Pension Fund Actuary in calculating the relevant figures for the Fund as a whole and for the accounts of this council. Note 40 sets out the main assumptions.

In respect of the council's pension arrangements, the government continues to develop proposals to address the unlawful age discrimination identified by the Court of Appeal within the new Judicial Pension Scheme (the McCloud judgement). It is likely that this judgement will affect LGPS members' past or future service benefits and as such, has been included within the obligations figures included in these accounts.

On 15 July 2019, the government announced it would take steps to remove this discrimination retrospectively. Detailed proposals are expected to be published during 2022/23.

The actuary acting for the council's pension scheme has therefore assumed that the remedy may be applied to all members who were active at 31 March 2012 until 31 March 2022, or their retirement, whichever is earlier.

IAS19 requires the actuary to place a best estimate value on liabilities and costs. Given the current uncertainty about the range of potential remedies the best estimate would require some judgement. The amounts included therefore represent a reasonable estimate of the costs likely to be incurred by the council based on the above assumptions, rather than, at this stage, a matter of fact.

Leases

All leases are assessed under the requirements of International Financial Reporting Standards (IFRS). In order to represent the financial impact of lease arrangements, estimates are required in respect of the following;

- The level of rent charged or payable at the outset of the lease;
- The value of the underlying asset at the outset of the lease;
- The expected life of the asset at the outset of the lease.

See Note 29 for details of the council's lease arrangements.

Notes to the Core Statements

General Notes

Impairment allowance

There is a degree of estimation uncertainty in the setting of impairment allowances for uncollectable debts. At 31 March 2022, the Council had a balance of short-term debtors of £51.05 million. A review of significant balances suggested that an expected credit loss of £11.03 million was appropriate. If collection rates were to deteriorate, an increase in the amount of impairment would be required.

Impairment allowances can be found in Note 25.

Business Rates appeals

The provision for losses in business rates income arising from appeals against assessed rateable values in the 2010 rating list is based on an assessment using local knowledge, the historical experience of appeals, information reported by the Valuation Office Agency and analysis of such data. The 2017 revaluation and the introduction by the Government of the Check, Challenge and Appeal process for appeals presents a difficulty in establishing an appropriate provision against the 2017 list.

Whilst any losses arising from Checks are treated as normal business and charged directly to the revenue account in the year in which the Check is settled, the information routinely provided by the VOA on Challenges has in past years been very poor and not an adequate basis for calculating a provision for losses.

Given the lack of any robust information, the council's methodology adopted for the 2017 list used the Government's national assumption on losses through appeal of 4.38% of yield, adjusted for local factors that the council is aware of. For 2021/22, the council sought professional advice from Wilks, Head and Eve and used their valuation expertise to estimate the provision required. The overall provision at March 2022 is £13.1 million (£15.6 million 2020/21). Of this provision, Basildon's share is £5.2 million (£6.2 million 2020/21). Should the amount under appeal vary by +/- 1% this would represent approximately a £0.23 million difference from the sum provided of which Basildon's share would be £0.1 million.

5 MATERIAL ITEMS OF INCOME AND EXPENDITURE

There are some regular items of income and expenditure in Basildon's accounts which are material due to their potential impact on the council if there are significant fluctuations. These include figures for sums collected through Council Tax and Business rates - £48.2 million for Basildon Borough Council's proportion (£193.0 million across all preceptors). Housing Benefits involve paying out sums in the region of £38.6 million and claiming this back from Central Government. The council's debt portfolio currently incurs interest of £14.4 million.

6 EVENTS AFTER THE REPORTING PERIOD

Consideration for events arising after the Balance Sheet date is given up to the date the accounts are authorised for issue.

7 ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

Under The Code of Practice on Local Authority Accounting disclosure of the impact of accounting standards issued but not yet adopted is required.

IFRS 16 Leases was issued to come into effect on 1 January 2019 however CIPFA deferred its adoption into the 2022/23 edition of the Accounting Code. These provisions will be adopted by the council in 2024/25, as permitted under the Code, so no assessment of the likely impact at this stage is required.

There are no other changes in accounting requirements for 2022/23 that are anticipated to have a material impact on the council's financial performance or financial position.

8 RESERVES

A brief description of the nature and purpose of Reserves is provided below:

Usable Reserves

General Fund Balance

Reserves that can be used to meet future expenditure.

The accumulated surplus of income over expenditure. Its strategic use is to safeguard against budget risk and adverse impact on future Council Tax and Business Rates income levels.

Notes to the Core Statements

General Notes

GF Earmarked Reserves	Part of the General Fund Balance earmarked for particular spending plans and contingencies.
Housing Revenue Account	The accumulated surplus of income over expenditure. Its strategic use is to safeguard against budget risk and adverse impact on council rent levels.
HRA Earmarked Reserves	Part of the Housing Revenue Account earmarked for particular spending plans and contingencies.
Major Repairs Reserve	A resource set aside to finance capital expenditure on dwellings and other property in the HRA.
Capital Receipts Reserve	Proceeds of non-current asset sales available to finance capital expenditure or repay debt.
Capital Grants Unapplied	Grants received for specific purposes which remain unspent at the end of the year.
Unusable Reserves	Reserves that exist for technical accounting purposes that cannot be used for any other purpose.
Revaluation Reserve	Gains on revaluation of non-current assets accumulated since 1 April 2007 not yet realised.
Capital Adjustment Account	Capital resources applied to meet past capital expenditure.
Deferred Capital Receipts	Proceeds from the sale of non-current assets not yet received.
Pensions Reserve	Timing differences arising from accounting arrangements in accordance with statutory provisions.
Collection Fund Adjustment Account	Difference between the council's share of actual council tax and business rates income for the year and the statutory amount that can be released to the General Fund.
Other unusable reserves comprising:	
Financial Instruments Adjustment Account	Unamortised premiums and discounts arising from premature redemption of debt.
Unpaid Absences Account	Value of officers remuneration for annual leave accrual not yet borne by the General Fund or HRA balance under statutory regulations.

9 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

The resources available to the council in any financial year, and the expenses that are charged against those resources, are specified by statute. Where the statutory provisions differ from the accruals basis used in the Comprehensive Income and Expenditure Statement (CIES), adjustments to the accounting treatment are made in the Movement in Reserves Statement so that usable reserves reflect the funding available at the end of the accounting period. Unusable reserves are created to manage the timing differences between the accounting and funding bases. The adjustments are:

Property, Plant and Equipment

Depreciation and revaluation/impairment losses (that are not reversals of previous revaluation gains) are charged to the CIES under accounting rules, but are reversed through the Capital Adjustment Account and replaced by Revenue Provision to cover costs as determined in accordance with the 2003 Regulations. In the HRA, depreciation and impairments are proper charges to revenue. However, it is permitted to reverse these charges to the Capital Adjustment Account via the Movement in Reserves Statement.

Revenue Expenditure funded from Capital under Statute

Expenditure incurred in the year charged to the CIES under accounting rules is reversed through the Capital Adjustment Account and replaced by Revenue Provision to cover historical cost determined in accordance with the 2003 Regulations.

Capital Grants, Contributions and Donated Assets

Unconditional Capital Grants received in the year, or grants that became unconditional in the current year, are recognised as income in the CIES under accounting rules. Where these grants have been applied to Capital Financing in the year they are reversed through the Capital Adjustment Account, where they are yet to be applied to capital expenditure in the year they are reversed to the Capital Grants Unapplied Reserve. Donated Assets with no conditions attached, or where any conditions have been met, are recognised as income in the CIES under accounting rules, and are reversed through the Capital Adjustment Account in accordance with the 2003 Regulations.

Notes to the Core Statements

General Notes

Disposal of Non Current Assets

Gains or losses based on sale proceeds less the carrying amount of the asset (net of disposal costs) are charged to other operating expenditure in the CIES under accounting rules, but are reversed to the Capital Adjustment Account (carrying amount) and the Capital Receipts Reserve (sale proceeds less disposal costs) in accordance with statutory requirements. Where sale proceeds are yet to be received the reversal is made to the Deferred Capital Receipts Reserve. When cash proceeds are eventually realised an adjustment is then made between the Deferred Capital Receipts Reserve to the Useable Capital Receipts Reserve where they will be available for application to capital expenditure.

Premiums and Discounts

Premiums payable and discounts receivable on the early repayment of borrowing in the current year are charged to the CIES under accounting rules. The 2003 regulations require this charge to reflect deferred debits and credits of premiums and discounts from earlier years. An adjustment is therefore made through the Financial Instruments Adjustment Account.

Pensions costs

Movements in the pension scheme assets and liabilities are charged to the CIES under accounting rules, but are reversed through the Pensions Reserve and replaced by Employers' contributions payable and direct payments made by the council to pensioners in the current year under statutory requirements.

Council Tax and Business Rates

Accrued income billed in the current year is charged to the CIES under accounting rules, statutory regulations require this charge to reflect the demand on the Collection Fund (precept) for the current year plus the recovery of the estimated share of the surplus/deficit pertaining to the prior year. An adjustment is therefore made through the Collection Fund Adjustment Account.

Unpaid Absences

The projected cost of untaken holiday leave entitlement at the end of the year is charged to services in the CIES under accounting rules. This charge is reversed through the Unpaid Absences Adjustment Account in accordance with statutory requirements.

Notes to the Core Statements

General Notes

9 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

	Note	General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Earmarked Capital Reserves £'000	Total Usable Reserves £'000	Revaluation Reserve £'000	Capital Adjustment Account £'000	Deferred Capital Receipts £'000	Pensions Reserve £'000	Collection Fund Adjustment Account £'000	Other Unusable Reserves £'000	Total Unusable Reserves £'000
Depreciation, impairment and revaluation losses of non-current assets (charged to SDPS)	34	25,401	34,479	18,085	-	-	-	77,965	(10,730)	(67,235)	-	-	-	-	(77,965)
Amortisation of intangible assets	37	-	-	114	-	-	-	114	-	(114)	-	-	-	-	(114)
Movements in the fair value of investment properties	35	(12,235)	-	-	-	-	-	(12,235)	-	12,235	-	-	-	-	12,235
Revenue expenditure funded from capital under statute	39	1,662	-	-	-	-	-	1,662	-	(1,662)	-	-	-	-	(1,662)
Net gain/loss on sale of non-current assets		(1,756)	(1,359)	-	8,496	-	-	5,381	-	(4,697)	(684)	-	-	-	(5,381)
Costs of disposal funded from capital receipts		-	66	-	(66)	-	-	-	-	-	-	-	-	-	-
Payments to the government housing receipts pool (funded by a contribution from the Capital Receipts Reserve)		1,030	-	-	(1,030)	-	-	-	-	-	-	-	-	-	-
Capital grants, contributions and income in relation to donated assets credited to the CIES		(2,966)	-	-	-	1,373	-	(1,593)	-	1,593	-	-	-	-	1,593
Statutory provision for the repayment of debt	39	(4,259)	(57)	-	-	-	-	(4,316)	-	4,316	-	-	-	-	4,316
Capital expenditure charged against the General Fund and HRA Balances	39	353	(11,409)	-	-	-	(407)	(11,463)	-	11,463	-	-	-	-	11,463
Capital adjustments		7,230	21,720	18,199	7,400	1,373	(407)	55,515	(10,730)	(44,101)	(684)	-	-	-	(55,515)
Use of the Capital Receipts Reserve to finance capital expenditure	39	-	-	-	(8,556)	-	-	(8,556)	-	8,556	-	-	-	-	8,556
Use of the Capital Receipts Reserve to repay debt		-	-	-	(1,817)	-	-	(1,817)	-	1,817	-	-	-	-	1,817
Use of the Major Repairs Reserve to finance capital expenditure	39	-	-	(18,308)	-	-	-	(18,308)	-	18,308	-	-	-	-	18,308
Financing adjustments		-	-	(18,308)	(10,373)	-	-	(28,681)	-	28,681	-	-	-	-	28,681
Reversal of items relating to retirement benefits debited or credited to SDPS		10,740	3,980	-	-	-	-	14,720	-	-	-	(14,720)	-	-	(14,720)
Employer's contributions to Essex County Council Pension Scheme		(3,641)	(1,349)	-	-	-	-	(4,990)	-	-	-	4,990	-	-	4,990
Pensions costs (transferred to the Pensions Reserve)	40	7,099	2,631	-	-	-	-	9,730	-	-	-	(9,730)	-	-	(9,730)
Unpaid Absences (transferred to the Accumulated Absences Reserve)		32	12	-	-	-	-	44	-	-	-	-	-	(44)	(44)
Finance costs (transferred to the Financial Instruments Adjustments Account)		(25)	-	-	-	-	-	(25)	-	-	-	-	-	25	25
Council tax and business rate income (transferred to the Collection Fund Adjustment Account)		(9,132)	-	-	-	-	-	(9,132)	-	-	-	-	9,132	-	9,132
Other adjustments		(9,125)	12	-	-	-	-	(9,113)	-	-	-	-	9,132	(19)	9,113
Adjustments between accounting basis & funding basis under regulations		5,204	24,363	(109)	(2,973)	1,373	(407)	27,451	(10,730)	(15,420)	(684)	(9,730)	9,132	(19)	(27,451)

Notes to the Core Statements

General Notes

9 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

2020/21	Note	General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Earmarked Capital Reserves £'000	Total Usable Reserves £'000	Revaluation Reserve £'000	Capital Adjustment Account £'000	Deferred Capital Receipts £'000	Pensions Reserve £'000	Collection Fund Adjustment Account £'000	Other Unusable Reserves £'000	Total Unusable Reserves £'000
Depreciation, impairment and revaluation losses of non-current assets (charged to SDPS)	34	9,343	22,933	16,915	-	-	-	49,191	(7,185)	(42,006)	-	-	-	-	(49,191)
Amortisation of intangible assets		-	-	115	-	-	-	115	-	(115)	-	-	-	-	(115)
Impairment of investment in subsidiaries	37	(471)	-	-	-	-	-	(471)	-	471	-	-	-	-	471
Movements in the fair value of investment properties	-	449	-	-	-	-	-	449	-	(449)	-	-	-	-	(449)
Revenue expenditure funded from capital under statute	39	2,269	-	-	-	-	-	2,269	-	(2,269)	-	-	-	-	(2,269)
Net gain/loss on sale of non-current assets		(177)	(1,781)	-	5,935	-	-	3,977	-	(106,326)	102,349	-	-	-	(3,977)
Costs of disposal funded from capital receipts		-	56	-	(56)	-	-	-	-	-	-	-	-	-	-
Payments to the government housing receipts pool (funded by a contribution from the Capital Receipts Reserve)		1,030	-	-	(1,030)	-	-	-	-	-	-	-	-	-	-
Capital grants, contributions and income in relation to donated assets credited to the CIES		(4,517)	(413)	-	-	1,739	-	(3,191)	-	3,191	-	-	-	-	3,191
Statutory provision for the repayment of debt	39	(2,230)	(45)	-	-	-	-	(2,275)	-	2,275	-	-	-	-	2,275
Capital expenditure charged against the General Fund and HRA Balances	39	679	(10,117)	-	-	-	(933)	(10,371)	-	10,371	-	-	-	-	10,371
Capital adjustments		6,375	10,633	17,030	4,849	1,739	(933)	39,693	(7,185)	(134,857)	102,349	-	-	-	(39,693)
Use of the Capital Receipts Reserve to finance new capital expenditure	39	-	-	-	(4,920)	-	-	(4,920)	-	4,920	-	-	-	-	4,920
Use of the Major Repairs Reserve to finance capital expenditure	39	-	-	(17,023)	-	-	-	(17,023)	-	17,023	-	-	-	-	17,023
Financing adjustments		-	-	(17,023)	(4,920)	-	-	(21,943)	-	21,943	-	-	-	-	21,943
Reversal of items relating to retirement benefits debited or credited to SDPS		10,932	2,162	-	-	-	-	13,094	-	-	-	(13,094)	-	-	13,094
Employer's contributions to Essex County Council Pension Scheme		(7,452)	(1,474)	-	-	-	-	(8,926)	-	-	-	8,926	-	-	8,926
Pensions costs (transferred to the Pensions Reserve)	40	3,480	688	-	-	-	-	4,168	-	-	-	(4,168)	-	-	(4,168)
Unpaid Absences (transferred to the Accumulated Absences Reserve)		66	4	-	-	-	-	70	-	-	-	-	-	(70)	70
Finance costs (transferred to the Financial Instruments Adjustments Account)		(25)	-	-	-	-	-	(25)	-	-	-	-	-	25	25
Council tax and business rate income (transferred to the Collection Fund Adjustment Account)		15,702	-	-	-	-	-	15,702	-	-	-	-	(15,702)	-	15,702
Other adjustments		15,743	4	-	-	-	-	15,747	-	-	-	-	(15,702)	(45)	(15,747)
Adjustments between accounting basis & funding basis under regulations		25,598	11,325	7	(71)	1,739	(933)	37,665	(7,185)	(112,914)	102,349	(4,168)	(15,702)	(45)	(37,665)

Notes to the Core Statements

General Notes

10 NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

Adjustments to/from General Fund and HRA to arrive at the CIES amounts:

	2021/22				
	Adjustments for capital purposes	Net change for pensions adjustments	Allocation of other income and expenditure	Other adjustments	Net adjustments
	£000	£000	£000	£000	£000
Corporate and Central	(11,340)	1,087	18,991	7	8,745
Community	1,981	209	-	-	2,190
Development and Regulation	18,473	1,297	(16,062)	-	3,708
Regeneration and Partnerships	(155)	188	-	-	33
Environment	(38)	1,695	-	-	1,657
Housing	1,675	516	-	-	2,191
Leisure and Open Spaces	340	473	-	-	813
General Fund	10,936	5,465	2,929	7	19,337
Housing Revenue Account	23,013	2,026	(8,706)	11	16,344
Cost of Services	33,949	7,491	(5,777)	18	35,681
Other income and expenditure	(4,999)	2,239	5,777	(9,132)	(6,115)
Adjustments to (Surplus) or Deficit on Provision of Services	28,950	9,730	-	(9,114)	29,566
Adjustments to General Fund balances	7,230	7,099	-	(9,125)	5,204
Adjustments to Housing Revenue Account balances	21,720	2,631	-	11	24,362
	28,950	9,730	-	(9,114)	29,566
	2020/21				
	Adjustments for capital purposes	Net change for pensions adjustments	Allocation of other income and expenditure	Other adjustments	Net adjustments
	£000	£000	£000	£000	£000
Corporate and Central	4,272	167	2,303	38	6,780
Community	34	61	-	-	95
Development and Regulation	2,633	357	(272)	1	2,719
Regeneration and Partnerships	14	49	-	-	63
Environment	(155)	481	-	-	326
Housing	1,668	133	-	-	1,801
Leisure and Open Spaces	1,742	136	-	-	1,878
General Fund	10,208	1,384	2,031	39	13,662
Housing Revenue Account	12,772	273	(8,807)	4	4,242
Cost of Services	22,980	1,657	(6,776)	43	17,904
Other income and expenditure	(5,972)	2,511	6,776	15,704	19,019
Adjustments to (Surplus) or Deficit on Provision of Services	17,008	4,168	-	15,747	36,923
Adjustments to General Fund balances	6,375	3,480	-	15,743	25,598
Adjustments to Housing Revenue Account balances	10,633	688	-	4	11,325
	17,008	4,168	-	15,747	36,923

Adjustments for capital purposes:

- Depreciation, impairments and revaluation gains and losses are added in the service lines;
- Statutory charges for capital financing are deducted from service lines ie Minimum Revenue Provision and other revenue contributions;
- Net gains or losses on disposal of non-current assets are added to other operating expenditure;
- Capital Grants applied to capital expenditure are added to taxation and non-specific grant income.

Notes to the Core Statements

General Notes

Net change for pensions adjustments:

- Employer contributions made by the council are reversed from the service lines and replaced with current and past service costs as per IAS19;
- Net interest on the defined benefit liability is charged to financing and investment income and expenditure.

Allocation of other income and expenditure:

- Interest payable and receivable reported under Corporate and Central moved to financing and investment income and expenditure;
- Trading operations reported under Development and Regulation moved to financing and investment income and expenditure;
- Disposals not linked to an asset are charged to the service line.

Other adjustments:

- Timing differences for Council tax and Business rate income charged to taxation and non-specific grant income;
- Timing differences for premiums and discounts reported under Corporate and Central;
- Charge to service lines for Unpaid Absences.

The adjustments cover those set out in Note 9 and reclassifications of transactions that are managed by a particular service but are required to be reported corporately as Other Income and Expenditure in the CIES.

11 EXPENDITURE AND INCOME ANALYSED BY NATURE

Expenditure	Council		Group	
	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
Employee expenses	46,822	43,634	46,822	43,634
Housing benefit	38,652	41,146	38,652	41,146
Other operating expenses	25,768	24,491	26,730	25,565
Support service recharges	18,991	18,594	18,991	18,594
Business rates tariff	25,670	25,670	25,670	25,670
Contribution to business rates pool	882	464	882	464
Business support grants	4,642	6,154	4,642	6,154
Depreciation, amortisation & impairment	78,079	49,306	77,483	48,730
Impairment of investment in subsidiary	-	(472)	-	(472)
Change in the fair value of investment properties	-	449	-	449
Interest payments - debt	14,306	11,286	14,517	11,287
Interest payments - pensions	2,239	2,511	2,239	2,511
Parish precepts	477	467	477	467
Payments to Housing Capital Receipts Pool	1,030	1,030	1,030	1,030
Total expenditure	257,558	224,730	258,135	225,229
Income				
Fees, charges & other service income	(78,740)	(72,882)	(79,669)	(72,830)
Gain on disposal of non-current assets	(3,063)	(1,601)	(3,278)	(2,445)
Interest & investment income	(6,833)	(1,700)	(4,697)	(217)
Change in the fair value of investment properties	(12,235)	-	(12,235)	-
Income from council tax	(17,430)	(15,690)	(17,430)	(15,690)
Income from business rates	(25,276)	(16,464)	(25,276)	(16,464)
Grants & contributions	(70,110)	(88,652)	(70,398)	(88,688)
Total income	(213,687)	(196,989)	(212,983)	(196,334)
Surplus or Deficit on the Provision of Services	43,871	27,741	45,152	28,895

Notes to the Core Statements

General Notes

11a REVENUE FROM CONTRACTS WITH SERVICE RECIPIENTS

Amounts included in the Comprehensive Income and Expenditure Statement for contracts with service recipients:

	Council		Group	
	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
General Fund	24,639	18,771	25,568	18,719
Housing Revenue Account	54,101	54,111	54,101	54,111
Revenue from contracts with service recipients	78,740	72,882	79,669	72,830
Impairment of receivables	(132)	(1,105)	(136)	(1,109)
Total	78,608	71,777	79,533	71,721

Amounts included in the balance sheet for contracts with service recipients are shown in the debtors note (receivables) and creditors note (receipts in advance).

12 TRANSFERS TO/FROM EARMARKED RESERVES

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

	31 March 2020 £000	Transfers Out 2020/21 £000	Transfers In 2020/21 £000	31 March 2021 £000	Transfers Out 2021/22 £000	Transfers In 2021/22 £000	31 March 2022 £000
Pensions and Contingency Reserve	5,356	(1,159)	-	4,197	-	4,605	8,802
Insurance Pool	3,863	(132)	-	3,731	-	-	3,731
Development Equalisation	500	(77)	-	423	-	1,040	1,463
Sempra Equalisation	603	-	231	834	-	158	992
Commercial Equalisation	1,000	-	200	1,200	-	500	1,700
Lease Equalisation	-	-	409	409	-	2,593	3,002
Regeneration Account	596	-	-	596	-	-	596
IT Initiatives	2,500	-	1,468	3,968	-	577	4,545
Invest to Save	1,500	(1,500)	-	-	-	-	-
Employment Rationalisation	1,000	-	164	1,164	-	76	1,240
Treasury Management Reserve	1,000	-	750	1,750	-	743	2,493
Asset Management Reserve	1,740	-	490	2,230	-	-	2,230
Revenue Support	920	-	2,825	3,745	(3,745)	-	-
Business Rates Equalisation	12,929	-	12,445	25,374	(10,042)	-	15,332
Total General Fund	33,507	(2,868)	18,982	49,621	(13,787)	10,292	46,126
Asset Management Reserve	24,415	(4,632)	-	19,783	(14,014)	-	5,769
Treasury Management Reserve	600	-	-	600	-	-	600
Total HRA	25,015	(4,632)	-	20,383	(14,014)	-	6,369
Regeneration Reserve	2,347	-	3	2,350	-	2	2,352
Lifecycle Funds	2,697	(936)	-	1,761	(409)	-	1,352
Total Capital Reserves	5,044	(936)	3	4,111	(409)	2	3,704
Total	63,566	(8,436)	18,985	74,115	(28,210)	10,294	56,199

13 EXTERNAL AUDIT COSTS

The council's costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and for non-audit services provided by the external auditors BDO are set out below:

	2021/22 £'000	2020/21 £'000
External audit services carried out under the Code of Audit Practice	70	92
Other services provided during the year	18	18
Total External Audit Costs	88	110

Notes to the Core Statements

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In addition to the above, £12,000 of additional fees for the 2019/20 Housing Benefit subsidy audit were charged during 2021/22.

The council also received £10,420 PSAA Distribution in relation to the closure of the Audit Commission (£6,420 2020/21) plus government funding of £27,225 during 2021/22 to meet the anticipated rise in audit fees, driven by the new requirements placed on auditors following the Redmond Review.

The Group incurred a further £23,750 (£18,750 2020/21) for the audit of the subsidiaries financial statements plus £2,350 (£2,100 2020/21) for taxation compliance services. The appointed auditor for this purpose was Rickard Luckin Limited.

14 OTHER OPERATING INCOME AND EXPENDITURE

	Note	Council		Group	
		2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
Parish council precepts		477	467	477	467
Payments to the Government Housing Capital Receipts Pool		1,030	1,030	1,030	1,030
(Gains)/losses on the disposal of non current assets		(3,063)	(1,601)	(3,278)	(2,445)
Total		(1,556)	(104)	(1,771)	(948)

15 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	Note	Council		Group	
		2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
Interest payable and similar charges		14,306	11,286	14,517	11,287
Net interest on the net defined benefit liability	40	2,239	2,511	2,239	2,511
Interest receivable and similar income		(6,833)	(1,700)	(4,697)	(217)
Impairment (gain)/loss on investment in subsidiary	37	-	(471)	-	(471)
Income and expenditure in relation to investment properties and changes in their fair value	35	(18,210)	(2,972)	(18,210)	(2,972)
Surplus or deficit on trading operations	21	16,514	162	15,844	679
Total		8,016	8,816	9,693	10,817

16 TAXATION AND NON-SPECIFIC GRANT INCOME AND EXPENDITURE

	Note	2021/22 £'000	2020/21 £'000
Council tax income		(17,430)	(15,690)
Business rates income and expenditure	20	1,276	9,670
Non-specific grants and contributions	22	(13,905)	(26,317)
Capital grants, contributions and donated assets	22	(2,966)	(4,930)
Total		(33,025)	(37,267)

Further capital grants of £0.288 million (£0.036 million 2020/21) were received by the group in relation to the Shared Ownership Affordable Homes Programme.

Notes to the Core Statements

General Notes

17 OFFICERS' REMUNERATION

		Salary, Fees and Allowances ²	Performance Related Pay and other one off payments ²	Expense Allowance	Benefits in Kind	Pension Contribution	Total
		£	£	£	£	£	£
Executive Team							
Chief Executive: Scott Logan	2021/22	193,288	-	3,963	-	37,111	234,362
	2020/21	190,430	-	3,963	-	36,562	230,955
Deputy Chief Executive: Mandie Skeat	2021/22	145,011	-	3,963	4,612	27,842	181,428
	2020/21	138,423	9,755	3,963	3,258	28,450	183,849
Interim Director to 31 Aug 2020	2020/21	28,573	-	396	776	-	29,745
Senior Leadership Team ¹							
Director of Growth	2021/22	118,942	-	2,400	4,612	22,716	148,670
Assistant Director Growth to 31 Jan 2021	2020/21	109,200	6,137	2,400	3,258	22,144	143,139
Director of Community and Environment	2021/22	116,295	-	2,400	-	22,329	141,024
Assistant Director Public Spaces to 31 Jan 2021	2020/21	106,765	7,007	2,400	-	21,844	138,016
Director of Housing and Property	2021/22	116,295	-	2,400	-	22,329	141,024
Assistant Director Communities to 31 Jan 2021	2020/21	106,765	7,007	2,400	-	21,844	138,016
Director of Resources	2021/22	116,295	-	2,400	-	22,329	141,024
Assistant Director Resources to 31 Jan 2021	2020/21	106,765	7,007	2,400	-	21,844	138,016
Director of Strategy and Governance	2021/22	116,295	-	2,400	-	-	118,695
Assistant Director Corporate Services to 31 Jan 2021	2020/21	106,657	7,007	2,400	-	-	116,064
Director of People and Change	2021/22	108,736	-	2,400	-	20,877	132,013
Head of People and Change to 31 Jan 2021	2020/21	100,339	6,701	2,400	-	20,552	129,992
	2021/22	-	-	-	-	-	-
Head of Engagement to 31 Jan 2021	2020/21	78,703	5,351	2,000	-	16,138	102,192
Total	2021/22	1,031,157	-	22,326	9,224	175,533	1,238,240
Total	2020/21	1,072,620	55,972	24,722	7,292	189,378	1,349,984

¹ A restructure of the Senior Leadership Team took place with effect from 1 February 2021; the postholders remain the same but job titles have been amended. The Head of Innovation (formerly Head of Engagement) was no longer a member of SLT with effect from 1 February 2021.

² The Senior Leadership Team restructure removed the ability for staff to receive Performance Related Pay and an equivalent sum was consolidated within basic salary.

The number of other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) is summarised below:

Remuneration Band	Number of employees	
	2021/22	2020/21
£50,000 - £55,000	17	10
£55,001 - £60,000	11	13
£60,001 - £65,000	9	6
£65,001 - £70,000	5	5
£70,001 - £75,000	3	3
£75,001 - £80,000	8	4
£80,001 - £85,000	1	2
£85,001 - £90,000	6	3
Total	60	46

Notes to the Core Statements

General Notes

18 TERMINATION BENEFITS (EXIT COSTS)

These figures include strain on the pension fund (curtailment costs) and payments to individuals - incurred with a view to securing future savings and efficiencies. These costs are charged to the relevant service line in the CIES. The table below does not include exit costs already disclosed in Note 14 Officers Remuneration.

Exit costs banding (including special payments)	No. of compulsory redundancies	No. of other departures agreed	Total number of exits	Total cost of exits £
Less than £20,000	5	7	12	83,934
£20,001 - £40,000	2	-	2	72,944
£140,001 - £160,000	1	-	1	151,408
Total 2021/22	8	7	15	308,286
Less than £20,000	1	6	7	67,926
£40,001 - £60,000	1	-	1	55,744
Total 2020/21	2	6	8	123,670

19 COUNCILLORS' ALLOWANCES

The Councillors of Basildon Borough Council were paid the following allowances during the year. These costs are included within Corporate and Central in the CIES.

	2021/22 £'000	2020/21 £'000
Allowances	417	391
Expenses	1	1
Total	418	392

20 BUSINESS RATES INCOME AND EXPENDITURE

Under the Business Rates Retention Scheme (BRRS), the council may retain an element of any Business Rates growth above its allotted Baseline Funding level. The council is also protected under the scheme by Safety Net funding below which level its retained income cannot fall.

Credited to Taxation and Non Specific Grant Income	2021/22 £'000	2020/21 £'000
Business rates income	(25,276)	(16,464)
Tariff	25,670	25,670
Contribution to pool	882	464
Business Rates Income	1,276	9,670
Business rates compensation grants included in non-specific government grants	(10,495)	(16,834)
Net Retained Income relating to Business Rates	(9,219)	(7,164)

In March 2020, in response to COVID-19, the Government announced an expansion to business rates retail discount and the implementation of nursery relief for childcare providers. A new COVID-19 Additional Relief (CARF) was introduced in March 2021 to support those businesses affected by the pandemic but who were ineligible for the existing support. The council was fully compensated for the cost of these measures.

The BRRS makes provision for local authorities to form pools. Pooling is entirely voluntary and the main advantage of doing so is in the netting off of tariff with top ups and the netting off of growth in some areas with decline in others. The council joined the Essex Region Pool on 1 April 2018. Under the arrangement the levy rate on the total growth earned by the pool is 0.6% compared with 50% for Basildon on its own.

Notes to the Core Statements

General Notes

21 TRADING OPERATIONS

The council operates industrial units, shop premises and other miscellaneous properties within the borough, let on a commercial basis.

The following items of income and expense are included in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	Council		Group	
	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
Rental income	(4,968)	(4,835)	(6,185)	(5,590)
Other income	(46)	(18)	(160)	(18)
Direct operating expenses arising from trading operations	1,231	1,150	2,196	2,105
	(3,783)	(3,703)	(4,149)	(3,503)
Development costs	-	-	293	893
Depreciation, impairment and revaluation	20,297	3,865	19,700	3,289
Net (surplus)/deficit	16,514	162	15,844	679

A majority of the revaluation loss shown above is as a result of the valuation, upon completion, of the new town centre cinema block. The required method of valuation is based on income generation potential, rather than the cost of construction, which has led to a significant impairment in the value the asset. Nevertheless, it is expected that the income generated by the completed asset, once fully let, will meet the revenue charges for the construction costs. It should be noted that this impairment does not represent a charge to the taxpayer as there is a reversal to the Capital Adjustment Account permitted under the regulations (see Note 9). As an assurance over the value for money that the construction costs represented the council also commissioned an alternative valuation based on rebuild cost (Depreciated Replacement Cost). This provided a value very close to the cost of construction.

Further details of subsidiary trading operations reported in the Group accounts can be found in Note 24 below.

22 INCOME FROM GRANTS AND OTHER CONTRIBUTIONS

The following grants, contributions and donations were credited to the Comprehensive Income and Expenditure Statement during the year.

	2021/22 £'000	2020/21 £'000
Credited to Taxation and Non Specific Grant Income		
New Homes Bonus	(294)	(764)
Business rates compensation grants	(10,495)	(16,834)
Homelessness support grants	(971)	(811)
General support grants	(1,406)	(3,312)
Income compensation schemes (COVID-19)	(385)	(2,205)
New burdens support (COVID-19)	(239)	(638)
Hardship fund (COVID-19) ¹	-	(1,649)
Other non specific grants	(115)	(104)
Non-specific grants and contributions	(13,905)	(26,317)
Government contributions: Disabled Facilities Grant	(1,439)	(1,439)
Government contributions: Land Release Fund	-	(1,100)
Government contributions: Decarbonisation Scheme ²	636	(636)
Government contributions: Housing Infrastructure Fund (HIF)	-	-
Government contributions: ITEC Centre renovation	(395)	-
Other non Government contributions	(1,768)	(1,755)
Capital Grants and Contributions	(2,966)	(4,930)
Total credited to Taxation and Non Specific Grant Income	(16,871)	(31,247)

¹ The majority of the hardship fund was used to provide council tax relief, alongside the council's existing local council tax support scheme. Therefore, a transfer of £1,613,030 was made between the General Fund and the Collection Fund Adjustment Account for the reduction to council tax liability.

² The project to commission and install heat pumps to reduce carbon emissions in council buildings experienced a number of setbacks during 2021/22. Whilst contractors were in place to commence work in April 2022, an extension to allow the funding to be used beyond 31 March 2022 was refused by the awarding body. Consequently, the project was closed and the funding received in 20/21 became repayable.

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In addition, the council (acting as principal) received £2,719,523 (£8,364,094 2020/21) to support businesses through the COVID-19 restrictions, and to encourage individuals to self-isolate, £4,641,676 (£6,154,650 2020/21) had been distributed by 31 March 2022. The balance has been taken to creditors in the Balance Sheet.

	2021/22 £'000	2020/21 £'000
Credited to Services		
Central Government		
Department for Work and Pensions:		
Housing Benefit Subsidy	(38,198)	(40,898)
Kickstart Scheme	(115)	-
Discretionary grants	(600)	(694)
Department for Levelling Up, Housing and Communities	(1,389)	(1,336)
Election and referendum funding	(40)	(41)
COVID-19 funding including culture and leisure recovery funds	(708)	(427)
Other Government funding (individually below £75k)	(75)	(52)
	(41,125)	(43,448)
Local Authorities		
Essex County Council:		
Recycling credits	(3,137)	(2,779)
Highways maintenance	(217)	(217)
South Essex Domestic Abuse Hub contribution	(160)	-
COVID-19 contribution to outbreak control	(85)	(320)
Collection Fund Sharing Agreement	(753)	(521)
Other Local Authority grants and contributions (individually below £75k).	(144)	(78)
	(4,496)	(3,915)
Non-Government		
Go Trade contributions	(806)	(1,687)
Developer contributions	(674)	(113)
Temporary accommodation	(951)	(589)
Corporate social responsibility contributions	(500)	(1,200)
Other non Government grants and contributions (individually below £75k).	(45)	(300)
	(2,976)	(3,889)
Revenue Grants and Contributions credited to Services	(48,597)	(51,252)

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

	31 March 2022 £'000	31 March 2021 £'000
Capital Grants & Contributions		
Government Funding	351	-
Fire damage compensation	-	344
Developer contributions	831	14
Credited to Receipts in Advance in the Balance Sheet	1,182	358

	31 March 2022 £'000	31 March 2021 £'000
Revenue Grants & Contributions		
Government funding - National Leisure Recovery Fund	-	260
Government funding - Energy Rebate Scheme	9,983	-
Collection Fund Sharing Agreement	226	719
Other Government and Local Authority funding	118	79
Non Government support	33	100
Credited to Receipts in Advance in the Balance Sheet	10,360	1,158

23 RELATED PARTY TRANSACTIONS

The council is required to disclose material transactions with related parties – 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 readers to assess 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.

Notes to the Core Statements

General Notes

Central Government and other Public Bodies

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 its funding in the form of grants and prescribes the terms of many of the transactions that the council has with other parties (eg council tax bills, housing benefits). Grants received from government departments and other public bodies are set out in Note 22. Debtors and creditors are set out in Notes 25 and 26 respectively. Grant receipts not yet received but related to the current year are included in Note 22.

Members & Senior Officers

No Members (apart from Cllr Dadds - see below), or the Directors of the council had declared any material direct related party transactions during the year. However some Members are also trustees of Community Associations which received services and/or minor grant funding from the council.

Councillor D. Dadds entered into a transaction with the council, at open market value and following due process, which is deemed to be a related party transaction. It is in respect of a lease taken out by Councillor Dadds and two business partners, for the use of shop premises on the ground floor of the Lift Tower building in the Town Square which is owned by the council. The rentals, excluding VAT, paid under the lease during 2021/22 were £25,625 (£25,625 2020/21).

Subsidiary Companies

Related party transactions with subsidiary companies can be found in Note 24 below. There were no related party transactions between the council and the subsidiaries' directors.

24 INTERESTS IN SUBSIDIARIES

On 20 April 2020, the council reorganised its Group structure with the incorporation of Basildon Borough Enterprises Limited, a holding company to manage the risks and tax affairs of the council's subsidiaries. On 31 March 2021, the council transferred its investment in Sempra Homes Limited and Acorn House Developments (Basildon) Limited to Basildon Borough Enterprises Limited.

All companies within the Group remain (either directly or indirectly) under the ultimate ownership and common control of the council and as such have been consolidated into the Group Accounts, on a line by line basis, after eliminating inter-company transactions and balances.

The consolidated balance sheet at 31 March 2022 includes subsidiary reserves of £2,628k. This is made up of Sempra's retained profits £2,371k (of which £2,799k is in respect of unrealised revaluation gains), plus £125k adjustment arising from an accounting policy alignment, together with Acorn's post-acquisition profits of £132k.

As at the reporting date, the council's investment in subsidiaries is as follows:

	31 March 2022 £'000	31 March 2021 £'000
Investment in subsidiaries		
Basildon Borough Enterprises Ltd	21,115	18,115
Total	21,115	18,115

Basildon Borough Enterprises Limited (Company No. 12563472)

The financial position of the company as at 31 March 2022 is as follows:

	31 March 2022 £'000	31 March 2021 £'000
Investment in subsidiaries		
Sempra Homes Ltd	16,465	13,465
Acorn House Developments (Basildon) Ltd	5,913	5,913
Net assets	22,378	19,378
Shareholder's Equity at 31 March	22,378	19,378

In the consolidated accounts, investments in subsidiaries have been eliminated against shareholders funds of the companies.

Acorn House Developments (Basildon) Limited (Company No. 11314310)

Acorn House Developments (Basildon) Limited was originally acquired by the council on 15 November 2019 from the former parent Ocea Group Limited. The sole purpose of the acquisition of the company was to convert the existing office block, Acorn House, into residential apartments. During 21/22, upon completion of the conversion, the residential block was transferred to Basildon Borough Council to provide 94 additional homes for nominated households on the Council's Home-seekers' Register.

Notes to the Core Statements

General Notes

The financial position of the company as at 31 March 2022 is as follows:

	2021/22 £'000	2020/21 £'000
Deferred tax asset	-	227
Stock	-	11,754
Current assets	122	219
Current liabilities	(108)	(599)
Amounts due from Basildon Borough Council	7,382	(5,499)
Provisions	(400)	(189)
Net assets	6,996	5,913
Retained earnings (pre-acquisition)	5,781	5,781
Retained profit (post-acquisition)	1,215	132
Shareholder's equity at 31 March	6,996	5,913

In the consolidated accounts, amounts due to/(from) the Council are eliminated. The shareholders equity has been eliminated against the investment in subsidiary.

In addition, expenditure comprising borrowing costs £469k, management fees £47k (£17k 2020/21), insurance costs £8k (£16k 2020/21) have been eliminated against income in the Group Comprehensive Income and Expenditure Statement.

Sempra Homes Limited (Company No. 09362729)

Sempra Homes Ltd was incorporated on 19 December 2014, for the development of residential properties for sale and letting. It commenced trading on 4 December 2015, and as at 31 March 2022 managed 120 new homes. The following inter-company transactions and balances have been eliminated upon consolidation in the Group Accounts:

	2021/22 £'000	2020/21 £'000
<u>Long-term assets</u>		
Loan	27,145	19,684
<u>Short-term debtors</u>		
Cash management borrowings	2,365	2,462
Other amounts due to the council	1,356	2,138
<u>Comprehensive Income and Expenditure</u>		
Other income	(113)	-
Administrative expenses	244	263
Finance costs	1,667	1,314
Other costs	461	427

In calculating the net profit for the period the Company provided for income tax of £748k (£392k 2020/21, of which £255k was offset against tax losses brought forward from prior years). Income tax has been consolidated into the Group accounts.

Basildon Council has a floating charge over the assets of Sempra Homes Ltd in the form of a debenture, issued 2 March 2016.

Further information can be obtained from the website at www.semprahomes.co.uk.

	31 March 2022 £000	31 March 2021 £000
Comprehensive Expenditure Statement		
Gain on disposal of property	(215)	(2,010)
Rental and other income	(1,333)	(754)
Cost of sales	278	403
Gross Profit	(1,270)	(2,361)
Development costs	452	893
Administrative expenses	689	554
Finance costs	258	306
Capital grant	-	-
Change in fair value of investment properties	(1,634)	(1,489)
(Surplus)/Deficit from trading operations	(1,505)	(2,097)
Income tax	749	392
Total Comprehensive (income) / expenditure	(756)	(1,705)

Notes to the Core Statements

General Notes

	31 March 2022 £000	31 March 2021 £000
Summarised Financial Position		
Property, plant and equipment	49,693	38,881
Cash equivalents	142	42
Current assets	296	192
Amounts due to Basildon Borough Council	(30,866)	(24,288)
Net tax liability	(1,290)	(584)
Current liabilities	(754)	(778)
Net assets	17,221	13,465
Statement of Shareholder's Equity		
Share capital at 1 April	11,000	3,502
Share capital issued in year	3,000	7,498
Retained gains at 1 April	2,465	760
Income for the year	756	1,705
Shareholder's Equity at 31 March	17,221	13,465

St Georges Community Housing Limited

St Georges Community Housing Limited (SGCH) has remained dormant since its operations were brought back in house on 4 July 2011.

25 DEBTORS

	31 March 2022			
	Council			Group
	Receivables £'000	Impairment Allowance £'000	Net £'000	Net £'000
Amounts falling due within one year				
Council tenants arrears	5,136	(3,150)	1,986	1,986
Housing benefit overpayments	5,368	(2,147)	3,221	3,221
Trade debtors	6,432	(2,621)	3,811	3,852
Commercial loans	9,996	-	9,996	9,996
Capital debtors	241	-	241	241
Amounts due from subsidiaries	3,636	-	3,636	-
Accrued income	2,250	-	2,250	2,271
Financial assets at contract amounts	33,059	(7,918)	25,141	21,567
Business rates and council tax payers arrears	5,636	(3,118)	2,518	2,518
Amounts due from government	4,289	-	4,289	4,448
Amounts due from preceptors	4,218	-	4,218	4,218
Prepayments	3,935	-	3,935	3,972
Total short term debtors	51,137	(11,036)	40,101	36,723

	31 March 2021			
	Council			Group
	Receivables £'000	Impairment Allowance £'000	Net £'000	Net £'000
Amounts falling due within one year				
Council tenants arrears	4,852	(3,000)	1,852	1,852
Housing benefit overpayments	5,868	(2,347)	3,521	3,521
Trade debtors	6,592	(2,639)	3,953	3,985
Capital debtors	1,102	-	1,102	1,102
Amounts due from subsidiary	9,977	-	9,977	-
Accrued income	2,073	-	2,073	2,074
Financial assets at contract amounts	30,464	(7,986)	22,478	12,534
Business rates and council tax payers arrears	5,153	(2,835)	2,318	2,318
Amounts due from government	3,707	-	3,707	3,879
Amounts due from preceptors	19,221	-	19,221	19,221
Prepayments	5,519	-	5,519	5,552
Total short term debtors	64,064	(10,821)	53,243	43,504

Impairment allowance is provided for expected credit losses, further details can be found in the Credit Risk section of Note 33.

Notes to the Core Statements

General Notes

	Council		Group	
	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000
Non current debtors				
Loans to subsidiaries	27,145	19,796	-	-
Finance lease receivable	100,903	101,613	100,903	101,613
Other entities and individuals	2	4,275	2	4,275
Total non current debtors	128,050	125,684	100,905	105,888

26 CREDITORS

	Council		Group	
	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000
Amounts falling due within one year				
Trade creditors	(8,441)	(9,306)	(8,555)	(9,357)
Capital creditors	(2,857)	(3,572)	(2,857)	(4,568)
Amounts due to subsidiary	(7,382)	-	-	-
Accrued expenses	(3,626)	(3,530)	(4,224)	(3,589)
Financial liabilities at contract amounts	(22,306)	(16,408)	(15,636)	(17,514)
Amounts due to government and preceptors for business rates	(19,622)	(21,603)	(19,622)	(21,603)
Other amounts due to government and preceptors	(6,084)	(5,876)	(6,084)	(5,876)
Receipts in advance	(7,240)	(7,779)	(7,260)	(7,799)
Total short term creditors	(55,252)	(51,666)	(48,602)	(52,792)

Long-term creditors are in relation to rent deposits.

27 PROVISIONS

	Long-term	Short-term		
	Insurance Pool £'000	Business Rates Appeals £'000	Litigation & Other Costs £'000	Total Short-Term £'000
Balance at 1 April 2021	(1,185)	(6,230)	(2,316)	(8,546)
Additional provisions	(650)	(1,117)	-	(1,117)
Amounts used	389	106	729	835
Unused amounts reversed	330	2,001	157	2,158
Balance at 31 March 2022	(1,116)	(5,240)	(1,430)	(6,670)
Additional provision for other costs	-	-	(400)	(400)
Balance at 31 March 2022 (Group)	(1,116)	(5,240)	(1,830)	(7,070)

Provision for known Insurance Claims

Provision is made for known outstanding insurance claims, excesses on self-insured risks and insured events that have not yet been reported to the council. The council submits the balance on the insurance provision to independent actuarial review every three years to ensure a proper reflection of the aggregate liabilities. The next actuarial review is due in 2024/25. This is separate from the Insurance Pool Reserve, which is held as a protection against future exposure to risk.

Provision for Business Rates Appeals

The methodology used to arrive at an appropriate provision is described in Note 4.

Provision for Litigation & Other Costs

Whilst not an admission of guilt, provision has been made for costs in court cases where it is felt that the likelihood of having to incur these costs is probable. The Group provision contains an amount potentially due to HMRC in relation to underpaid Stamp Duty Land Tax.

Notes to the Core Statements

General Notes

28 CONTINGENT LIABILITIES

Municipal Mutual Insurance

Municipal Mutual Insurance (MMI) ceased trading in September 1992 and remained liable for all claims arising from previous policy commitments. In November 2012, it was announced that the company's realisable assets had proved to be insufficient to meet its liabilities to claimants and, therefore, any deficiency would be recoverable from policyholders, which include Basildon Borough Council, under a "scheme of arrangement" (SOA) approved by the High Court in January 1994.

The council has allowed £550,000 within its Insurance Pool Reserves for potential future clawback requirements in excess of the 25% already paid, and also for the percentage of future claims costs that may become liable to be paid under the Scheme of Arrangement.

Litigation and other costs

There were also a number of judicial processes and prospective challenges in progress in relation to planning, planning enforcement, land charges, contract disputes, property disputes, business rates matters and housing issues, which may give rise to costs depending on the outcomes. It is not practicable to estimate the financial effect or timing of these issues as they are too remote at this stage.

29 LEASES

Council as Lessee

Finance Leases

The council holds plant and vehicles under finance leases which are carried as property, plant and equipment in the Balance Sheet. Additions in year for these assets are in respect of embedded leases within existing contracts to supply vehicles and equipment to the council.

During 2021/22, the council completed the purchase of the Wickford Enterprise Centre. The asset was previously held by the council under a finance lease. The council also acquired a third investment property, under a 50 year finance lease, which is sub-let under an operating lease, with minimum lease payments of £39,621,473 due to the council over the term of the lease (25 years).

The two other Investment Properties are also held under 50 year finance leases, one of which is sub-let under an operating lease, with minimum lease payments of £33,999,645 due to the council over the term of the lease (16 years). The other is sub-let under a finance lease, with minimum lease payments of £230,130,332 due to the council over the term of the lease (50 years).

	Finance lease liabilities			
	31 March 2022 £'000	Repaid in year £'000	Additions in year £'000	31 March 2021 £'000
Other land and buildings	-	(1,817)	-	1,817
Vehicles, plant and equipment	2,782	(1,121)	298	3,605
Property, plant and equipment	2,782	(2,938)	298	5,422
Investment property	81,173	(710)	31,700	50,183
Finance lease asset	100,824	(1,273)	-	102,097
	184,779	(4,921)	31,998	157,702

The council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the asset acquired by the council and finance costs that will be payable by the council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31 March 2022 £'000	31 March 2021 £'000
Finance lease liabilities (discounted - net present value of minimum lease payments):		
Payable within twelve months	2,880	2,916
Payable between two and five years	11,187	10,093
Payable after five years	170,712	144,694
	184,779	157,703
Finance costs payable in future years (not discounted)	111,109	100,746
Minimum lease payments	295,888	258,449

Notes to the Core Statements

General Notes

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000
Not later than one year	6,770	6,177	2,880	2,916
Later than one year and not later than five years	26,068	22,364	11,187	10,093
Later than five years	263,050	229,908	170,712	144,694
	295,888	258,449	184,779	157,703

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2021/22, £117,167 in contingent rents was payable by the council (£231,009 2020/21). This relates to an agreement within a lease to pay to the head lessor 90% of the rents receivable through sub-letting the property concerned.

Council as Lessor

Finance Leases

In terms of Finance Leases generally, the council will have a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the council in future years whilst the debtor remains outstanding.

	31 March 2022 £'000	31 March 2021 £'000
Finance lease debtor (net present value of minimum lease payments)	101,613	102,296
Unearned finance income	130,874	134,923
Unguaranteed residual value of property	65	65
Gross investment in the lease	232,552	237,284

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	Gross Investment in the Lease		Minimum Lease Payments	
	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000
Not later than one year	4,732	4,732	710	683
Later than one year and not later than five years	18,930	18,930	3,131	3,013
Later than five years	208,890	213,622	97,772	98,600
	232,552	237,284	101,613	102,296

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2021/22, £134,585 was receivable by the council in respect of contingent rents (£114,996 2020/21).

Notes to the Core Statements

General Notes

Operating Leases

The council leases out property and equipment under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, community centres and neighbourhood shops;
- for economic development purposes to provide suitable affordable accommodation for local businesses;
- to generate income from investments.

Minimum lease payments include sums that are due within existing leases to the extent that these are guaranteed within the contract e.g. up to any break clause or termination date, as follows:

	31 March 2022 £'000	31 March 2021 £'000
Not later than one year	8,533	7,067
Later than one year and not later than five years	32,337	24,978
Later than five years	78,976	47,214
Future minimum lease payments due under non-cancellable leases in future years	119,846	79,259

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2021/22 £301,844 contingent rents were receivable by the council (£189,186 2020/21).

Amounts due to the council in respect of lease arrangements are included in the general assessment for impairment of uncollectable sums.

Notes to the Core Statements

Financial Instrument Notes

30 CATEGORIES OF FINANCIAL INSTRUMENTS

The following categories of financial instrument are carried in the Balance Sheet at amortised cost.

	31 March 2022					
	Council			Group		
	Financial assets/liabilities £000	Non-financial assets/liabilities £000	Total £000	Financial assets/liabilities £000	Non-financial assets/liabilities £000	Total £000
Investment in subsidiaries	21,115	-	21,115	-	-	-
Finance lease assets	100,903	-	100,903	100,903	-	100,903
Debtors	27,147	-	27,147	2	-	2
Total non-current assets	149,165	-	149,165	100,905	-	100,905
Investments (fixed term deposits)	73,027	-	73,027	73,027	-	73,027
Debtors	25,141	14,960	40,101	21,567	15,156	36,723
Cash equivalents	32,260	4	32,264	32,425	4	32,429
Total current assets	130,428	14,964	145,392	127,019	15,160	142,179
Borrowing	(317,085)	-	(317,085)	(317,085)	-	(317,085)
Finance lease liabilities	(181,899)	-	(181,899)	(181,899)	-	(181,899)
Creditors	(6,616)	-	(6,616)	(6,616)	-	(6,616)
Total non-current liabilities	(505,600)	-	(505,600)	(505,600)	-	(505,600)
Borrowing	(65,098)	-	(65,098)	(65,098)	-	(65,098)
Creditors	(22,306)	(32,946)	(55,252)	(15,636)	(32,966)	(48,602)
Total current liabilities	(87,404)	(32,946)	(120,350)	(80,734)	(32,966)	(113,700)

	31 March 2021					
	Council			Group		
	Total financial assets/liabilities £000	Non-financial assets/liabilities £000	Total £000	Total financial assets/liabilities £000	Non-financial assets/liabilities £000	Total £000
Investment in subsidiaries	18,115	-	18,115	-	-	-
Finance lease assets	101,613	-	101,613	101,613	-	101,613
Debtors	24,071	-	24,071	4,275	-	4,275
Total non-current assets	143,799	-	143,799	105,888	-	105,888
Investments (fixed term deposits)	21,009	-	21,009	21,009	-	21,009
Debtors	22,478	30,765	53,243	12,534	30,970	43,504
Cash equivalents	53,986	5	53,991	54,124	5	54,129
Total current assets	97,473	30,770	128,243	87,667	30,975	118,642
Borrowing	(299,960)	-	(299,960)	(299,960)	-	(299,960)
Finance lease liabilities	(154,787)	-	(154,787)	(154,787)	-	(154,787)
Creditors	(5,000)	-	(5,000)	(5,000)	-	(5,000)
Total non-current liabilities	(459,747)	-	(459,747)	(459,747)	-	(459,747)
Borrowing	(32,308)	-	(32,308)	(32,308)	-	(32,308)
Creditors	(16,408)	(35,258)	(51,666)	(17,514)	(35,278)	(52,792)
Total current liabilities	(48,716)	(35,258)	(83,974)	(49,822)	(35,278)	(85,100)

Debtors in the tables above are shown net after allowances for impairment which can be found in Note 25.

Notes to the Core Statements

Financial Instrument Notes

Soft Loans

During 2020/21, financing of £18.1 million was provided to Basildon Borough Enterprises with no interest charged.

31 INCOME, EXPENSE, GAINS AND LOSSES

The following items are included in the Surplus or Deficit on provision of services.

	Council		Group	
	31 March	31 March	31 March	31 March
	2022	2021	2022	2021
	£000	£000	£000	£000
Borrowing	10,665	9,385	10,665	9,385
Finance lease liabilities	3,638	439	3,638	439
Interest expense on financial liabilities measured at amortised cost	14,303	9,824	14,303	9,824
Non-financial liabilities	5	254	5	254
Total interest expense	14,308	10,078	14,308	10,078
Interest and similar income				
Investments (fixed term deposits)	(53)	(237)	(53)	(237)
Debtors	(6,763)	(708)	(4,627)	(46)
Cash equivalents	(17)	(230)	(17)	(229)
Interest income on financial assets measured at amortised cost	(6,833)	(1,175)	(4,697)	(512)
Total interest income	(6,833)	(1,175)	(4,697)	(512)

The range of interest rates payable on PWLB borrowing at 31 March 2022 was from 1.63% to 15.25%, weighted average 3.35% (3.62% at 31 March 2021).

32 FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The council invests in low volatility net asset value (LVNAV) money market funds, which can be withdrawn at anytime, and as such there is no significant difference between fair value and amortised cost. All financial assets and liabilities are therefore carried at amortised cost i.e. the aggregate of the principal sum and accrued interest. The valuation basis adopted in calculating the fair value of these assets and liabilities, set out in the table below, uses Level 2 inputs of the fair value hierarchy i.e. inputs other than quoted prices that are observable for the financial asset/liability, as follows:

- For borrowing (including non-PWLB borrowing) by reference to PWLB redemption rules and redemption rates prevailing at the balance sheet date as an estimate of the market rate for the purchase of the loans as assets;
- Where an instrument will mature in the next 12 months the carrying amount is assumed to be approximate to fair value;
- For all other financial assets and liabilities the carrying amount is considered to be an appropriate measure of fair value.

	2021/22			2020/21		
	Nominal	Carrying	Fair	Nominal	Carrying	Fair
	£'000	amount	value	£'000	amount	value
	£'000	£'000	£'000	£'000	£'000	£'000
Borrowing (PWLB)	(317,301)	(320,142)	(325,555)	(291,801)	(294,506)	(341,821)
Borrowing (non-PWLB)	(62,000)	(62,039)	(61,925)	(37,750)	(37,763)	(37,741)
Finance lease liabilities	(184,779)	(184,779)	(184,779)	(157,702)	(157,702)	(157,702)
Creditors	(12,756)	(12,756)	(12,756)	(14,599)	(14,599)	(14,599)
Total financial liabilities held at amortised cost (Group)	(576,836)	(579,716)	(585,015)	(501,852)	(504,570)	(551,863)

The fair value of PWLB debt differs from the carrying amount. This is due to the impact of committing to long-term borrowing at fixed rates of interest, with the Fair Value reflecting the cost of repayment, or exit cost at the balance sheet date.

Notes to the Core Statements

Financial Instrument Notes

	2021/22			2020/21		
	Nominal £'000	Carrying amount £'000	Fair value £'000	Nominal £'000	Carrying amount £'000	Fair value £'000
Investments	73,000	73,027	72,903	21,000	21,009	21,009
Cash equivalents	32,425	32,425	32,425	54,124	54,124	54,124
Finance lease assets	100,903	100,903	100,903	101,613	101,613	101,613
Debtors	21,569	21,569	21,569	16,809	16,809	16,809
Total financial assets held at amortised cost (Group)	227,897	227,924	227,800	193,546	193,555	193,555

33 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The council's management of risk focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Treasury management is carried out by a central team, under policies approved by the council in the Annual Capital, Treasury and Investment Strategy Report. These strategies provide principles for overall risk management, and are supplemented by written procedure notes.

The Capital and Investment Strategy Report for 2021/22 was approved by Full Council on 25 February 2021, and can be found on the Council's website.

Credit Risk

Asset Type	Credit Risk Management Practices	Estimation of Impairment Loss Allowance
Loans to other local authorities	Investments guaranteed by statute – no credit risk.	No allowance required.
Deposits with banks and other financial institutions	Deposits are restricted by the council's investment strategy to institutions that meet minimum credit ratings from the three major credit ratings agencies, there are also restrictions on the amounts and duration of deposits that can be invested with any given financial institution. All deposits held at 31 March 2022 therefore have low credit risk.	All of the investments made by the council are either on call (available for same day withdrawal) or for fixed durations of less than 12 months with government backed institutions (other local authorities and Debt Management Office) and as such, no credit losses are expected.
Loans to subsidiaries	Loans are subject to internal credit rating, based on an assessment of the audited accounts. A significant increase in credit risk since initial recognition arises when a loan's categorisation changes adversely.	To the extent that any investments with the council's subsidiary companies remain below the carrying value of the assets of the company, no credit loss is calculated. To protect its position in this regard, the council has a floating charge over the assets of Sempra Homes Ltd in the form of a debenture. The council does not anticipate any credit losses arising on loans to subsidiaries.
Other debtors	Debtors are not subject to internal credit rating and have been grouped for the purposes of calculating expected credit losses. The groupings used relate to the nature of the debt. Balances are written off when there is no realistic prospect of recovery.	The council's assessment of the credit quality of its debtors is reflected in the impairment allowance. This assessment takes into account the age of the debt, the historical experience of default and, in appropriate cases, particular knowledge of the position of the debtor. Consideration is also given to general economic conditions, therefore an additional allowance has been provided for the impact of Covid-19.

Financial assets are deemed to be in default when the council assesses that a borrower becomes unlikely to pay any contractual amounts of principal or interest (or at the latest when payments have not been made more than 30 days after they were due).

Notes to the Core Statements

Financial Instrument Notes

Liquidity Risk

The maturity analysis of financial liabilities, based on nominal value, is as follows:

	31 March 2022 £'000	31 March 2021 £'000
Less than one year	65,000	3,500
Between one and two years	3,413	5,250
Between two and five years	16,912	9,825
Between five and ten years	64,500	57,000
Between ten and fifteen years	78,051	55,500
Between fifteen and twenty years	41,000	64,051
Between twenty and twenty five years	29,000	26,000
More than twenty five years	81,425	14,925
Principal amount (borrowing)	379,301	236,051

The council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the council has immediate access to liquid investments as well as ready access to borrowings from the money markets. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Market Risk

Interest Rate Risk

The council is exposed to changes in interest rates as a result of its borrowings being at long-term fixed rates and investments being short-term and, therefore, exposed to variable rates of interest. Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings do not have an impact on the resources available to the council. However, changes in interest payable and receivable due to interest rate changes do have an impact on such resources. In the council's assessment, at 31 March 2022, if interest rates had been 0.25% lower with all other variables held constant, the financial effect would not have been material due to the low value of loans and investments held on a variable basis.

Price Risk

The council does not hold any financial instruments where the capital value may fluctuate as a result of market conditions.

Refinancing Risk

The council has also considered the risk that it will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. To address this risk, the council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment within a short period of time. The council has organised its debt portfolio such that the maturity profile of long-term debt is well-balanced, and new borrowing is planned prudently to ensure that an excessive amount of debt does not fall due for repayment at the same time, or within the same financial year.

Notes to the Core Statements

Capital Notes

34 PROPERTY, PLANT AND EQUIPMENT

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Assets under Construction	Surplus Assets	Total Property, Plant & Equipment	Subsidiary Consolidation	Group Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Movements in 2021/22									
Cost or Valuation:									
At 1 April 2021	901,652	124,003	20,473	8,422	33,515	153	1,088,218	50,032	1,138,250
Additions	46,314	22,197	1,254	565	4,075	-	74,405	(4,019)	70,386
Disposals	(6,599)	-	(474)	-	(46)	-	(7,119)	(1,503)	(8,622)
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of Services	(35,519)	(21,144)	-	(80)	(502)	-	(57,245)	(159)	(57,404)
Impairment (losses)/reversals recognised in the Revaluation Reserve	-	(1,020)	-	-	-	19	(1,001)	-	(1,001)
Revaluation increases / (decreases) recognised in the Revaluation Reserve	57,312	4,175	-	-	-	-	61,487	2,554	64,041
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	1,024	763	-	-	-	-	1,787	755	2,542
Assets reclassified (to) / from Held for Sale	-	(921)	-	-	-	-	(921)	-	(921)
Other movements in cost or valuation - Reclassifications	10	20,979	-	2,970	(23,959)	-	-	-	-
At 31 March 2022	964,194	149,032	21,253	11,877	13,083	172	1,159,611	47,660	1,207,271
Accumulated Depreciation and Impairments:									
At 1 April 2021	-	1,084	11,234	11	1	1	12,331	-	12,331
Depreciation Charge for year	18,028	3,746	1,938	-	-	3	23,715	1	23,716
Depreciation eliminated on Disposals	(132)	-	(473)	-	-	-	(605)	-	(605)
Depreciation written out to the Revaluation Reserve	(17,663)	(2,797)	-	-	-	-	(20,460)	-	(20,460)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(233)	(971)	-	-	-	(4)	(1,208)	-	(1,208)
Other Movements in Cost or Valuation - Reclassifications	-	(6)	-	-	6	-	-	-	-
At 31 March 2022	-	1,056	12,699	11	7	-	13,773	1	13,774
Net Book Value:									
At 31 March 2022	964,194	147,976	8,554	11,866	13,076	172	1,145,838	47,659	1,193,497
At 1 April 2021	901,652	122,919	9,239	8,411	33,514	152	1,075,887	50,032	1,125,919
Group Net Book Value:									
At 31 March 2022	964,194	170,418	8,559	11,866	38,288	172	1,193,497		
At 1 April 2021	901,652	136,595	9,245	8,411	69,864	152	1,125,919		

Notes to the Core Statements

Capital Notes

Comparative Movements in 2020/21

	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Community Assets £000	Assets under Construction £000	Surplus Assets £000	Total Property, Plant & Equipment £000	Subsidiary Consolidation £000	Group Property, Plant & Equipment £000
Cost or Valuation:									
At 1 April 2020	843,455	128,110	19,031	8,422	15,394	288	1,014,700	28,997	1,043,697
Additions	27,481	1,658	1,755	-	20,875	-	51,769	20,405	72,174
Donations	-	-	-	-	-	-	-	-	-
Disposals	(3,266)	(530)	(416)	-	-	(240)	(4,452)	(1,340)	(5,792)
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of	(19,423)	(860)	-	-	-	-	(20,283)	-	(20,283)
Impairment (losses)/reversals recognised in the Revaluation Reserve	-	(2,230)	-	-	-	-	(2,230)	-	(2,230)
Revaluation increases / (decreases) recognised in the Revaluation Reserve	57,040	(716)	-	-	-	10	56,334	1,394	57,728
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	(3,657)	(3,963)	-	-	-	-	(7,620)	576	(7,044)
Other movements in cost or valuation - Reclassifications	22	2,534	103	-	(2,754)	95	-	-	-
At 31 March 2021	901,652	124,003	20,473	8,422	33,515	153	1,088,218	50,032	1,138,250
Accumulated Depreciation and Impairments:									
At 1 April 2020	-	1,161	9,868	5	2	1	11,037	-	11,037
Depreciation Charge for year	16,871	3,546	1,770	6	-	3	22,196	-	22,196
Depreciation eliminated on Disposals	(65)	(6)	(405)	-	-	-	(476)	-	(476)
Depreciation written out to the Revaluation Reserve	(16,641)	(2,878)	-	-	-	-	(19,519)	-	(19,519)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(165)	(739)	-	-	-	(3)	(907)	-	(907)
At 31 March 2021	-	1,084	11,234	11	1	1	12,331	-	12,331
Net Book Value:									
At 31 March 2021	901,652	122,919	9,239	8,411	33,514	152	1,075,887	50,032	1,125,919
At 1 April 2020	843,455	126,949	9,163	8,417	15,392	287	1,003,663	28,997	1,032,660
Group Net Book Value:									
At 31 March 2021	901,652	136,595	9,245	8,411	69,864	152	1,125,919		
At 1 April 2020	843,455	139,138	9,163	8,417	32,200	287	1,032,660		

Notes to the Core Statements

Capital Notes

34 PROPERTY, PLANT AND EQUIPMENT (cont.)

Revaluations

The statement below shows the total of revaluations of non-current assets carried out by the council during the financial year and the previous year. The valuations were carried out by the council's Principal Estates Surveyor and Avison Young, a leading firm of Chartered Surveyors. The basis for valuation is set out in the Statement of Accounting Policies, item 13.

	Council dwellings £'000	Other land & buildings £'000	Vehicles, plant & equipment £'000	Community assets £'000	Assets under construction £'000	Surplus assets £'000	Total £'000
Carried at historical cost:	-	-	21,253	11,877	13,083	-	46,213
Carried at fair value as at:							
31.3.2021	964,194	138,518	-	-	-	172	1,102,884
31.3.2020	-	4,174	-	-	-	-	4,174
31.3.2019	-	6,340	-	-	-	-	6,340
Gross Book Value at 31 March 2022	964,194	149,032	21,253	11,877	13,083	172	1,159,611

35 INVESTMENT PROPERTIES

The council carries assets as investment properties when they are held solely for rental income generation or capital appreciation and for no other purpose. The table below reflects the value of commercial assets held at the end of the year.

	2021/22 £'000	2020/21 £'000
Balance at start of the year	101,915	36,646
Additions	31,700	167,818
Disposals	-	(102,100)
Net gains/(losses) from fair value adjustments	12,235	(449)
Balance at end of the year	145,850	101,915

There are no restrictions on the council's ability to realise the value inherent in its investment property or on the council's right to the remittance of income and the proceeds of disposal. The council has no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancement.

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

	2021/22 £'000	2020/21 £'000
Rental income	(6,093)	(4,011)
Other income	(10)	(55)
Direct operating expenses	128	645
	(5,975)	(3,421)
Change in the fair value of investment properties	(12,235)	449
Net (surplus)/deficit	(18,210)	(2,972)

Fair value measurement

The fair value for the commercial 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.

In estimating the fair value of the council's investment properties, the highest and best use of the properties is their current use.

Fair values are measured annually at each reporting date. The valuations were carried out by the council's Principal Estates Surveyor, Avison Young and CBRE, leading firms of Chartered Surveyors.

Notes to the Core Statements

Capital Notes

Gains or losses arising from changes in the fair value of the investment property are recognised in the Surplus or Deficit on the Provision of Services – Financing and Investment Income and Expenditure line.

36 CAPITAL COMMITMENTS

The total commitment on various significant capital contracts at 31 March 2022 was £857,091 including fees (£5,340,685 at 31 March 2021, due, in the main, to works to East Square, including the construction of the cinema.)

In addition, Sempra Homes Ltd was committed to projects totalling £318,111 (£5,504,664 at 31 March 2021). Acorn House Developments (Basildon) Ltd had no commitments at 31 March 2022 (£3,636,160 at 31 March 2021). Therefore, capital commitments of the Group at 31 March were £1,175,202 (£14,481,509 2020/21).

37 INTANGIBLE ASSETS

Software

The council has accounted for its Housing Management System as an intangible asset. It has been given a finite useful life of 10 years, based on assessment of the period that the software is expected to be of use to the council.

The carrying amount of the intangible asset is amortised over its useful life. Amortisation for the period is charged to the Housing Revenue Account in the Cost of Services and reversed to the Capital Adjustment Account in the Movement in Reserves Statement.

Goodwill

On 15 November 2019 the council acquired the net assets of Acorn House Developments (Basildon) Ltd for £7.8 million cash. In accordance with IFRS 3 Business Combinations, goodwill arose on consolidation since the consideration transferred exceeded the fair value of the net assets at the acquisition date £5.8 million.

	Note	Council		Group	
		2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
Balance outstanding at start of year		685	800	2,018	1,698
Disposals - Assets derecognised through business combinations		-	-	-	(36)
Impairment of goodwill	24	-	-	1	471
Amortisation for the period	24	(114)	(115)	(114)	(115)
Net carrying amount at end of year		571	685	1,905	2,018
Comprising:					
Gross carrying amount		1,137	1,137	3,130	3,130
Accumulated amortisation		(566)	(452)	(1,225)	(1,112)
Balance outstanding at end of year		571	685	1,905	2,018

38 ASSETS HELD FOR SALE

	Council		Group	
	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
Balance outstanding at start of year	-	251	-	2,991
Assets newly classified as held for sale - property, plant and equipment	921	-	921	-
Assets sold	-	(251)	-	(2,991)
Balance outstanding at end of year	921	-	921	-

Notes to the Core Statements

Capital Notes

39 CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue, the expenditure results in an increase in the Capital Financing Requirement (CFR). The CFR is a measure of the capital expenditure incurred historically by the Council that has yet to be financed. It is analysed in the second part of this Note.

	2021/22 £'000	2020/21 £'000
Opening Capital Financing Requirement	542,537	334,579
<u>Capital Expenditure</u>		
Property, plant and equipment and Intangible assets:		
General Fund	26,559	20,931
Housing Revenue Account	47,846	30,838
Investment properties	31,700	167,818
	106,105	219,587
Investment in subsidiaries	3,000	7,463
Loans to subsidiaries	12,002	12,241
Commercial loans	5,724	4,179
<u>Revenue expenditure funded from capital under statute:</u>		
Disabled Facilities Grants	998	715
Other	664	1,554
Total Capital Expenditure to be Financed	128,493	245,739
Sources of Finance:		
Capital receipts	10,373	4,920
Loans repaid by subsidiaries	10,151	-
Government grants and other contributions	1,593	3,191
Major Repairs Reserve	18,308	17,024
Sums set aside from revenue:		
Direct revenue contributions	11,463	10,371
Principal repaid on finance leases	1,817	-
Minimum Revenue Provision	4,316	2,275
Total Financing	58,021	37,781
Closing Capital Financing Requirement	613,009	542,537
Analysis by Fund:		
General Fund	399,742	337,540
HRA	213,267	204,997
Closing Capital Financing Requirement	613,009	542,537
Explanation of movements in year:		
Increase/(decrease) in underlying need for borrowing	38,474	54,947
Assets acquired under leases	31,998	153,011
Increase/(Decrease) in Capital Financing Requirement	70,472	207,958

Notes to the Core Statements

Pension Notes

40 DEFINED BENEFIT PENSION SCHEMES

Characteristics of the Pension Scheme

The council offers retirement benefits to its employees as part of the terms and conditions of their employment. For this purpose, the council participates in the Essex Pension Fund (the Fund), which is administered under regulations governing the Local Government Pension Scheme and provides defined benefits related to pay and service. The Fund is reviewed on a triennial basis by the Fund actuary. The last triennial actuarial valuation was at 31 March 2019 and was effective from 1 April 2020. The next valuation at 31 March 2022 will be effective from 1 April 2023.

Risks associated with the Pension Scheme

Investment Risk

The Fund holds investments in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.

Interest Rate Risk

The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount future liability cashflows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way.

Inflation Risk

All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation.

Longevity Risk

In the event that the members live longer than assumed, a deficit will emerge in the Fund. There are also other demographic risks.

In addition, as many unrelated employers participate in the 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.

All of the above risks may also benefit the employer e.g. higher than expected investment returns, or employers leaving the Fund with excess assets which eventually get inherited by the remaining employers.

Assets and Liabilities in relation to Post-employment Benefits

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

	2021/22 £'000	2020/21 £'000
Present value of the defined benefit obligation	392,515	396,216
Fair value of plan assets	(305,937)	(281,767)
Net liability arising from the defined benefit obligation	86,578	114,449

The total contributions expected to be made to the Local Government Pension Scheme by the council as employer in the year to 31 March 2022 is £4.6 million (including £0.4m relating to discretionary benefits).

Notes to the Core Statements

Pension Notes

Transactions relating to Retirement Benefits

The council recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against Council Tax is based on the cash payable into the Fund in the year, so the real cost of the retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The contributions payable to the Fund by employees are as laid down in the regulations. Employer pension contribution levels are calculated by the actuary as part of the triennial review and are paid by Basildon Council into the Fund. Any surplus or deficit on the Fund has no effect on an individual's entitlement to benefits.

The following transactions have been made in the Comprehensive Income and Expenditure Account and the General Fund via the Movement in Reserves Statement during the year:

	2021/22 £'000	2020/21 £'000
Comprehensive Income and Expenditure Statement		
<i>Cost of Services:</i>		
Service cost comprising:		
- Current service cost	12,344	10,454
- Administration expense	136	164
- Settlements	-	(113)
- Past service costs, including curtailments	1	78
<i>Financing and Investment Income and Expenditure:</i>		
Net interest on the defined liability	2,239	2,511
Total Post Employment Benefit charged to the Surplus or Deficit on the Provision of Services	14,720	13,094
<i>Other Post Employment Benefit charged to Other Comprehensive Income and Expenditure:</i>		
Remeasurement of the net defined benefit liability comprising:		
- Return on plan assets (excluding the amount included in the net interest cost)	(20,986)	(59,771)
- Experience gain (loss)	968	(4,168)
- Actuarial gains and losses arising from changes in demographic assumptions	-	(3,605)
- Actuarial gains and losses arising from changes in financial assumptions	(17,583)	79,363
- Other actuarial gains/(losses)	-	-
	(37,601)	11,819
Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement	(22,881)	24,913
	2021/22 £'000	2020/21 £'000
Movement in Reserves Statement		
Total Post Employment Benefit charged to the Surplus or Deficit on the Provision of Services	14,720	13,094
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post employment benefits in accordance with the Code	(9,730)	(4,168)
Actual amount charged against Council Tax for pensions in the year:		
Employers' contributions payable to the scheme	4,990	8,926
	2021/22 £'000	2020/21 £'000
Reconciliation of the movements in the Fair Value of Scheme Assets		
Opening Balance at 1 April	281,767	217,773
Actual return on scheme assets (less interest)	20,986	59,771
Interest income	5,613	3,993
Administration expenses	(136)	(164)
Actuarial gains (losses)	-	-
Contributions by scheme participants	1,666	1,582
Employer contributions including unfunded	4,990	8,926
Settlement prices paid	-	(553)
Benefits paid including unfunded	(8,949)	(9,561)
Closing Balance at 31 March	305,937	281,767

Notes to the Core Statements

Pension Notes

	2021/22 £'000	2020/21 £'000
Reconciliation of Present Value of Scheme Liabilities (Defined Benefit Obligation)		
Opening Balance at 1 April	396,216	316,235
Current service cost	12,344	10,454
Interest cost	7,852	6,504
Contributions from scheme participants	1,666	1,582
Remeasurements of the net defined benefit liability:		
- Actuarial gains and losses arising from changes in demographic assumptions	-	(3,605)
- Actuarial gains and losses arising from changes in financial assumptions	(17,583)	79,363
- Experience loss (gain)	968	(4,168)
Past service costs, including curtailments	1	78
Liabilities extinguished on settlements	-	(666)
Benefits paid	(8,949)	(9,561)
Closing Balance at 31 March	392,515	396,216

The estimated asset allocation for the council consists of the following categories, expressed as a proportion of total assets held by value:

Asset Share - Bid value	31 March 2022		31 March 2021	
	£'000	%	£'000	%
Equity investments	183,694	60%	178,241	64%
Gilts and bonds	20,701	7%	20,885	7%
Property	25,092	8%	19,857	7%
Cash and other investments	76,450	25%	62,784	22%
	305,937	100%	281,767	100%

Basis for estimating Assets and Liabilities

To assess the value of the Employer's liabilities at 31 March 2022, the value of the Employer's liabilities calculated for the funding valuation as at 31 March 2019 have been rolled forward, using financial assumptions that comply with IAS19.

The full actuarial valuation involved projecting future cashflows to be paid from the Fund and placing a value on them. These cashflows include pensions currently being paid to members of the Scheme as well as pensions (and lump sums) that may be payable in future to members of the Fund or their dependants. These pensions are linked to inflation and will normally be payable on retirement for the life of the member or a dependant following a member's death. The Fund liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries.

Allowance was made for the potential impact of the McCloud and Sargeant judgement, which relates to age discrimination within the New Judicial Pension Scheme, during 2018/19 and therefore is incorporated in the roll forward approach and is remeasured along with the normal pension scheme liabilities.

The principal assumptions used by the actuary are as follows:

	31 March 2022	31 March 2021
Assumed life expectancy from age 65 (years)		
Assumed longevity retiring at current date		
- Males	21.6	21.6
- Females	23.7	23.6
Assumed longevity retiring in 20 years		
- Males	23.0	22.9
- Females	25.1	25.1

The mortality projections were updated in 2020/21 to use the latest version of the Continuous Mortality Investigation's model, CMI_2020, which was released in March 2021. This update was made in light of the coronavirus pandemic and reflects the latest information available from the CMI. The new CMI_2020 Model introduces a "2020 weight parameter" for the mortality data in 2020 so that the exceptional mortality experienced due to the coronavirus pandemic can be incorporated without having a disproportionate impact on results. The actuaries view is that placing too much weight on the 2020 mortality experience would not be appropriate given the abnormality of the 2020 data, however, the overall outlook for best-estimate future mortality improvements looks less positive as a result of the pandemic.

Notes to the Core Statements

Pension Notes

	31 March 2022	31 March 2021
Financial assumptions:		
Rate of inflation - RPI	3.55%	3.20%
Rate of inflation - CPI	3.20%	2.80%
Rate of increase in salaries	4.20%	3.80%
Rate of increase in pensions	3.20%	2.80%
Rate for discounting scheme liabilities	2.60%	2.00%
Other assumptions:		
Take-up of option to pay 50% of contributions for 50% of benefits	10.0%	10.0%
Take-up of option to convert annual pension into retirement lump sum	50.0%	50.0%

Sensitivity Analysis of major assumptions

The sensitivity analysis below shows the impact on the council's obligations given the stated changes to the major assumptions used by the actuary. The change column is the change to the estimated base projected service cost of £11.656 million. Although the impact of a change in the long-term salary increase has an impact on the present value of the obligation it is relatively minor and, therefore, would have no impact on the projected service cost.

Adjustment to:		Present value of total obligation £'000	Change £'000	Projected service cost £'000
Discount rate	+0.1%	385,042	(402)	11,254
	-0.1%	400,142	415	12,071
Long-term salary increase	+0.1%	393,175	6	11,662
	-0.1%	391,861	(7)	11,649
Pension increases and deferred revaluation	+0.1%	399,430	411	12,067
	-0.1%	385,732	(399)	11,257
Mortality age rating assumption	+ 1 year	409,928	475	12,131
	- 1 year	375,886	(459)	11,197

Effect on the council's cashflows

A deficit payment of £3.945 million was made in 2020/21 to cover the three years to 2022/23. Deficit payments are charged to the General Fund in the year in which payment is made, regardless of the period it relates to.

The impact on the council's future cashflows will be provided following the March 2022 valuation and will be based on an estimated pensionable payroll of £24.774 million.

Notes to the Core Statements

Cash Flow Notes

41 CASH AND CASH EQUIVALENTS

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

	Council		Group	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	£'000	£'000	£'000	£'000
Cash held by the council	4	5	4	5
Short-term deposits	29,620	40,000	29,620	40,000
Bank current accounts	2,640	13,986	2,805	14,124
Total cash and cash equivalents	32,264	53,991	32,429	54,129

The Council does not have a bank overdraft facility.

42 CASH FLOW STATEMENT - OPERATING ACTIVITIES

Included in the cash flows for operating activities are the following items:

	Council		Group	
	2021/22	2020/21	2021/22	2020/21
	£'000	£'000	£'000	£'000
Interest received	(6,529)	(1,617)	(4,393)	(134)
Interest paid	14,141	10,864	14,141	10,864
Net interest included in operating activities	7,612	9,247	9,748	10,730

43 CASH FLOW STATEMENT - INVESTING ACTIVITIES

	Council		Group	
	2021/22	2020/21	2021/22	2020/21
	£'000	£'000	£'000	£'000
Purchase of property, plant and equipment, investment property and intangible assets	56,971	61,202	71,481	81,171
Purchase of short-term and long-term investments	67,739	30,632	64,739	23,169
Loans to subsidiaries	12,002	12,654	-	-
Proceeds from the sale of property, plant and equipment	(7,715)	(5,559)	(9,433)	(10,736)
Proceeds from short-term and long-term investments	(7,980)	(992)	(7,980)	(992)
Loans repaid by subsidiaries	(842)	-	-	-
Capital grants received	(4,318)	(4,621)	(4,606)	(5,093)
Other receipts from investing activities	(1)	(1)	(1)	(1)
Net cash flows from investing activities	115,856	93,315	114,200	87,518

44 CASH FLOW STATEMENT - FINANCING ACTIVITIES

	2021/22	2020/21
	£'000	£'000
Cash receipts of short and long-term borrowing	(82,000)	(97,000)
Other receipts from financing activities	(16,991)	(4,710)
Cash payments for the reduction of the outstanding liabilities relating to finance leases	3,104	1,421
Repayments of short and long-term borrowing	32,250	3,500
Other payments for financing activities	1,330	22,534
Net cash flows from financing activities	(62,307)	(74,255)

Notes to the Core Statements

Cash Flow Notes

44A RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	31 March 2021 £'000	Financing cashflows £'000	Non-cash acquisitions £'000	Other non- cash changes £'000	31 March 2022 £'000
Long-term borrowings	(299,960)	(30,000)	-	12,875	(317,085)
Short-term borrowings	(32,308)	(19,750)	-	(13,040)	(65,098)
Finance lease liabilities	(157,702)	3,104	(31,998)	1,817	(184,779)
Total liabilities from financing activities	(489,970)	(46,646)	(31,998)	1,652	(566,962)

	31 March 2020 £'000	Financing cashflows £'000	Non-cash acquisitions £'000	Other non- cash changes £'000	31 March 2021 £'000
Long-term borrowings	(234,764)	(70,000)	-	4,804	(299,960)
Short-term borrowings	(3,535)	(23,500)	-	(5,273)	(32,308)
Finance lease liabilities	(5,894)	1,421	(153,011)	(218)	(157,702)
Total liabilities from financing activities	(244,193)	(92,079)	(153,011)	(687)	(489,970)

Other non-cash changes include movements between short-term and long-term borrowings and movements in accrued interest.

Housing Revenue Account

HRA INCOME AND EXPENDITURE STATEMENT

Expenditure	Note	2021/22 £'000	2020/21 £'000
Repairs and maintenance		12,700	11,182
Supervision and management		18,521	15,389
Rents, rates, taxes and other charges		218	126
Depreciation and impairment of non-current assets (net of revaluation gains)	5	52,678	39,964
Debt management costs		54	47
Movement in the allowance for bad debts		248	474
Total Expenditure		84,419	67,182
Income			
Dwelling rents	1	(49,346)	(48,923)
Non-dwelling rents		(18)	(18)
Charges for services and facilities		(4,226)	(4,666)
Contributions towards expenditure		(511)	(504)
Total Income		(54,101)	(54,111)
Net (Income) / Expenditure of HRA Services as included in the whole authority Comprehensive Income & Expenditure Statement		30,318	13,071
HRA share of expenditure charged to Corporate and Central in the CIES		326	325
Net (Income)/Expenditure of HRA Services		30,644	13,396
HRA share of the operating income and expenditure included in the whole authority Comprehensive Income and Expenditure Statement:			
(Gain)/Loss on sale of HRA non-current assets		(1,293)	(1,725)
Interest payable and similar charges		8,380	8,482
Net interest on the net defined benefit liability		605	415
Capital grants, contributions and donated assets		-	(413)
(Surplus)/Deficit for the year on HRA services		38,336	20,155

Housing Revenue Account

MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

The purpose of the Movement on the Housing Revenue Account Statement is to reconcile the Income and Expenditure Statement surplus or deficit for the year to the Housing Revenue Account balance for the year to show the real impact on the statutory Housing Revenue Account.

Note	2021/22 £'000	2020/21 £'000
Balance on the HRA at the end of the previous year	(4,134)	(8,331)
(Surplus) or deficit for the year on the HRA Income and Expenditure Statement	38,336	20,155
Adjustments between accounting basis and funding basis under the legislative framework	(24,362)	(11,326)
Net (increase)/decrease before transfers to or from reserves	13,974	8,829
Transfers to or from earmarked reserves:	(14,014)	(4,632)
(Increase)/decrease in year on the HRA	(40)	4,197
Balance on the HRA at the end of the current year	(4,174)	(4,134)

ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

The net amount required to be debited or credited to the HRA balance in the statement above is made up of the following:

Note	2021/22 £'000	2020/21 £'000
(Gain)/loss on sale of HRA non-current assets	1,293	1,725
HRA share of contributions to or from the Pensions Reserve	(2,631)	(688)
Revaluation gains and impairment losses (charged to SDPS)	5	(22,934)
Provision for the repayment of debt	57	45
Capital expenditure funded by the HRA	11,409	10,117
Capital grants transferred to the Capital Adjustment Account	-	413
Depreciation transferred to the Capital Adjustment Account	5	(17,030)
Absences accrual transferred to the Accumulated Absences Account	(12)	(4)
Transfer to Major Repairs Reserve	18,200	17,030
Net additional amount required by statute to be debited (credited) to the HRA	(24,362)	(11,326)

Further details of the adjustments between accounting basis and funding basis can be found in the Movement in Reserves Statement.

Notes to the Housing Revenue Account

1 DWELLING RENTS

	2021/22 £'000	2020/21 £'000
Dwellings	(50,231)	(49,662)
Less: Void properties	885	739
Total income from dwelling rents	(49,346)	(48,923)

Rent loss due to void dwellings was 1.76% in the year (1.5% in 2020/21). From 20/21, rents increased by 1% plus CPI at September of the previous year. The average weekly rent in 2021/22 was £89.61, which was £1.33 above the average for the previous year (£88.28).

2 RENT ARREARS

	31 March 2022 £'000	31 March 2021 £'000
Current tenants	2,829	2,632
Former tenants	2,171	2,038
Total gross rent arrears	5,000	4,670
Less: Allowance for uncollectable rents	(3,150)	(3,000)
Total net rent arrears	1,850	1,670

The arrears relate to rents, heating charges, tenants' effects insurance premiums and other service charges due from tenants. Current arrears include secure and temporary tenancies and shared ownership dwellings.

All figures ignore prepayments of rent amounting to £1,267,077 at 31 March 2022 (£1,150,895 at 31 March 2021).

3 ANALYSIS OF HOUSING STOCK

The council was responsible for 10,837 dwellings at the end of the year (10,789 at 31 March 2021) including the council's share of shared ownership dwellings, equivalent to 100 wholly owned dwellings at 31 March 2022, (104 at 31 March 2021).

	31 March 2022	31 March 2021
<i>Analysis by type of dwelling:</i>		
Houses and bungalows	6,084	6,108
Flats and maisonettes	4,753	4,681
Total dwellings	10,837	10,789
<i>Change in stock during the year:</i>		
Stock at 1 April	10,789	10,794
Purchases and donations	125	39
Sales and other disposals	(77)	(44)
Total dwellings	10,837	10,789

Notes to the Housing Revenue Account

4 VALUATION OF HOUSING ASSETS

The total values of land, houses and other property within the HRA are set out below:

	31 March 2022 £'000	31 March 2021 £'000
<i>Property, plant and equipment</i>		
Dwellings	964,194	901,652
Other land and buildings	15	15
Vehicles, plant and equipment	240	297
Assets under construction	6,290	4,644
<i>Intangible assets</i>	571	685
Total value of housing assets	971,310	907,293

All property has been valued in accordance with guidance on stock valuation published by the Secretary of State. The vacant possession value of dwellings in the HRA, valued in accordance with the guidance, was £2,514.5 million at 31 March 2022. The difference of £1,559.0 million between the vacant possession value and the balance sheet value shown in the table above represents the economic cost of providing council housing at less than open market

5 DEPRECIATION, IMPAIRMENT, REVALUATION GAINS AND LOSSES

	31 March 2022			31 March 2021		
	Depreciation £'000	Impairment £'000	Revaluation £'000	Depreciation £'000	Impairment £'000	Revaluation £'000
Dwellings	18,028	35,519	(1,257)	16,870	19,424	3,492
Other land and buildings	-	217	-	-	18	-
Vehicles, plant and equipment	57	-	-	45	-	-
Intangible assets	114	-	-	115	-	-
Total	18,199	35,736	(1,257)	17,030	19,442	3,492

6 CAPITAL EXPENDITURE AND FINANCING

	Note	2021/22 £'000	2020/21 £'000
Analysis of expenditure and financing			
Housing		46,314	27,481
Other property including intangible assets		1,532	3,357
Appropriation of assets from General Fund		320	-
Total capital expenditure to be financed		48,166	30,838
<i>Financed from:</i>			
Major Repairs Reserve		18,308	17,023
Capital contributions		44	413
Usable capital receipts		10,085	-
Borrowing		8,320	3,285
Revenue contributions		11,409	10,117
Total financing		48,166	30,838

Notes to the Housing Revenue Account

7 CAPITAL RECEIPTS FROM DISPOSALS OF HRA LAND AND PROPERTY

In common with all housing authorities, the council is required to sell dwellings to tenants who meet the requirements to exercise their right to buy.

	2021/22 Total £'000	2020/21 Total £'000
Sale of dwellings under right to buy	7,315	4,848
Sale of shared ownership properties	512	134
Total capital receipts	7,827	4,982

8 EARMARKED BALANCE

The council has earmarked part of the HRA balance for Treasury Management Risk, and Asset Investment.

	2021/22 Total £'000	2020/21 Total £'000
Asset Management Reserve	5,769	19,783
Treasury Management Reserve	600	600
Total HRA Earmarked Reserves	6,369	20,383

9 FURTHER INFORMATION

Further information about the provision of housing services can be obtained by writing to the Director of Housing and Property, Basildon Borough Council, The Basildon Centre, St. Martin's Square, Basildon, Essex SS14 1DL.

Collection Fund Account

	2021/22			2020/21		
	Council Tax £'000	Business Rates £'000	Total £'000	Council Tax £'000	Business Rates £'000	Total £'000
Income:						
Amounts receivable (net of discounts and reliefs)	117,661	62,217	179,878	113,878	44,495	158,373
Transfers from the General Fund:						
- Council Tax Hardship Scheme	-	-	-	1,613	-	1,613
Collection of previous year's deficit:						
- Central Government	-	17,849	17,849	-	1,468	1,468
- Essex County Council	1,414	3,213	4,627	428	264	692
- Police & Crime Commissioner for Essex	213	-	213	65	-	65
- Essex Fire Authority	79	357	436	24	29	53
- Basildon Borough Council	307	14,279	14,586	96	1,175	1,271
	2,013	35,698	37,711	613	2,936	3,549
Total Income	119,674	97,915	217,589	116,104	47,431	163,535
Expenditure:						
Precepts and shares						
- Central Government	-	38,392	38,392	-	39,459	39,459
- Essex County Council	81,581	6,911	88,492	80,967	7,103	88,070
- Police & Crime Commissioner for Essex	12,687	-	12,687	12,173	-	12,173
- Essex Fire Authority	4,495	768	5,263	4,529	789	5,318
- Basildon Borough Council	17,446	30,714	48,160	17,561	31,567	49,128
	116,209	76,785	192,994	115,230	78,918	194,148
Transitional protection payment receivable	-	744	744	-	748	748
Impairment of debts/appeals:						
- Write-offs of uncollectable amounts	1,518	538	2,056	-	850	850
- Allowance for impairment	-	-	-	1,957	-	1,957
- Allowance for losses on appeals	-	(2,475)	(2,475)	-	1,515	1,515
	1,518	(1,937)	(419)	1,957	2,365	4,322
Charge to General Fund for allowable collection costs	-	222	222	-	222	222
Total Expenditure	117,727	75,814	193,541	117,187	82,253	199,440
Movement on Fund Balance	1,947	22,101	24,048	(1,083)	(34,822)	(35,905)
Opening Fund Balance	2,715	38,102	40,817	1,632	3,280	4,912
Closing Fund Balance	768	16,001	16,769	2,715	38,102	40,817
Movement on fund balance	1,947	22,101	24,048	(1,083)	(34,822)	(35,905)

Collection Fund Account

1 COUNCIL TAX BASE

Whilst the annual Council Tax levy is expressed as a Band D equivalent, it is actually charged across nine different valuation bands. The Council Tax base for 2021/22 was calculated as follows:

Tax Band	No. of Properties in Band	No. of Properties after Discounts	Ratio to Band D	Equivalent No. of Band D Properties
A (Disabled)	8	7	5/9	4
A	9,114	7,433	6/9	4,955
B	16,243	14,431	7/9	11,224
C	24,566	22,373	8/9	19,887
D	14,981	13,928	9/9	13,928
E	7,647	7,230	11/9	8,837
F	4,719	4,517	13/9	6,525
G	1,981	1,911	15/9	3,185
H	162	157	18/9	314
	79,421	71,987		68,859
Less: Net impact of Local Council Tax Support Scheme				(6,819)
				62,040
Less: Allowance for irrecoverables			1.93%	(1,200)
Total Council Tax Base				60,840

2 INCOME FROM COUNCIL TAX

For 2021/22, the council set an average Council Tax levy of £1,910.08 per Band D equivalent property, made up of precepts from authorities as follows:

	2021/22 £	2020/21 £
Basildon Borough Council	278.91	278.91
Parish and Town Councils in the Basildon Borough (average)	7.84	7.62
Essex County Council	1,340.91	1,321.11
Police & Crime Commissioner for Essex	208.53	198.63
Essex Fire Authority	73.89	73.89
Total average Council Tax Band D	1,910.08	1,880.16

The Council Tax requirement is made up of the sum of all precepts levied on this council as Billing Authority. Basildon's own precept for the year 2021/22 (£17.45 million) included £477,124 (£466,833 in 2020/21) in respect of precepts from Parish, Town and Village Councils within the borough. The payments to Parish, Town and Village Councils are met initially from the General Fund and included in Basildon's budget requirement.

Specific reductions in Council Tax liability are made in accordance with regulations for households on low income (Council Tax Support). The amount credited to the Collection Fund is analysed as follows:

	2021/22 £'000	2020/21 £'000
Council Tax	130,561	126,647
Less: Council Tax Support	(12,900)	(12,769)
Less: Council Tax Hardship Relief	-	(1,613)
Net Income to Collection Fund	117,661	113,878

Collection Fund Account

3 INCOME FROM BUSINESS RATES

The council calculates the rates due on non-domestic property in the borough by multiplying the rateable value of the property by a uniform national rate in the pound. The total amount, less certain reliefs and other deductions, is shared between Central Government (50%), Essex County Council (9%), Essex Fire Authority (1%), with the remainder being retained by the council (40%). Police and Crime Commissioners are not included in the scheme.

The amount credited to the Collection Fund is analysed as follows:

	2021/22 £'000	2020/21 £'000
Business Rates (including voids and exemptions)	95,095	94,877
Reliefs and other adjustments	(32,878)	(50,382)
Net Income to Collection Fund	62,217	44,495

The reliefs announced by the Government as a direct result of Covid-19 continued in 2021/22, although the eligibility criteria and amount of relief was less generous. Similarly to 2020/21, the reliefs for 2021/22 were announced after the precept was set which has resulted in the deficit on the Collection Fund. The compensation received for the reduction to income is included under Taxation and Non-specific Grant Income in the Comprehensive Income and Expenditure

The total rateable value for the Basildon Borough at 31 March 2022 was £190.3m (£190.0 million, 2021). The business rate for 2021/22 was 49.9p per £ of rateable value for small businesses and 51.2p for other businesses (49.9p and 51.2p respectively for 2020/21).

For further information on Business Rates Appeals see Note 4.

Accounting Policies

1. Accruals of Income and Expenditure (including Revenue Recognition).

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the council.
- Revenue from the provision of services is recognised when the council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the council.
- Revenue from Grants, Contributions and Donations is recognised immediately if no conditions exist or if all conditions have been met. Otherwise they are accounted for as outlined in **Section 11**.
- Supplies that are held in inventories are recorded as expenditure when they are consumed, i.e. where there is a gap between the date supplies are received and when they are consumed they are carried as inventories in the Balance Sheet. Other supplies are expensed when received.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected, referred to as the bad debt provision/impairment allowance.

The accounts depart from the accruals concept in the following way:

- Creditors and debtors are not normally raised for sums under £1,000 or for regular payments such as gas, electricity and telephone accounts and lease rentals, provided the appropriate number of payments have been made in the particular year. Exceptions are made to the £1,000 policy where grant funding would be lost if the amounts were not accrued.

Where the council is due to receive income from contractual arrangements with its customers, it is required to consider the following five steps before disclosing income:

1. Identify the contract with a customer
2. Identify all the individual performance obligations within the contract
3. Determine the transaction price
4. Allocate the price to the performance obligations
5. Recognise revenue as the performance obligations are fulfilled

If these are deemed to be applicable to any existing arrangement, income will not be recognised in the financial statements until the relevant performance obligations have been met.

2. Cash and Cash Equivalents

Cash comprises cash in hand and deposits or investments repayable on demand without penalty or loss of value. This includes credit balances held in any council bank account as at 31 March which can be recalled within one working day.

A financial instrument will be treated as a cash equivalent if it meets the definition given in IAS 7: "short-term, highly liquid investments which are readily convertible to known amounts of cash without penalty and which are subject to an insignificant risk of changes in value". In this context, 'short-term' is defined as three calendar months or less, while 'insignificant' is defined as less than 1% risk of default or impairment. 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.

3. Exceptional Items

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

Accounting Policies

4. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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 e.g. on grounds of materiality) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

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

5. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding property, plant and equipment 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 charged.

The council is not required to raise council tax to fund depreciation, or revaluation and impairment losses. However, the General Fund is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance. Such charges are termed 'minimum revenue provision' or MRP.

It is for each authority to determine a prudent level of MRP, though regard must be had to statutory guidance issued by the Secretary of State for Communities and Local Government.

The statutory guidance can be found here:

<https://www.gov.uk/government/publications/capital-finance-guidance-on-minimum-revenue-provision-third-edition>

The council's MRP policy for 2021/22 can be found in the 2021/22 budget report here:

[Capital and Investment Strategy 202122 Enc. 3.pdf](#)

Depreciation, revaluation and impairment losses 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.

The HRA is also charged with depreciation, revaluation and impairment losses. Impairments have been reversed through the movement in reserves statement. A balance equivalent to the depreciation charged to the HRA is transferred from the Capital Adjustment Account to the Major Repairs Reserve as required by the Accounts and Audit Regulations 2015.

6. 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 (e.g. private health care) for current employees and are recognised as an expense for 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, e.g. time off in lieu, such entitlements being termed 'accumulated absences') earned by employees but not taken before the year-end and which employees can carry forward to the next financial year. The accrual is made at an average salary rate estimated to be applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then taken out of the General Fund through the Movement in Reserves Statement into the Unpaid Absences Account with the transaction being reversed in the following year.

Termination Benefits

Termination benefits, are amounts payable as a result of a decision by Basildon Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept an offer of voluntary redundancy in

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exchange for those benefits, or in the event of compulsory redundancy. These are charged on an accruals basis to the appropriate Service in the Comprehensive Income and Expenditure Statement (CIES) at the earlier of when the council can no longer withdraw the offer of those benefits or when the council recognises costs for a restructuring.

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

Post Employment Benefits

The Local Government Pension Scheme is administered by Essex County Council. The Scheme is accounted for as a defined benefits scheme.

The liabilities of the Essex Pension Fund attributable to Basildon Borough 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 and projections of earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate deemed to be appropriate for the scheme (usually based on the indicative rate of return on high quality corporate bonds).

The assets of the Essex Pension Fund attributable to Basildon 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 pension liability is analysed into the following components:

- Service cost comprising:
 - Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement (CIES) to the services for which the employees worked.
 - Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the CIES to the services for which the employees worked.
- Net Interest cost – the change during the period in the net defined benefit liability (asset) that arises from the passage of time – debited to the Financing and Investment Income and Expenditure line in the CIES. This is calculated using the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Remeasurements comprising:
 - Return on scheme assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the Essex Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations 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 year-end. 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 estimated liabilities that arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the core Pension Scheme.

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7. Events After the Balance Sheet Date

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,
- 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.

8. Financial Instruments

Financial Liabilities

Financial liabilities are recognised in the Balance Sheet when the council becomes a party to their contractual provisions 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.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the CIES in the year of repurchase/settlement.

However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the CIES is spread over the life of the loan by an adjustment to the effective interest rate. 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 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 allocated based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics.

The council's business model is to hold investments to collect contractual cash flows (e.g. interest). Financial assets are therefore classified as amortised cost.

Financial Assets measured at Amortised Cost

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

Expected Credit Loss Model

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

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

9. Fair Value Measurement

The council measures some of its non-financial assets, such as surplus assets and some of its 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

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an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

The council measures the fair value of an asset or liability on the same basis that market participants would use when pricing the asset or liability (assuming those market participants were acting in their economic best interest).

The council uses appropriate valuation techniques for each circumstance, maximising the use of relevant known data and minimising the use of estimates or unknowns. This takes into account the three levels of categories for inputs to valuations for fair value assets:

- Level 1 – quoted prices.
- 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.

10. Foreign Currency Translation

Where the council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

11. Grants, Contributions and Donations (including Donated Assets)

Whether paid on account, by instalments or in arrears, grants and third party contributions and donations are recognised as due to the council when there is reasonable assurance that:

- the council has complied with the conditions attached to the grant, contribution or donations, or no conditions exist, and
- the grants, contributions or donations will be received.

Amounts recognised as due to the council are not credited to the Comprehensive Income and Expenditure Statement (CIES) until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired in the form of a grant, contribution or donation are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as Receipts in Advance (creditors). When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable/specific revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the CIES. Donated Assets received unconditionally are debited in the council's Balance Sheet at Fair Value and credited to the CIES.

Where capital grants and donated assets are credited to the CIES, they are reversed out of the General Fund Balance in the Movement in Reserves Statement to the Capital Adjustment Account. However, where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve instead. When it has been applied, it is then posted to the Capital Adjustment Account.

12. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

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

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The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases are recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. The council's initial indirect costs are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the beneficial interest in the property, plant or equipment – applied to write down the lease liability, and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases are accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the council at the end of the lease period).

The council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. (See policy **Number 5**)

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. if there is a rent-free period at the commencement of the lease). The leased assets are not recognised on the Balance Sheet of the council.

The Council as Lessor

Finance Leases

Where the council grants a finance lease over a property or an item of plant or equipment the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment, Investment Property or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) as part of the gain or loss on disposal. A gain, representing the council's net investment in the lease, is credited to the same line in the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet. Lease premiums received upon entry to a lease are treated as Capital Receipts.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the CIES).

The gain credited to the CIES on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

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13. Overheads and Support Services

The costs of overheads and support services are charged to those services that benefit from the supply or service in accordance with the absorption costing principle.

14. Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, 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, and
- 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.

Non current assets are classified into the groupings required by the Code of Practice. They are valued on the basis recommended by CIPFA and in accordance with the Royal Institute of Chartered Surveyors (RICS) Global Standards. In accordance with the Code of Practice, the council revalues its non-current assets once every five years as a minimum, unless evidence suggests that this would lead to a significant difference between the true valuation and the balance sheet value, in which case valuations are carried out more frequently as required. Valuations are undertaken mainly by the council's Principal Estates Surveyor, with the support of external Chartered Surveyors as required.

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.

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

- Infrastructure, community assets, vehicles, plant and equipment (VPE) and assets under construction – depreciated historical cost
- Dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH)
- 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 current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value. Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement 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.

De Minimis

Certain assets because of their nature fall to be classed as de minimis. Assets that fall into this category are

- Areas of amenity space – mainly but not exclusively providing landscaping around the Borough

Accounting Policies

- Land under highways
- Areas of land that are undeveloped and are regarded as undevelopable due to their size, location or nature
- Areas of land that whilst owned by the authority are subject to occupation by a third party who may be able to register possessory title due to their previous long term uninterrupted occupation.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset value 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 by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land, Infrastructure Assets and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction). Depreciation is calculated on the following bases:

- Dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer.
- Vehicles, plant, furniture and equipment – straight-line allocation over the useful life of the asset based on its capital value, with the exception of assets acquired through a Finance Lease, where they are depreciated on an annuity basis, in line with the principal repayment of the lease.
- Infrastructure, Community Assets and Assets under Construction are not generally depreciated.

Revaluation gains are 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.

Where an item of Property, Plant and Equipment has major components the cost of which is significant in relation to the total cost of the item, the components are depreciated separately. If the estimated useful life of a component is the same as that of the host asset the component is not accounted for separately from the host asset as there will be no impact on depreciation calculations.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it may be reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale, adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

The council has assets which have been categorised as Surplus Assets under section 4.1.2.2 of the Code. These are defined as assets that are not being used to deliver services, but which do not meet the criteria to be classified as either Investment Properties under section 4.4 of the Code or non-current assets held for sale under section 4.9 of the Code and are measured at fair value.

Disposals and Capital Receipts

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to

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the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals under 'Right to Buy' are payable to the Government under the pooling arrangements set out in the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended. The balance of receipts (after deductions are made for any liability arising from the disposal to the extent that these are permitted by statute) are required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment, specifically to fund replacement social housing or set aside to reduce the council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against Council Tax, as the cost of long term assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Repayments to the council of grants and loans given for capital purposes are also credited to the Capital Receipts Reserve.

Donated Assets

Where the purchase price of an asset has been reduced to nil or a nominal amount for non-commercial reasons (e.g. a property bequeathed to the council), the property, plant or equipment is brought onto the Balance Sheet at its fair value. The difference between fair value and the price paid for the donated asset is not treated as a revaluation gain – it is credited to the Comprehensive Income and Expenditure Statement as income in the Taxation and Non-specific Grant Income and Expenditure line, unless there are conditions attached to the transfer of the asset, in which case it is credited to the Donated Assets Account until such conditions have been met at which point the difference will then be recognised in the Comprehensive Income and Expenditure Statement.

15. Intangible Assets

Intangible Assets are defined as expenditure on non-cash assets that do not have physical substance but are identifiable and controlled by the council (e.g. software licences); these assets are capitalised when they will bring benefits to the council for more than one financial year. Intangible assets are carried at amortised cost. The assets are amortised over their useful life with the annual charge going to the relevant service line in the Comprehensive Income and Expenditure Statement.

Any gain or loss arising on the disposal of an intangible asset is recorded as Other Operating Expenditure 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.

16. Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually, by external chartered surveyors, according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

17. Capitalisation of Borrowing Costs

As permitted under the Code, the council has chosen to follow IAS 23 in respect of the capitalisation of borrowing costs for qualifying assets. These costs will only be capitalised during the construction phase and once the asset becomes operational all costs will revert to revenue expenses as defined in **Policy 1**. The rate applied to the interest cost shall be the weighted average of the borrowing costs that are outstanding during the period.

Accounting Policies

To meet the requirement of a qualifying asset, the following must be true of the project:

- The asset must take more than one financial year to complete.
- The financing of the total scheme cost must include at least 75% borrowing.
- The borrowing requirement must be at least £2m.

In all other circumstances, the borrowing costs will be expensed as outlined in **Policy 1**.

18. Provisions and Contingent Liabilities

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.

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.

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.

19. Reserves

The council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

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

20. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund or HRA Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

21. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

22. Deferred Capital Receipts

Future rentals due under a Finance Lease, where the council is the lessor, are included as a deferred capital receipt. These are written down each year to the Capital Receipts Reserve by the amount of capital debt repaid. This treatment also relates to sums due from repayments on other loans, including to the council's subsidiary companies.

23. Agency Arrangements / Collection of Local Taxes

Billing authorities in England are required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of council tax and business rates. In the council's capacity as billing authority it acts as an agent in collecting and distributing council tax income on behalf of the major preceptors and itself. Only the council's share of

Accounting Policies

income and expenditure and balance sheet items are included in the core financial statements. There is a debtor/creditor position between the billing authority and each major preceptor to be recognised since net cash paid to each major preceptor is not necessarily its full share of cash collected from council tax payers.

The council also acts as an agent in collecting business rates on behalf of the Government, Essex County Council and Essex Police, Fire & Crime Commissioner. Only the council's share of income and expenditure and balance sheet items are included in the core financial statements. There is a debtor/creditor position between the billing authority and each major preceptor to be recognised since net cash paid to each major preceptor is not necessarily its full share of cash collected from business ratepayers.

Expenditure incurred and Income received by an Agent does not appear in the accounts of the Agent because it is incurred or received on behalf of someone else i.e. the Principal party to the arrangement.

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Annual Governance Statement

2021-2022

Basildon Borough Council

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Basildon
SS14 1DL



EXECUTIVE SUMMARY

Basildon Council is committed to creating a borough with inclusive communities, a high quality of life and a thriving economy, and to ensure good governance principles and management practices are adopted in all business activities to ensure public trust. These commitments are set out in the council's Corporate Plan that describes how the council will meet the challenges ahead and make the most of opportunities.

To be successful the council must have a solid foundation of good governance and sound financial management. Basildon's Local Code of Corporate Governance ensures that we are doing the right things, in the right way, in line with our values. The Local Code is supported by an Assurance Framework that sets out how and what the council will seek to obtain assurance on.

A copy of the Council's Local Code and Assurance Framework is available on our website at <http://www.basildon.gov.uk/governance>.

Each year the council is required to produce an Annual Governance Statement (AGS) which describes how its corporate governance arrangements set out in the Local Code have been working. This Statement gives assurances on compliance for the year ending 31 March 2022 and up to the date of approval of the Statement of Accounts.

The Leader of the Council and Chief Executive both recognise the importance of having a solid foundation of good governance and sound financial management. They pledge their commitment to address the matters highlighted in this Statement, and to further enhance our governance arrangements to enable delivery of our Corporate Plan.

The Leader and Chief Executive confirm they have been advised of the implications of the review by Senior Management and the Audit & Risk Committee and are satisfied that the steps outlined in this document will ensure that our governance arrangements remain fit for the future.

Signed on behalf of Basildon Borough Council



Leader of the Council

Date: 7th July 2022



Chief Executive

Date: 7th July 2022

REVIEW OF THE EFFECTIVENESS OF THE COUNCIL'S GOVERNANCE FRAMEWORK

Throughout the year, the council regularly reviews the effectiveness of its governance framework to streamline and improve our processes to ensure these arrangements remain effective, now and into the future. This is informed by individual service leadership and management, corporate oversight functions (including statutory officers), internal audit, external audit, and other review agencies. In reviewing the effectiveness of the council's governance framework, the commitments detailed within Appendix A of the Local Code are assessed.

Similar and proportionate oversight and governance arrangements should also be put in place in respect of services outsourced to external suppliers, trading partnerships, shared service arrangements and arm's length bodies.

The Annual Governance Statement incorporates the continuous review of the effectiveness of our governance arrangements throughout 2021/22. It identifies those areas where we can and will do more to ensure that we have effective governance arrangements that enable the organisation to deliver on its commitment to creating a borough with inclusive communities, a high quality of life and a thriving economy.

This Statement is an objective appraisal of our governance framework and shows that we have **adequate arrangements which continue to be regarded as fit for purpose and comply with the council's Local Code of Corporate Governance**. It shows that we have met our legal and statutory obligations to our residents. While the council has good foundations in relation to its governance arrangements, the council recognises that further work is required to continue to embed and strengthen its governance culture.

The External Auditor is expected to provide an unqualified opinion on the council's Statement of Accounts for 2020/21 by the end of July 2022. The Council is also awaiting confirmation regarding our arrangements to secure value for money, as this work has not yet been completed, it is expected that this will be reported to the Council in September 2022.

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

The council recognises that there are areas where we wish to enhance our arrangements to ensure that we continue to do the right things, in the right way, in line with our values and to consider significant challenges we face.

The council is currently aware of further issues that could also affect its financial position such as, but not limited to, exceptional inflationary pressures, insurance claims, planning appeals, appeals against housing/homeless decisions, business rates appeals, enforcement and other matters.

Impacts of the coronavirus pandemic on governance

While the coronavirus pandemic has had a direct impact on the way the council operates, this has now largely reduced. Over the period of review this has involved changes to business-as-usual arrangements, the introduction of new activities and new ways of working. Over the longer term it will have an impact on changes to priorities, programmes, strategies and plans. The Council has also learnt from new ways of working introduced in response to the pandemic and the response to the pandemic has accelerated some areas of change.

¹ There are areas for improvement, but most key controls are in place and are operating effectively. Adequate assurance can be given that the system, process, or activity should achieve its objectives.

Since the beginning of the pandemic all staff, where it was appropriate to do so, have worked from home and this has continued through the introduction of hybrid working. There has been a refocus upon wellbeing and resilience support for staff and the Council has undertaken extensive consultation exercises with staff on the new ways of working to help shape future arrangements.

The council has continued to keep residents and other stakeholders advised of developments and assistance that is available through the website or via social media in relation to both the pandemic and the significant rises in the cost of living currently being experienced. The council has responded in an agile and effective way to continue to provide services to the community and help those most in need. Every effort has been made to maintain a business-as-usual approach, the delivery of key services to residents and prompt payment of grants and hardship funds.

Health and Safety requirements remained a key focus throughout the pandemic, and additional measures and controls were put in place in line with national requirements and guidance. ICT security requirements have been strengthened to reflect the increased number of staff working at home and in response to increased global ICT security threats. Additional investment in the ICT technical infrastructure has been prioritised and promptly implemented to increase resilience within the ICT network. Policies and procedures have also been adapted to respond to changing needs.

While there has been a need for prompt decision making throughout the pandemic existing governance structures supported this and governance remained strong and proportionate. The Council has worked closely with other agencies to ensure the increased demand and complexity of service users' needs can continue to be met. Partnership and joint working arrangements have remained in place across many sectors to support our residents

There has been no significant impact on the governance arrangements as a result of the pandemic and the local code of governance is still an accurate reflection of how governance has operated in 2021/22.

UK's Exit from the EU

The council has responded accordingly to any necessary revisions to its governance arrangements and will continue to monitor and assess any forthcoming impacts and changes. At present, no changes are deemed necessary.

Compliance with CIPFA Financial Management Code

CIPFA published the first edition of their 'Financial Management Code' for local authorities in October 2019. CIPFA considers that compliance with this code is mandatory for all local authorities but it is important to note that such compliance is not specifically mandated by statute. CIPFA state that the first year in which it expects authorities to be fully compliant with the code is 2020/21.

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

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

Officers have undertaken an assessment of the extent of compliance with the requirements of the code. In general terms the council's arrangements follow the recommended best practice, with plans in place to deliver enhancements in budget monitoring arrangements and in the use of sensitivity analysis in the budget development process.

Subsidiary Companies

The council has three subsidiary companies (Sempra Homes Ltd, Acorn House Developments (Basildon) Ltd, and Basildon Borough Enterprises Ltd) which have been set up to deliver commercial opportunities for the council, specifically relating to building and providing quality homes for local people. BBE Ltd is a holding company and holds all the shares in the other two companies. Governance arrangements for all companies have been reviewed and put in place during the last year and the council has approved and monitors the business plans. Regular update reports are submitted to appropriate Committees. All Company Directors are either Elected Members or officers of the Council and have all received appropriate training.

During the year the Council has undertaken a review of Sempra Homes Ltd and a plan is in place to strengthen the governance arrangements.

Statutory Assurances

Whilst a number of assurances have been obtained to support the conclusion that the council's governance arrangements are adequate, it is important that the following specific assurances are considered to support this Statement:

1. Head of Paid Service

The Head of Paid Service is responsible for the overall corporate and operational management of the council. These responsibilities have been considered within the context of this Statement and the Head of Paid Service can confirm that proper arrangements have been put in place for the overall operation and management of the council.

The Head of Paid Service has no significant concerns to report and continues to evolve the senior management structure and organisational strategy to align responsibilities and resources to deliver the council's ambitions and priorities. While the coronavirus pandemic has impacted on the operations of services, the Council during 2021/22 has continued to respond in an agile and effective way to continue to provide statutory services to the community and help those most in need, which demonstrates and reinforces Basildon's good governance and leadership arrangements.

In 2021, Basildon Council invited the Local Government Association (LGA) to conduct a Peer Review of our ambitious plans to modernise our services to deliver for our residents over the coming years. The review team highlighted the council's ambition, drive, and commitment to deliver the best possible outcomes for local communities, despite the uncertainty of the pandemic and other challenges faced. The detailed report (<https://www.basildon.gov.uk/article/9046/LGA-Peer-Review-2021>) highlights six key recommendations for the council to consider, on which work has already commenced.

2. Chief Financial, Section 151 Officer

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

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

While the council has robust financial management arrangements in place it is important to note that the council's Medium Term Financial Strategy (MTFS) identifies resource shortfalls of £1.2 million in 2023/24, £0.9 million in 2024/25 and £2.9 million in 2025/26. The Council is continuing to develop the MTFS to

deliver the Corporate Plan outcomes while addressing the budget gap and reducing risk. The deficit is planned to be managed through a combination of service efficiencies, process reviews, digital and IT transformation, creating new income streams and embedding a commercial culture. These are underpinned by key corporate programmes including the organisational and waste strategies.

It should be noted that the medium-term funding for local government and consequently this authority, remains unclear given the single year financial settlement for 2022/23 and the funding consultations expected in spring 2022. The risk of continued significant impact of the Covid-19 pandemic on the council's financial position has reduced but the situation will continue to be monitored on an ongoing basis. Financial risk has increased however, with regard to utility costs and wider high levels of inflationary pressure. Provision has been made to manage risks as far as possible, but this remains an area of concern as the situation develops.

3. Monitoring Officer

The Monitoring Officer is required to report to the council in any case where it appears that any proposal, decision, or omission by the authority has given rise to or is likely to or would give rise to any contravention of any enactment, rule of law or code of practice or maladministration or injustice in accordance with Sections 5 and 5A of the Local Government and Housing Act 1989; (LGHA 89).

These responsibilities have been considered within the context of this statement and the Monitoring Officer has no significant concerns to report. The Monitoring Officer did, however, have cause to advise Council that he intended to submit a report in accordance with the above as a major decision of the Council relating to the Local Plan was not made in accordance with the principles of decision making as set out in the Council's Constitution, however, a further meeting of Council was convened to further consider the matter which addressed the Monitoring Officer's concerns and negated the need for him to report to Council.

The Monitoring Officer is satisfied that the Council has robust processes for decision making, however, there remains a need to ensure that a broader range of considerations as highlighted in the council's Local Code of Corporate Governance are considered in the development of policies, projects and when making decisions.

The Monitoring Officer also has no significant concerns regarding overall Member conduct and there is a positive relationship with Group Leaders that has helped to address any isolated issues that do arise. The Monitoring Officer also considers that the council has an effective Joint Standards Committee in place.

The Member Code of Conduct was reviewed during 2020/21 by the Joint Standards Committee and updated, along with all supporting procedures and protocols, to address the areas of best practice identified by the committee on Standards in Public Life in its review of Local Government Ethical Standards. Consideration has been given throughout the last municipal year to the new National Model Code of Conduct and the Joint Standards Committee has now recommended that the Model Code of Conduct be adopted. This will be considered by the Council early in the new municipal year.

Member Code of Conduct training has again been provided in the last year and there is considered to be good awareness of the requirements of the Code of Conduct. The council has good procedures in place for review of both Members and Officers Register of Interests. There has continued to be a relatively low number of complaints alleging a breach of the Member Code of Conduct during the past year which have all been dealt with in accordance with the Council's adopted procedures for handling such complaints.

4. Chief Audit Executive

In accordance with the Accounts and Audit Regulations 2015 and the Public Sector Internal Auditing Standards (PSIAS), the Head of Governance and Assurance, who is the Chief Audit Executive for the

council is required to provide independent assurance and opinion on the adequacy and effectiveness of the councils' risk management and control framework, and through the internal audit service deliver an annual programme of risk based audit activity, including counter fraud and investigation activity and make recommendations for the improvement of the management of risk and control.

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




Despite the continued challenges faced by the pandemic, the council has continued to respond in an agile and effective way, which reinforces Basildon's strong governance and leadership arrangements.

The council has in place a detailed improvement and development plans for the areas where we can and will do more to ensure that our arrangements remain fit for purpose. Although significant progress has been made regarding this, there are still a number of areas where agreed actions are yet to be fully addressed and embedded.


Full details of the assurance provided in this Statement can be found within the Internal Audit Annual Report for 2021/22, submitted to the Audit and Risk Committee on the 29 June 2022.

Under the Accounts and Audit (England) Regulations 2015 and the PSIAS, the council is required to undertake a review of the effectiveness of its Internal Audit function and to report the results in the Annual Governance Statement. An independent review was undertaken in January 2022 which has reinforced our opinion that the council has effective arrangements in place for the provision of the Internal Audit Service and is fully compliant with the PSIAS.

RATIONALE FOR 'ADEQUATE ASSURANCE' OPINION

Definition	Description
<p>Adequate</p> 	<p>There are sound policies and processes in place, which are working effectively across services that provide for good governance arrangements and support compliance with requirements of this Principle and the achievement of the councils' aims and objectives.</p> <p>There may be minor areas for continuous improvement, but these do not represent a significant or material risk to the council's overall governance framework.</p>
<p>Some development or areas for improvement</p> 	<p>Whilst there are policies and processes in place, there are some areas which remain a challenge for the council or require further improvement, which may impact the effectiveness of elements of the council's Governance Arrangements, compliance with this principle and achievement of the council's aims and objectives. The council has in place an action plan to address challenges and improvement matters.</p>
<p>Key development or many areas for improvement</p> 	<p>The council has significant challenges in relation to the policies and processes which may impact the effectiveness of elements of the council's Governance Arrangements, compliance with this principle and achievement of the council's aims and objectives. We have implemented plans for corrective actions to manage these risks.</p>


What's working well and how can we improve

Core Principles of the Framework	Overall Assessment	Strengths		Challenges
<p>Principle A:</p> <p>Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</p>		<ul style="list-style-type: none"> • Roles and responsibilities are set out for delivering council services and holding the council to account. There are defined roles throughout the organisation, with a clear structure from Chief Executive down, including the Senior Leadership Team and Heads of Service/Managers. • The Council has a detailed constitution covering the powers of committees, members and senior officers, statutory officers, and decision-making processes. Following a change to a Leader and Cabinet Model of Governance in May 2022 these arrangements have been reviewed and subsequently approved and adopted. • Legal framework (constitution, policy & procedures) that effectively sets out the rules and procedures to be followed by members and officers, including Gifts and Hospitality and Declarations of Interests. • The Council's arrangements for member induction and training are appropriate to support members in effectively executing 	<ul style="list-style-type: none"> • The council has defined its corporate/statutory/mandatory development areas and has up to date eLearning programmes available for Officers. Further work is required to embed this across the authority and set out the requirements and behaviours relating to the role of the manager 	


What's working well and how can we improve

Core Principles of the Framework	Overall Assessment	Strengths	Challenges
		<p>their duties and help ensure robust decision-making</p> <ul style="list-style-type: none"> • The council ensures that its values are embedded within council policies and procedures, and that there is an expectation that those who work with the council will respect these. • The council maintains a policy framework to ensure effective delivery of the council's objectives • Effective ethical framework built on the Seven Principles of Public Life that set out the standards of behaviour, conduct and values the council expects of its members, officers and those who work with the council. • Effective whistleblowing policies and procedures • The council has effective complaint handling procedures and processes which have been enhanced through centralising 	



What's working well and how can we improve

Core Principles of the Framework	Overall Assessment	Strengths		Challenges
<p>Principle B:</p> <p>Ensuring openness and comprehensive stakeholder engagement</p>		<p>the management of cases to ensure consistency.</p> <ul style="list-style-type: none"> • Procurement arrangements to demonstrate good practice, compliance with legislation, realise social value, value for money and public accountability are in place. • Company structures and governance arrangements are in place for council wholly owned companies. <ul style="list-style-type: none"> • The council has developed a new partnership framework to support formation and operation where partnership arrangements are considered necessary to help the Council deliver its corporate ambitions. • The Council has a detailed constitution covering the powers of committees, members and senior officers, statutory officers, and decision-making processes. Following a change to a Leader and Cabinet Model of Governance in May 2022 		

What's working well and how can we improve

Core Principles of the Framework	Overall Assessment	Strengths		Challenges
		<p>these arrangements have been reviewed and subsequently approved and adopted.</p> <ul style="list-style-type: none"> • The council has a Consultation and Engagement Policy in place and adequately consults with its residents and stakeholders. • Effectively recognises and values the diversity of our communities and workforce, supported by an Inclusion and Diversity Policy and Strategy. • Webcasting of meetings and effectively recording decisions made through Committees and publish those appropriately. 		
<p>Principle C.</p> <p>Defining outcomes in terms of sustainable economic, social, and environmental benefit</p>			<ul style="list-style-type: none"> • A decision was taken on 3 March to withdraw the emerging local plan. A programme for the new plan is being created for adoption as a new Local Development Scheme by Summer 2022 • The council has developed a new performance management framework which was approved by Policy Executive and Full 	


What's working well and how can we improve

Core Principles of the Framework	Overall Assessment	Strengths		Challenges
			<p>Council in July 2021. Further work is required to embed the framework and move to a cabinet model of governance.</p>	
<p>Principle D. Determining the interventions necessary to optimise the achievement of the intended outcomes</p>		<ul style="list-style-type: none"> • An approved Corporate Plan setting the priorities, values, and strategic direction of the council. • The council maintains a policy framework to ensure effective delivery of the council's objectives. 	<ul style="list-style-type: none"> • The Council invited the Local Government Association (LGA) to conduct a Peer Review of our ambitious plans to modernise our services to deliver for our residents over the coming years. The Council has developed an action plan to address the recommendations made. 	
<p>Principle E. Developing the entity's capacity including the capability of its leadership and the individuals within it</p>		<ul style="list-style-type: none"> • Roles and responsibilities are set out for delivering council services and holding the council to account. There are defined roles throughout the organisation, with a clear structure from Chief Executive down, including the Senior Leadership Team and Heads of Service/Managers. • The council has further strengthened its security systems and technology to support 	<ul style="list-style-type: none"> • The Council invited the Local Government Association (LGA) to conduct a Peer Review of our ambitious plans to modernise our services to deliver for our residents over the coming years. The Council has developed an action plan to address the recommendations made. • The council has an Asset Management framework and a positive direction of travel 	


What's working well and how can we improve

Core Principles of the Framework	Overall Assessment	Strengths		Challenges
		<p>delivery of services and support members and officers in performing their roles.</p> <ul style="list-style-type: none"> • The council has reviewed the approach to individual performance management to ensure consistency in holding staff to account for their performance and behaviour. • The council has an approved Workforce Strategy that ensures that the council recruits and retains staff, develops skills, and ensures those skills are deployed effectively to improve resilience across the organisation • The council has an approved Organisational Strategy which ensures the organisation is fit for the future to deliver its ambitions. 	<p>in terms of embedding the principles in the organisation. Further work is required to ensure that all of the council's assets are compliant, sustainable, fit for purpose and support the delivery of the council's strategic objectives.</p>	

What's working well and how can we improve

Core Principles of the Framework	Overall Assessment	Strengths		Challenges
<p>Principle F.</p> <p>Managing risks and performance through robust internal control and strong public financial management</p>		<ul style="list-style-type: none"> • Effective system of internal audit delivered in line with the Public Sector Internal Auditing Standards. • Effective business continuity/emergency planning processes in place to continue to provide services and respond to an emergency or event • The council has effective Risk Management arrangements in place which is working well across the organisation. • Effective counter fraud and corruption arrangements and whistleblowing policies and procedures. • Effective health and safety management framework which seeks to ensure compliance with the law. • Actively promotes safeguarding to prevent harm and reduce the risk of abuse or neglect. • The council has robust financial management arrangements in place however, it is important to note that the 	<ul style="list-style-type: none"> • The council has undertaken a significant amount of work to develop the building blocks for effective information governance and made significant progress. Work is ongoing to further embed these across the council. • A significant amount of work has been undertaken to define the council's approach to project and programme management and develop these arrangements. There is still, however, work to do to ensure project management is properly embedded throughout the council and to prioritise and align corporate projects to ensure that they are delivered within current resources without impacting on core business activity. • The council has developed a new performance management framework which was approved by Policy Executive and Full Council in July 2021. Further work is required to embed the framework and move to a cabinet model of governance. 	

What's working well and how can we improve

Core Principles of the Framework	Overall Assessment	Strengths		Challenges
		<p>council's Medium Term Financial Strategy (MTFS) identifies resource shortfalls. The council's Corporate Programme outlines plans to manage this deficit through a combination of service efficiencies, process reviews, digital transformation, creating new income streams and delivery of a commercial programme</p>		
<p>Principle G. Implementing good practices in transparency reporting and audit to deliver effective accountability</p>		<ul style="list-style-type: none"> • Effective Audit & Risk Committee that provides a source of assurance and complies with guidance. • The council demonstrates its commitment to openness by producing an annual report covering the performance of the council, value for money and stewardship of resources. • Effective arrangements in place to produce the Annual Governance Statement, with Local Code of Corporate Governance and Combined Assurance Framework reviewed and updated annually. 	<ul style="list-style-type: none"> • The council has developed a new performance management framework which was approved by Policy Executive and Full Council in July 2021. Further work is required to embed the framework and move to a cabinet model of governance. 	

What's working well and how can we improve

Core Principles of the Framework	Overall Assessment	Strengths		Challenges
		<ul style="list-style-type: none"> • The council's shared service arrangements are appropriately governed to ensure accountability in terms of achieving outcomes and managing risks • The council's webcasting of meetings attracts good numbers of viewers and increases public scrutiny. • Unqualified audit opinion on the council's financial statements • The council has reviewed and updated its Publication Scheme to provide transparency in access to information • The council has robust financial management arrangements in place however, it is important to note that the council's Medium Term Financial Strategy (MTFS) identifies resource shortfalls. The council's Corporate Programme outlines plans to manage this deficit through a combination of service efficiencies, process reviews, digital transformation, creating 		

What's working well and how can we improve			
Core Principles of the Framework	Overall Assessment	Strengths	Challenges
		new income streams and delivery of a commercial programme	

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PROGRESS ON ADDRESSING GOVERNANCE IMPROVEMENT AREAS FROM 2020/21

What we said we would do	Progress
Roles and Responsibilities	<p>Following the 2021 elections, the Chief Executive and Leader of the Council have discussed the effective working relationship between Members and Officers and this remains an area of ongoing discussion and action. In addition, the Chief Executive wrote to all Members in June 2021 regarding the Member Code of Conduct and Member/Officer Relations Protocol to reiterate the importance of effective working relationships. It is felt that the original concerns have been dealt with but that the Chief Executive will continue to monitor the position and take action when required.</p> <p>Work has begun on the role of the manager in terms of the development programme, further work is required to set out the requirements and behaviours relating to the role of the manager. As such, this area remains a key action for 2022/23.</p>
Member & Officer Induction, Training & Development	<p>Overall, there is a good programme of internal training provided for members as well as external training. The programme of internal training on offer includes e-learning modules, induction training for new members covering the role of councillors, decision-making and data protection; resilience training; mandatory training for regulatory committees; code of conduct/standards training and technical briefings on the operation of the HRA and local government finance. An all member briefing on the potential move to a Leader and Cabinet system of governance was completed on 19 April 2022. Members are also provided with regular updates on external training on offer through the LGA and other providers. We are seeking to add further sessions on equalities to help ensure that we are compliant with our public sector equality duty and that decision-making is sufficiently robust. Furthermore, we are liaising with the LGA regarding a programme of training to support any transition to a Leader and Cabinet model in May, as well as them undertaking some work to review our overall Member training and development programme and offer.</p> <p>The council has defined its corporate/statutory/mandatory development areas and has up to date eLearning programmes available for Officers. Elements of a corporate development program have been delivered, including, hybrid working and delivering effective one-to-ones. Further work is required to embed this across the authority and set out the requirements and behaviours relating to the role of the manager. As such, this area remains a key action for 2022/23</p>

Performance Management	<p>The performance management framework was approved by Policy Executive and Full Council in July 2021. The framework is published on the Council's Website and Pentana (the Council's performance management system). Balanced scorecards have been prepared, reviewed and data cleansed. Regular reports on the performance of the authority are taken to the Scrutiny Committee and Senior Leadership Team.</p> <p>The Performance Management framework will continue to be embedded across the organisation to ensure effective performance management to enable us challenge underperformance, monitor delivery of the corporate programme and service plans, improve decision making and allow us to report our performance publicly. As such, this area remains a key action for 2022/23.</p>
Individual Performance Management Arrangements	<p>A review of the effectiveness of the new individual performance management arrangements has been completed. The new arrangements set out the approach to be taken in setting and reviewing objectives to ensure consistency in holding staff to account for their performance and behaviour.</p> <p>The importance of individual performance management continues to be communicated to the workforce and was emphasised in the hybrid working webinars in September and November, including an in-depth discussion with Managers on embedding good practice in one to ones.</p> <p>As a result it is considered that this action has been completed and monitoring, reviewing compliance and making further changes to the process now forms part of our business as usual.</p>
Information Governance	<p>The council is continuing to make significant progress in development of corporate information management arrangements. During 2021/22 the council rolled out the new user devices, made improvements to the ICT Security Infrastructure, and completed a data cleansing exercise in preparation for SharePoint adoption. SharePoint Hubs, Sites and Libraries have been developed and the previous storage solution was decommissioned on the 29 April 2022.</p> <p>The Information Management Policy was approved by Policy Executive Committee on 17 March 2022. An action plan for implementation will be built around the policy to ensure effective information governance arrangement is embedded across the whole organisation, this will include a gap analysis which will be conducted across all service areas. This will assist with identifying issues (common or isolated to each service area) and the outcome will help with the forward plan. As such, this area remains a key action for 2022/23.</p>
Access to Information	<p>The council's Publication Scheme has been reviewed, updated and the structure of the website presentation of the Publication Scheme has been improved.</p>

	<p>As a result it is considered that this action has been completed and monitoring, reviewing compliance and making further changes to the process now forms part of our business as usual.</p>
<p>Partnership Arrangements</p>	<p>The council has used the Corporate Plan development process to identify where partnership arrangements are needed to help the Council deliver its corporate ambitions and then develop them as necessary. A partnership database has been developed and the data held therein will be subject to regular review and refresh. The partnership framework, including governance and risk management aspects was refreshed in the first half of 2021/22.</p> <p>As a result it is considered that this action has been completed and monitoring, reviewing compliance and making further changes to the process now forms part of our business as usual.</p>
<p>Asset Management - Year 1 Laindon Community Centre and Office Accommodation</p>	<p>The council has an Asset Management framework and a positive direction of travel in terms of embedding the principles in the organisation.</p> <p>The focus for 21/22 was to review Laindon Community Centre and Office Accommodation to ensure they are compliant, sustainable, fit for purpose and support the delivery of Council services and strategic objectives.</p> <p>The review of Laindon Community Centre is now complete and a lease has been granted, and the centre has been running successfully since December. Funding will be required in the 2022/23 capital programme, and plans are currently being drawn up and costed. A small package of works will be undertaken to bring the dance studio back into use and then the more major packages of work will be tendered.</p> <p>Basildon Centre office refurbishment is complete and new car parking arrangements are in place with additional letting of space to the Hospital Trust complete creating additional revenue income for the council. Works to meeting rooms are in progress to ensure a range of suitable spaces are available for business. Discussions also being held with ECC to consider Library needs and future integration.</p> <p>Strategic Assets Delivery Group will consider and agree the programme of future asset reviews. The ongoing programme of work will ensure that all of the council's assets are compliant, sustainable, fit for purpose and support the delivery of the council's strategic objectives.</p>

Local Plan	<p>A decision was taken on 3 March to withdraw the emerging local plan. On 4 March the required notice was issued and all relevant stakeholders and relevant other parties, including the Department for Levelling Up, Housing and Communities were notified of this decision.</p> <p>Following this decision a programme for the new plan is being created for adoption as a new Local Development Scheme by Summer 2022. Budget is in place for 2022/23, and as the project is refined additional budget will be identified through the Medium Term Financial Strategy.</p>
Programme and Project Management	<p>Significant work has been undertaken during 2021/22 to develop a framework, templates, and guidance to be used to govern significant projects, and a range of activities has been delivered to improve the Council's project and programme management culture. This work is taking place as part of the development and embedding of the Council's performance management framework.</p> <p>A restructure which establishes a centralised Programme and Project Management service was implemented from 1st March 2022. The role of the team is to provide oversight, assurance and reporting against the Corporate Plan Themes. In addition, circa sixty staff have been trained and accredited in project management and the methodologies used by Basildon to manage projects. The Senior Leadership Team considered a proposal on 23rd February 2022 on the set up of the new Programme Management Office, their roles and responsibilities and a proposed governance structure to support delivery and reporting. The proposal was agreed and the detail is now being worked through with the Directors who will chair the new delivery Boards.</p> <p>An objective and consultative audit has taken place which has confirmed the continuous areas for improvement that will embed project management at Basildon. As such, this area remains a key action for 2022/23.</p>
Comments, Compliments and Complaints	<p>The council has delivered operational changes and enhancements such as monthly monitoring meetings with Departmental Management Teams, training, and active cases are reviewed monthly. The service is working with the digital team to finalise the new complaints system and supporting policy. Due to a delay in the committee meeting due to Covid restrictions, and alignment to the organisation strategy and case management programme the new policy will not be in place until the end of Q1. 22/23. The new system is in the process of being built, and delivery pilots and customer engagement are being undertaken.</p> <p>Centralisation of complaints, to ensure consistency will ensure all identified formal complaints made by a customer receive a formal response using agreed templates. This will be implemented via the case management programme by July 2022. The introduction of the new Case Management product will provide clear ownership, and roles and responsibilities will be defined. This work is a key element of the organisational strategy.</p>

Procurement	<p>The council's contract register has been reviewed, updated, and published on the council's website. Arrangements have been implemented to ensure that it remains current for each financial year. A contract management toolkit has been developed and has rolled out to the organisation along with bitesize training. The Resources and Commercial Committee approved a revised and updated Procurement Strategy on 13 Oct 2021, which was accompanied by a comprehensive strategy action plan. The Social Value tendering weighting has been introduced and robust Social Value outcomes have been imbedded in the tendering process.</p> <p>As a result it is considered that this action has been completed and monitoring, reviewing compliance and making further changes to the process now forms part of our business as usual.</p>
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ACTION PLAN TO ADDRESS THE AMBER GOVERNANCE AREAS IDENTIFIED ABOVE AS PART OF THE 2021/22 ANNUAL REVIEW

Governance Area	Activity Description	Target Due Date	Responsible Officer
Decision Making and Evidence and Delegations of Duties	To complete the actions that have arisen from the LGA Corporate Peer Challenge	31 September 2022	Chief Executive
Roles and Responsibilities	To set out the requirements and behaviours relating to the role of the manager.	31 March 2023	Director of People and Change
Officer Induction, Training & Development	To embed the new employee induction and training requirements	31 March 2023	Director of People and Change
Effective Information Governance	To develop an action plan to ensure effective information governance arrangements are embedded across the whole organisation.	31 March 2023	Director of People and Change
Asset Management	To continue the programme of reviews on all council assets to ensure they are compliant, sustainable, fit for purpose and support the delivery of Council services and strategic objectives	31 March 2023	Director of Housing and Property
Local Plan	To create a programme for the new plan for adoption as a new Local Development Scheme by Summer 2022.	30 September 2022	Director of Growth
Performance Management	To continue to embed the council's Performance Management framework across the organisation to enable us challenge underperformance, monitor delivery of the corporate programme and service plans, improve decision making and allow us to report our performance publicly.	31 March 2023	Director of Strategy and Governance
Programme and Project Management Methodology	To continue to embed the council's project management culture, methodologies, skills and arrangements to ensure the project objectives are effectively met	31 March 2023	Director of Strategy and Governance

Terminology and Definitions

Accrual

An amount of income or expenditure entered into the accounts for the relevant financial year in respect of goods or services which have been received or provided but for which payment has not yet been made or received.

Actuary

A business professional who measures and manages risk and uncertainty.

Amortisation

The action or process of gradually writing off the initial cost of an asset.

Annuity

A series of equal payments made at regular intervals, usually for a fixed length of time (usually in return for an upfront lump sum).

Appropriations

The transfer of resources between revenue or capital accounts and reserves.

Balance Sheet

A summary of all the assets and liabilities of the council at the end of a financial year. The statement shows the council's assets and liabilities matched by total reserves.

Billing Authority

This refers to Basildon Borough Council as the authority responsible for the invoicing and collection of the Council Tax from all residential properties and business rates from businesses in the Borough. This is undertaken on behalf of Basildon Borough Council, Essex County Council, Essex Police Authority, Essex Fire Authority and Parish and Town Councils. In respect of business rates the billing authority also acts as an agent for the Government.

Bonds

A debt investment where the investor loans money to an entity, which borrows for a defined period of time, either at a fixed or variable rate of interest.

Budget Requirement

This represents net budgeted expenditure for the year adjusted for transfers to and from reserves, but allowing for sums required by Parish and Town Councils. It is used to determine the amount of Council Tax to be precepted on the Collection Fund after allowing for income from Government and any surplus or deficit on the Collection Fund.

Capital Charge

A charge to a revenue service to reflect the **depreciation** of non-current assets used in the provision of services.

Capital Expenditure

This generally relates to expenditure on the acquisition or enhancement of non-current assets that will be of long-term use or benefit to the authority in providing its services. It also includes grants made by the council to other individuals, community organisations and other external bodies for similar long-term benefit.

Capital Financing Costs

These are the actual costs of financing capital expenditure, including interest on loans, the interest element of finance lease rentals and contributions from revenue towards capital expenditure and towards the repayment of debt.

Capital Financing Requirement

The statutory measure of a local authority's underlying need to borrow for capital purposes.

Capital Programme

The council's budget for capital expenditure and resources over the current and future years.

Capital Receipts

Income from the sale of capital assets and the repayment to the council of grants and loans given for capital purposes. Regulations govern the way capital receipts may be used.

Carry Forwards

Budget provision for specific items that are committed or planned for a year where the specific goods or services are not received by 31 March and for which there is no provision in the following year. Such budgets may be formally carried forward to the following year to match the committed or planned expenditure.

Cash Equivalents

Cash equivalents are short-term investments that are readily convertible to cash with an insignificant risk of changes in value. The council has designated any financial instrument which can be recalled within 24 hours without loss of carrying value as a cash equivalent.

Terminology and Definitions

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is the professional accountancy body for public services. It publishes the Code of Practice which defines how local authority accounts are prepared.

Code of Practice

The Code of Practice on Local Authority Accounting in the United Kingdom, also referred to as the Code. This document is based on International Financial Reporting Standards, and states how these must be applied to the preparation of the Statement of Accounts by local authorities.

Collection Fund

The fund into which Council Tax and Non-Domestic Rates are paid and from which the Council Tax precepts and shares of business rates of Basildon Borough Council, Essex County Council, Essex Police Authority, Essex Fire Authority, the Government and Parish and Town Councils are met as appropriate. Any surplus or deficit is shared between the various authorities, other than the Parish and Town Councils, in proportion to precepted amounts.

Community Assets

Assets that the council intends to hold in perpetuity that have no determinable useful life. They may also have restrictions on their disposal. Examples of community assets are parks and historic buildings.

Commuted Sums

Sums received from developers under Section 106 of the Town and Country Planning Act 1990 (as amended) for the future maintenance of assets transferred by the developer to the council e.g. children's play areas.

Contingency

Money set aside in the budget to meet the cost of unforeseen items of expenditure or shortfalls in income occurring during the year ahead. This would include changes to the inflation and interest rate assumptions made when the budget was set.

Consumer Price Index (CPI)

A measure calculated by taking the price changes for each item in a predetermined 'basket' of consumer goods/services and averaging them. They are weighted according to each item's importance.

Contingent Liability

These are the result of a past event which may mean that the council is liable to incur costs but this is dependent on the occurrence, or non-occurrence, of some future event. The potential liability is disclosed as a note to the accounts rather than reflected in the accounts themselves.

Council Tax

A local tax on the occupiers of residential properties to finance the Budget Requirement of the local authority for the year.

Council Tax Base

The equated number of dwellings over which the Council Tax is collected. All dwellings are valued and classified into eight bands (A to H), plus a special band A (disabled). Each band is expressed as a proportion of Band D. The Council Tax base is the number of dwellings expressed in terms of a Band D equivalent after adjusting for the local **council tax support** scheme.

Council tax support

Council tax support replaced council tax benefit from 1 April 2013. Each billing authority is required to have a published scheme in place setting out the entitlement to support.

Creditors

Amounts due from the council for work carried out, goods received or services rendered that have not been settled before the end of the financial year.

Debenture

A long-term security issued by a company and secured against assets.

Debtors

Amounts due to the council for work carried out or services rendered that have not been settled before the end of the financial year.

Deferred Liabilities

Amounts payable at some future time or to be paid off over a period of time.

Default

Failure to meet the obligations on a loan or other debt, i.e. being unable to make payments due.

Depreciation

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

Terminology and Definitions

DLUHC

Department for Levelling Up, Housing and Communities.

Fair Value

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.

Fees and Charges

Charges made to the public for the use of council services and facilities. A full [schedule](#) of current fees and charges is published on the council's website.

Financial Regulations

A written framework for the proper financial management of the authority. The [Financial Regulations](#) are approved by the council as part of its formal constitution.

Financial Year

The period of twelve months covered by the accounts and beginning on 1 April.

General Fund

The main revenue fund of the council. Day to day spending and income from services are accounted for here.

Going Concern

The assumption that at the balance sheet date the council will continue to operate its services for the foreseeable future.

Gross Value Added (GVA)

GVA is the measure of the value of goods and services produced in an area, industry or sector of an economy.

Historical Cost Convention

A measure of value used, in which the price of an asset is based on its nominal or original cost when acquired.

Housing Benefit – an allowance to persons on low income to meet the whole or part of their rent. Benefit granted to council tenants is known as rent rebate; benefit granted in respect of private sector tenants is known as rent allowance. The cost of this is largely covered by Government subsidy.

Housing Revenue Account (HRA)

This statutory account records the revenue expenditure and income relating to the provision of council housing. Whilst technically part of the General Fund, the balance is 'ring-fenced' and may not be included in the budget requirement to be met by Council Tax.

IAS (International Accounting Standards)

The term formerly used to describe international financial reporting standards. The final IAS was published in February 2001; however, many of these are still in use and may be quoted as having directed the preparation of the statutory accounts.

IFRIC (International Financial Reporting Interpretation Committee)

Interpretations issued to clarify existing international financial reporting standards (for example, IFRIC 4, *Determining whether an Arrangement contains a Lease*).

IFRS (International Financial Reporting Standards)

The collective name for the set of accountancy standards which define the accounting treatments used by listed companies in the UK and the European Union. The term also refers to the individual standards (for example, IFRS 7, *Financial Instruments; Disclosures*) issued from June 2003 onwards.

Impairment

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

Inventories

Amounts of unused or unconsumed stocks held in expectation of future use.

Insurance Pool

The council acts as internal insurer for all the council activities. Some risks are self-insured and others are reinsured through external insurance companies. Premiums and excesses are charged to the revenue accounts of services and credited to the Pool. An earmarked reserve supports the operation of the Pool.

Leasing - Finance and Operating

A method of acquiring the use of assets in which the investment is made by a lessor and a rental is charged to a lessee. The council operates both as lessor and lessee in respect of land, property, vehicles, plant and equipment. **Finance Leases** transfer substantially all the risks and rewards of ownership to the lessee, and are regarded as a debt extended to purchase the leased asset (even when ownership of the asset does not legally pass to the lessee). Any lease which does not meet the

Terminology and Definitions

definition of a finance lease is classified as an **Operating Lease**, and is treated as an arrangement to hire an asset for a specified term.

Long Term Assets

Assets that will yield economic benefits to the council for more than one year.

Major Repairs Reserve (MRR)

A capital reserve intended for the elemental replacement of building structures and components in the Housing stock. The reserve is funded from the HRA via a depreciation charge. Any balance on the reserve may be carried forward to future years. Interest earned on the MRR balance is credited directly to the HRA.

Management and Administration

Services provided by central departments to front-line services. The term also includes office accommodation and other central overheads associated with staff directly employed by the service. The costs are recharged on an appropriate basis to services.

Materiality

The concept of materiality derives from the premise that the financial statements often cannot be precisely accurate but that this need not distract from them presenting a true and fair view. Within certain limits a tolerance is permitted in measurement and disclosure of financial statement items and the concept of materiality determines the degree of tolerance acceptable.

Minimum Revenue Provision (MRP)

Local authorities must make prudent provision for the repayment of debt. The minimum amount is set annually by the council having regard to statutory guidance issued by the Secretary of State, and may be nil. There is no minimum revenue provision for HRA debt. Authorities are free to make additional voluntary provision from the General Fund or the HRA, or from capital resources.

Monitoring Officer

Section 5 of the Local Government and Housing Act 1989, as amended by Schedule 5 paragraph 24 of the Local Government Act 2000 requires a local authority to appoint a monitoring officer. The Monitoring Officer has three main duties:

1. To report on matters they believe are, or are likely to be, illegal or amount to maladministration.
2. To be responsible for matters relating to the conduct of Councillors and Officers.
3. To be responsible for the correct operation of the Council's Constitution.

National Fraud Initiative (NFI)

The National Fraud Initiative (NFI) is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud.

Net Book Value

The amount at which Property, Plant and Equipment are included in the balance sheet i.e. their gross value less accumulated depreciation.

Net Cost of Services

The total cost of providing services after deducting any specific grant or other service-related income.

Non-distributed Costs

Overheads which provide no benefit to services. They are not therefore apportioned to services. An example would be pensions arising from discretionary added years' service.

Non-Domestic Rates

Non-Domestic Rates (NDR), or Business Rates, are the means by which occupiers of non-residential property contribute to the cost of providing local authority services. They are levied on the rateable value of each business property multiplied by a uniform amount set annually by the government. Business rates are collected by all Billing Authorities on behalf of other preceptors and the Government.

Non-specific grant income

Government grants received to fund the generality of the council's services.

Post Balance Sheet Events

Events that occur between the Balance Sheet date and the date on which the Responsible Officer signs the Statement of Accounts. These are disclosed where required in the Notes to the Core Statements.

Precept

The amount that local authorities providing services within the Basildon Borough require to be paid from the Collection Fund to meet the net cost of their services. The Council Tax requirement is made up of the sum of all precepts levied on the Billing Authority.

Terminology and Definitions

Preceptor

A body that levies a precept.

Provision

An amount set-aside in the accounts to provide for a liability that is an obligation at the Balance Sheet date, but where the exact amount or the date on which it will arise is uncertain. A provision is created by making a charge to revenue in the year in which the obligation is recognised.

Public Works Loan Board (PWLB)

A government agency that offers longer-term loans to local authorities at interest rates marginally above the government's own cost of borrowing.

Reserves

Reserves are set aside at the discretion of the council to meet items of expenditure in future years.

Reserves – earmarked

Reserves set aside for specific purposes.

Reserves – usable

Reserves that can be used to meet future expenditure e.g. the General Fund and the Housing Revenue Account.

Reserves – unusable

Reserves that exists for technical accounting purposes and that cannot be used for any other purpose e.g. Revaluation Reserve and Pension Reserve.

Responsible Officer / Section 151 Officer

The Officer responsible for the proper administration of the council's financial affairs in accordance with Section 151 of the Local Government Act 1972.

Retail Price Index (RPI)

The same as the **Consumer price index** however it includes the cost of housing.

Running Expenses

The day-to-day operational costs incurred in providing services other than direct employee expenses, capital financing costs and benefits.

Section 151 Officer

Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs and to appoint an Officer to have responsibility for those arrangements. The Officer appointed under this requirement is called the Section 151 Officer.

Section 31 Compensation

Grant provided by central government. Section 31 of the Local Government Act 2003, allows ministers to grant monies to local authorities for any purpose, more information can be found at <http://www.legislation.gov.uk/ukpga/2003/26/section/31>

Standards Interpretation Committee (SIC)

Interpretations issued by the Standards Interpretation Committee to clarify an existing international accountancy standard (for example, SIC 29, *Service Concession Arrangements*). This system gave way to IFRICs from May 2004 onwards; however, many SICs are still in issue, and may be quoted as having directed part of the preparation of the statutory accounts.

UK GAAP

Generally accepted accounting practice in the United Kingdom. This refers to the set of accountancy standards developed in the United Kingdom which governs the production of statutory accounts. Local authority accounts were formulated according to a Statement of Recommended Practice based on UK GAAP; from 1st April 2010, this has been replaced by a Code of Practice based on international accountancy standards.

Voluntary Revenue Provision (VRP)

Local authorities must make prudent provision for the repayment of debt. The minimum amount is set annually by the council, having regard to statutory guidance issued by the Secretary of State, and may be nil. Authorities may choose to make voluntary provision for the repayment of debt, in addition to the minimum requirements.