



Draft Annual Financial Report 2022-2023

Basildon Borough Council

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Basildon

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Introduction from the Chief Executive

It gives me great pleasure to introduce the Annual Financial Report for 2022/23.

The Basildon borough has the biggest economy in Essex and we are home to thriving local businesses, close knit communities, old and new towns, fantastic country parks and a great array of wildlife and birds. As a resident of our borough I am passionate about all that it has to offer and the variety of what is on offer creates both great opportunities and significant challenges.

The Russian invasion of Ukraine and the cost of living crisis which has followed created a complex set of challenges for the council, its residents and businesses. I have been delighted to see the support that our borough has offered to those who have faced these difficulties, and we have seen individuals, businesses and voluntary groups working exceptionally hard to help borough residents emerge from this challenging time with a renewed sense of pride and purpose in our local area.

The 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.

The Corporate Plan 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.

The Corporate Plan includes:

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

The Corporate Plan 2022-26 is available at: <https://www.basildon.gov.uk/corporate-plan>

Over the past 12 months we have made good progress, as confirmed in our Annual Report, published in March, and through the results of a peer challenge carried out by colleagues from other local authorities. We have delivered services with more flexibility and continued to put individuals at the heart of what we do. We will continue to do this over the coming years to remain an organisation that is fit for purpose.

During the year, in addition to managing the challenges brought about by the invasion of Ukraine and the cost of living crisis, the council has:

- Invested in our existing housing stock, seeking to improve the quality of properties available to residents as well as looking to improve the energy efficiency of those properties;
- Continued to provide financing to its subsidiary house building company, Sempra Homes Ltd., as it seeks to develop quality new homes for local residents;
- Invested over £1m in refurbishments and enhancements to play areas across the borough;
- Commenced the construction of a new swimming pool at Eversley Leisure Centre in Pitsea;
- Continued to invest in the modernisation of Laindon Community Centre;
- Invested in enhancements to our waste collection provision.

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.

As we move forward the council is fortunate that it is financially well-managed and has cash-backed reserves which will allow us to meet the immediate costs we face as well as the long-term recovery from recent economic challenges. There are, however, difficult decisions to be made to meet the costs of delivering our ongoing vision for the borough whilst also ensuring that our community and the council is able to recover from these difficult times.

Scott Logan
Chief Executive

Narrative Report

BASILDON BOROUGH

Introduction to section

The following section provides background information in respect of the borough of Basildon and the council. This provides 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).

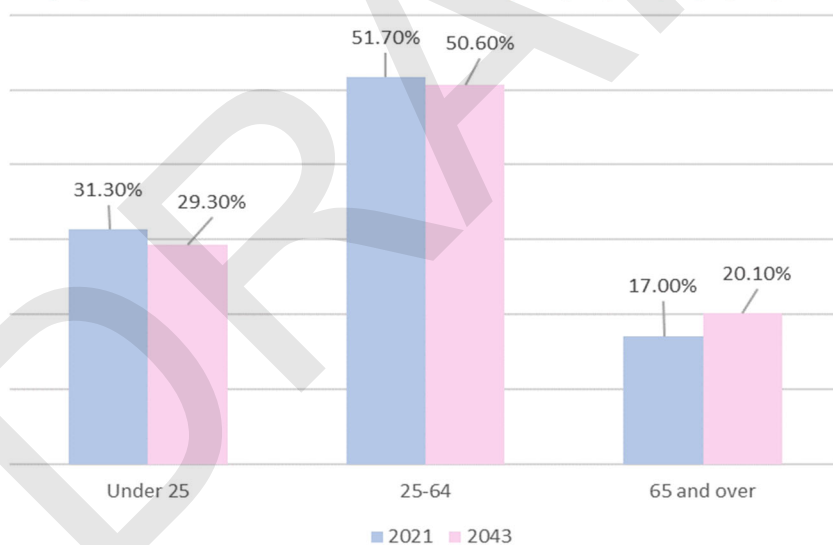
It comprises five distinct towns, Basildon, Laindon, Pitsea, Billericay and Wickford.

Did you know?

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

By 2043 the population is expected to have grown to in excess of 206,500 (an increase of 11% over 20 years). The proportion of under 25s is projected to drop from 30.7% in 2021 to 29.3% in 2043, whereas the proportion of over 64s will rise from 17.2% to 20.1%, which will put further strain on local health and social care services.

Age profile of Basildon residents - Percentage of people by age groups



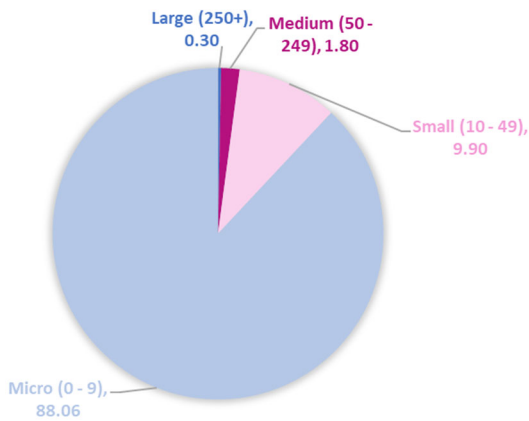
Source – Basildon Borough Profile

Economy

Basildon borough is the largest economy in Essex. It is the key employment hub in Essex 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.

Narrative Report

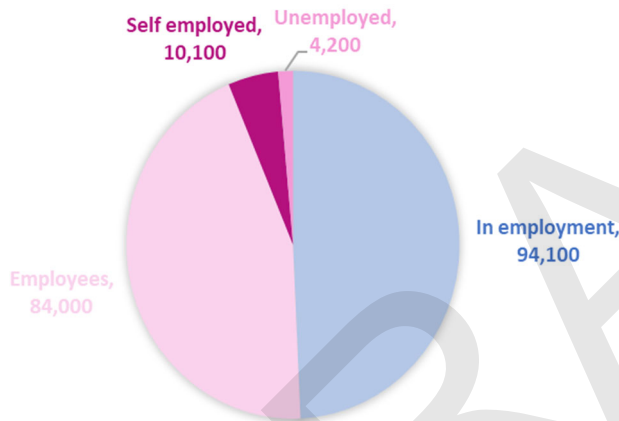
Enterprises by employee size



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

Source – Nomis – labour market statistics for Basildon (2022)

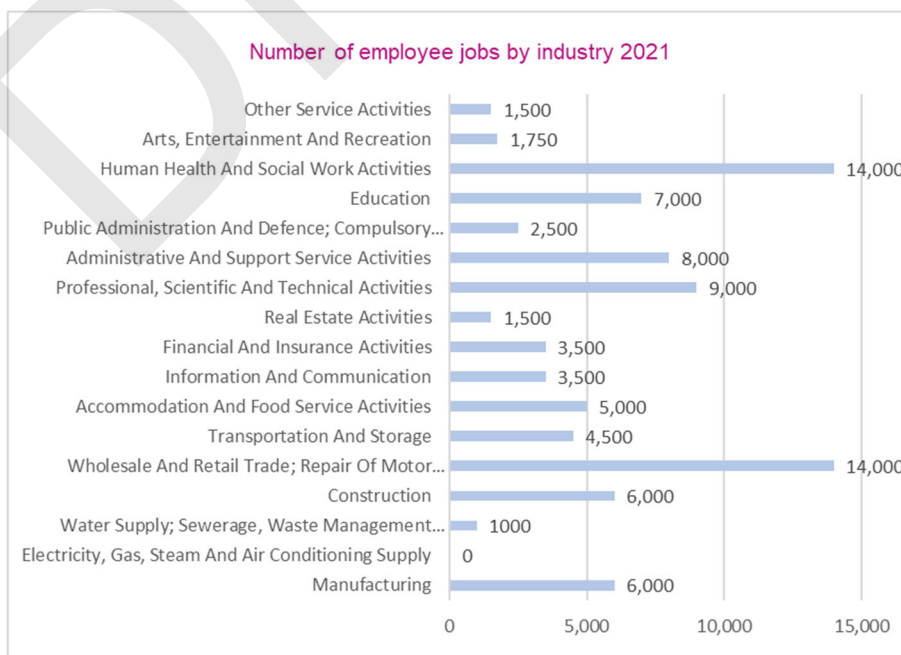
Breakdown of the number of people economically active



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.

Source – Nomis – labour market statistics for Basildon (Oct 2021 – Sept 2022)

Number of employee jobs by industry 2021



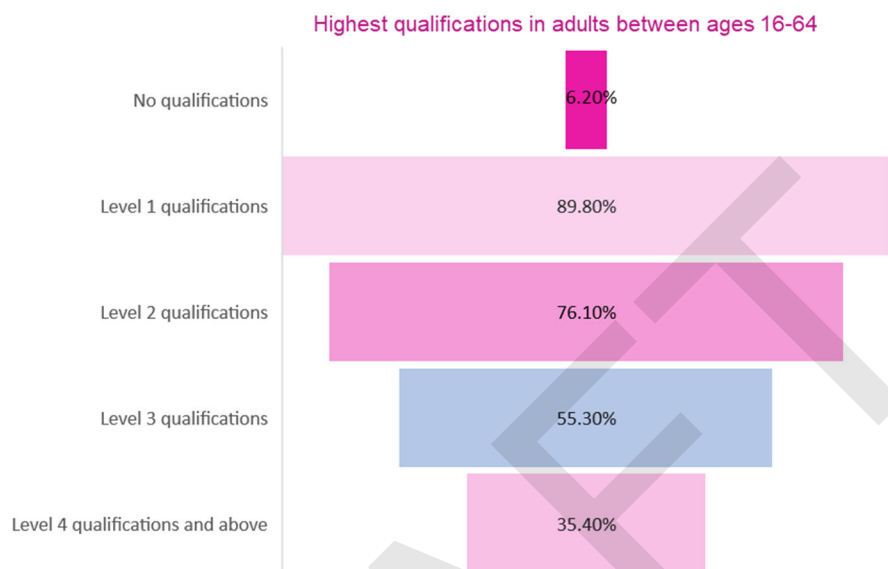
Source – Nomis – labour market statistics for Basildon

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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 2021, only 35% of Basildon borough residents aged 16-64 had an NVQ4+ qualification, whereas across England this was 43%. At 6%, Basildon has the same percentage of people with no qualifications as the national average; the Essex average is 5%.



Source - Nomis – labour market statistics for Basildon (Jan 2021-Dec 2021)

NVQ 1 equivalent – e.g. fewer 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.

NVQ 4 equivalent and above – e.g. HND, Degree and Higher Degree level qualifications or equivalent.

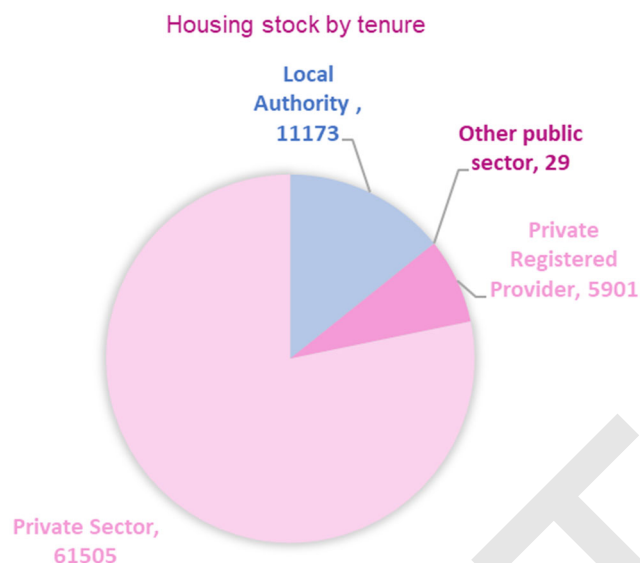
Housing

There are approximately 77,600 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 average house price in Basildon in December 2022 was approximately £384,400; this is a rise of 10% from the previous year.

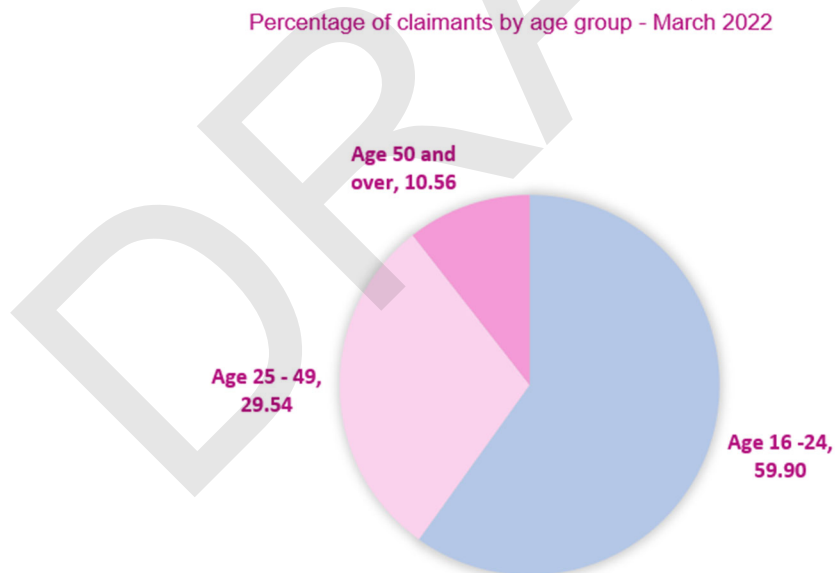
Narrative Report



Source – Basildon Borough Profile 2020

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:



Source – Nomis – labour market statistics for Basildon

Deprivation

Basildon borough is home to pockets of wealth and affluence as well as of poverty and deprivation.

The 2019 Indices of Multiple Deprivation ranked Basildon borough as 111th most deprived of 317 English local authority areas, yet the 2021 UK Prosperity Index ranked Basildon borough as 139th most prosperous of 379 UK local authority areas. These seeming contradictions only serve to highlight the diverse nature of the Basildon borough.

Narrative Report

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	Q3 2022/23
Percentage household recycling rate	45.6%

Key Achievements
48,851 tonnes of household waste collected as at January 2023
1,800 investigations into fly tipping resulted in a fixed penalty notice or corrective action being taken
2,909 fly tip incidents reported up to Q3 2023/24

The borough occupies an area of 42.5 square miles; approximately half of the borough is designated as Green Belt and it is home to 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 133 play areas within the Borough owned by the council with 11 of the play areas replaced during 2022/23.

The council is in the third 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.

The council created two new accessible sites to help promote biodiversity at St Nicholas Church and Cranes Farm Close during 2022/23 through the use of Section 106 contributions and government funding.

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, and a 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	Feb 2023
Number of inspections of play areas completed	4,169

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Corporate Plan 2022-26

The 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.

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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.

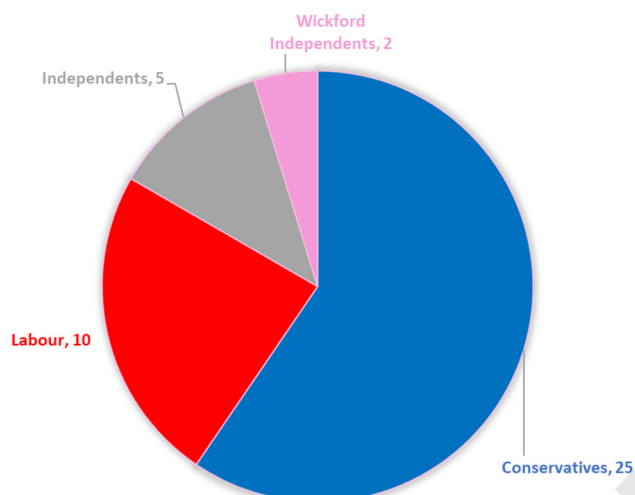
The Corporate Plan 2022-26 is available at: [Corporate Plan 2022-26](#)

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Political structure 2022/23

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 2022/23 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 council adopted the following structure to carry out its work and to make its decisions:

Cabinet

Overview and Scrutiny

- Overview and Scrutiny Commission
- People Scrutiny Committee
- Place Scrutiny Committee
- Prosperity Scrutiny Committee

Non-executive and regulatory committees

- Audit and Risk Committee
- Licensing Committee
- Planning Committee
- Joint Standards Committee
- Staffing and General Purposes Committee

The Leader of the Council serves as the Chair of the Cabinet.

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 2023 local elections, please visit the website at www.basildon.gov.uk.

Key Performance Statistic	Q3 2022/23
Total number of Member enquiries responded to	3,217

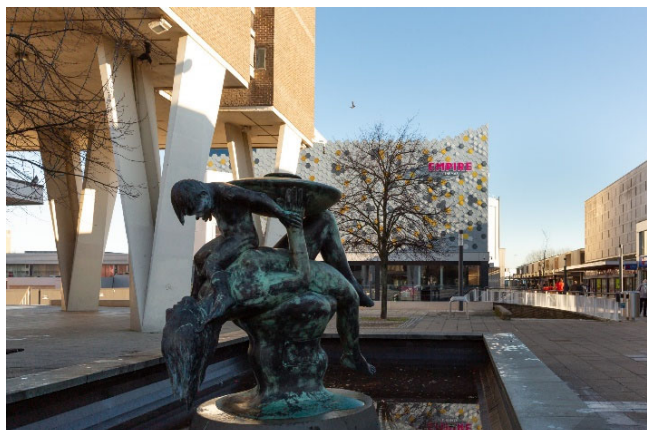
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REVIEW OF THE YEAR 2022/23

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 two commercial units have been let to Loungers (Orleto Lounge) and Nando's, both of which are 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 2023.



The project represents significant investment 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.

Following engagement activities with key stakeholders, the Basildon Town Centre Vision was endorsed by Cabinet in February 2023.

- A Public Realm Strategy has been prepared and costed for temporary and permanent spaces within the town centre in readiness to be moved into delivery.
- Plans are being prepared for the Great Oaks Creative and Immersive Quarter to bring back vacant properties into use for cultural activity.

Laindon Town Centre

The council has been developing plans for new public realm outside Laindon Library to complement the works being undertaken as part of the Laindon Centre. The detailed designs have been finalised and the tender documents are being prepared to secure a contractor to deliver the works. The tender process is scheduled to commence in June and it is anticipated that works will be fully completed by the end of 2023.

Pitsea Town Centre

Pitsea Regeneration Programme was fully commissioned during 2021/22. The Pitsea Gateway Project will improve the links between Pitsea railway station and Pitsea town centre. Engagement with Essex County Council and local landowners was started, and a consultation exercise will be carried out once detailed plans are established.

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. The temporary road closure on Wickford High Street, to develop the market, continues on Saturdays. This has helped to grow the market to over 20 stalls. Officers continue to work with Essex County Council to encourage footfall in the town centre and growth of local businesses.

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Housing

New Builds & Acquisitions

The council has added 31 additional properties through its new build (20 properties) and acquisitions (11 properties) 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.

Sempre Homes

Sempre Homes Limited is a wholly owned subsidiary of Basildon Borough Enterprises (with the council having the role as ultimate parent).

As of February 2023, Sempra Homes has a programme of over 500 homes comprising:

- 139 new homes already delivered through multiple schemes.
- 184 new homes with planning approval ready for delivery.
- 182 new homes progressing through pre-planning phases.

Sempre Homes presently have a pipeline of 500+ homes being assessed for feasibility and viability, and has continued an excellent track-record of funding success in 2022/23:

- A total of £2.15m was awarded from two rounds of Brownfield Land Release Funding, helping deliver schemes for Basildon residents at Broadmayne, Chapelgate and Ghyllgrove.
- Sempra has also maintained Investment Partner Status in 2022/23 for the Shared Ownership Affordable Homes Programme with Homes England, bringing much-needed funding to support delivery.
- Successful partnership development for Ghyllgrove with Stonebond Properties, a national developer of high-quality homes.



2022/23 has also seen Sempra Homes shortlisted for the nationally recognised Inside Housing awards and regional Essex Housing Awards, with a result of being highly commended for both Monarch Place and Housing Professional of the Year.

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

The homeless accommodation facility known as Nevendon Place welcomed its first residents to the facility in February 2023.

The scheme contains 16 self-contained supported move-on flats for our borough's homeless individuals - with ten one-bedroom apartments managed by the council, and a further six one-bedroom pods known as 'Solohaus' units donated by the Hill Group. The pods are being managed by the Salvation Army's Malachi Housing scheme.

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Each resident has their own living spaces with private bathrooms and kitchens, plus all the white goods, furniture, and other essential items to allow them to be able to live fully independently.

Residents will also receive day-to-day support with Peabody, the Salvation Army, and Basildon Council working together to create a joint management plan and referral process.

The scheme located at the former ITEC Centre has a maximum three-year stay, and is available to Basildon citizens who were, or are at imminent risk of rough sleeping.

The facility also includes office space and training rooms onsite for support workers, council staff and supporting agencies.

Tenants & Leaseholder Engagement Strategy

A revised strategy was approved at Housing & Estate Renewal Committee on 23 November 2021. The strategy introduced 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.

The Tenant and Leasehold Engagement Strategy continues to be implemented with a range of methods used to increase involvement.

Recording of tenant and leaseholder engagement opportunities across all housing teams will continue next year, particularly with the new social housing regulation coming into effect from April 2023.

This process has started and during Q3 in 2022/23 nearly 500 tenants and leaseholders were either involved in formal settings, gave feedback on issues or were able to influence choices for improvements within their homes. During February 2023 tenant and leaseholders were able to express their views on the Repairs Service as part of a wide-scale review.

Work is ongoing to gain a better understanding of tenant and leaseholder perceptions and an annual satisfaction survey will be implemented from June 2023.

Did you know?

At the end of 2022/23, the council owned 10,733 dwellings with a value (adjusted for Social Housing use) of over £1.0 billion. The open market value of these properties is around £2.7 billion.

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.

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Investment was approved for play area improvements at eleven sites across the borough. Works have been completed at the following sites:

- Holy Cross - £100,000 investment
- Rowenhall - £37,000 investment
- Langleys - £40,000 investment
- Vange Hill Drive - £62,000 investment

Works are in progress at the following sites:

- Lake Meadows - £173,000 investment
- Northlands Park - £225,000 investment

Contracts have been awarded and works will be commencing over the coming weeks at the following sites:

- Colville Mews - £22,000 investment
- Woburn Place - £29,000 investment
- Great Berry Open Space - £60,000 investment
- Luncies Road - £80,000 investment
- Steepleview - £60,000 investment.

Did you know?

There are currently 133 play areas in the Basildon Borough owned by Basildon Council.

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.

The final phase of works to complete the centre is proposed to start imminently, subject to Cabinet approval on 16 March 2023, with Morgan Sindall undertaking around £2m of works including significant mechanical and electrical upgrades, new meetings rooms, and a gym area and specialist changing rooms.

Community Activities

Digital Inclusion

The strategy was formally adopted on 2 March 2022 and has been refreshed to ensure it remained fit for purpose and met customer requirements. New web content was delivered, following research on training opportunities for our customers, to provide a list of established training material. Free training opportunities were prioritised when designing support material to ensure residents were not financially excluded.

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.

Basildon Council approved a new waste strategy in 2019, focused on achieving a 65% recycling rate by 2035, increasing ownership over waste, boosting recycling rates and meeting changes in legislation.

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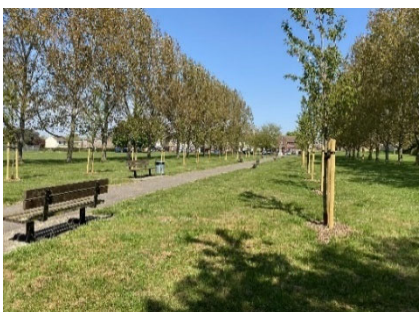
In 2022, a separate collection of food and garden waste was introduced. Following further public consultation, non-recyclable waste will be collected through a wheeled bin and recycling through reusable bags from autumn 2023. These changes could reduce the CO2 footprint of waste collections by over 40% and remove over 10 million single use plastic bags from production each year, as well as adding up to 11 percentage points to our recycling rate.

During the summer of 2023 it is anticipated that a new chargeable green waste service will be introduced, and further changes to waste collection include the consideration of biweekly collection of non-recyclable waste.

To assist with future costs, route optimisation software has been implemented to enable the service to reduce its agency and vehicle hire

spend. Existing staff are also undertaking HGV driver training to assist in dealing with the national HGV driver shortage.

Tree Strategy



In 2022/23 the council has planted over 8,500 trees, sown the equivalent of 124 tennis courts in wildflower meadow seed, and introduced the cut and clear approach to make our wildflower meadows more sustainable.

Local Plan

The development of the new Local Plan continues aligned to the agreed Local Development Scheme. Preparations for the Issues and Options consultation are progressing well and the final version of the consultation document was approved by Cabinet, alongside the Consultation Approach and Communications Plan. A new platform called Common Place has been commissioned to host the consultation and officers are undergoing training on this platform.

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

Investment in the Safe & Sound Programme was approved by the council in February 2022, following agreement by the Housing and Estate Renewal Committee that Felmores, Lee Chapel North and Five Links would form the first wave of estates within the programme.

The programme is now being implemented, with the first Estate Improvement Plan being created for Felmores Estate.

Projects include:

- Refuse and recycling improvements
- Public realm improvements
- Neighbourhood greening activities via Trust Links
- Security improvement including CCTV and door entry systems.

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Economic Development

The council has developed a Business Engagement Plan, enhanced internal processes to strengthen strategic business engagement and developed an account management model to maintain relationships with the key strategic firms in the borough.

Key achievements during the year include:

- Organised Basildon Business Expo with Essex Chamber of Commerce to showcase a range of business support, which attracted over 450 visitors.
- Launched the Good Employer Charter to reward good employers in the borough.
- Secured over £1.2m of UKSPF funding into the area, by working with a local panel of stakeholders to agree an Investment Prospectus for the borough.
- Helped to secure over £1.27m into the South East Create Growth Programme, leading the bid writing process for this Investment Readiness Programme, led by Kent CC.
- Secured funding for a feasibility study into establishing a Healthcare Social Innovation Incubator, to stimulate new businesses in the area.
- Submitted a £4.5m bid to Arts Council England to convert the former Robins Cinema/BHF into a Centre for Screen and Immersive Digital Technologies.
- Developed an Inward Investment Action Plan, enhanced internal processes and begun to implement the plan.
- Secured over £36,000 from First Bus, Essex Police, and the Essex Police and Crime Commissioner towards enhancing the CCTV system in Basildon Town Centre.

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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 2022/23 are set out in Note 17 to the Statement of Accounts.

Employees

At 31 March 2022, the council had 854 employees or 792.6 FTE's (full time equivalent) compared with 854 employees or 792 FTE's as at 31 March 2021.

Temporary staff are also used as cover for vacancies when necessary. Overall staff costs were within the budget for 2022/23.

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 2022/23 was £42,740 (£39,450 in 2021/22).

The employee data that follows relates to the 2021/22 year, which is the latest information available, published in March 2023.

Gender

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



The council continues to apply a series of positive initiatives which include:

- Adherence to Single Status agreement, including job evaluation and review of terms and conditions of employment
- Fixed pay scales within banding structure and no use of spot salaries
- Pay progression limited by pay band.

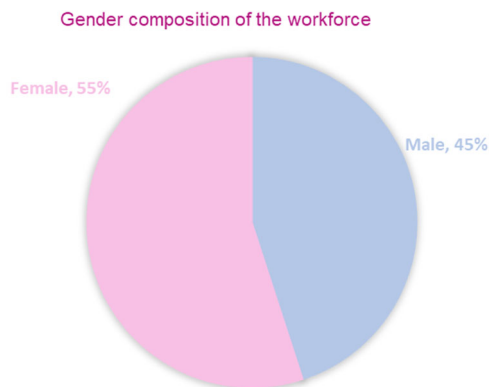
People performance

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.

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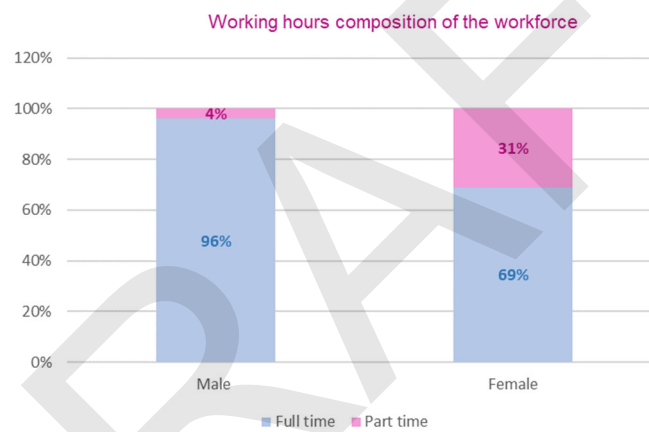
Workforce profile

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

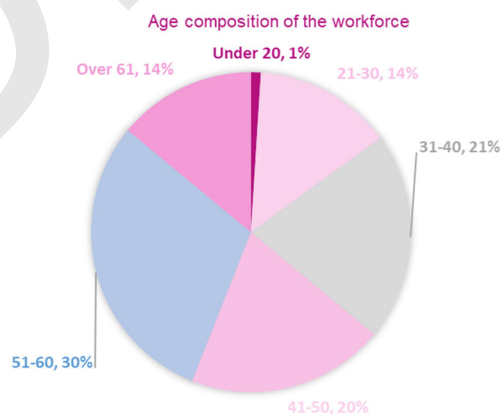


The proportion of male and female staff employed by the council is comparable to the population that resides in the Borough.

Source – Workforce Profile 2022



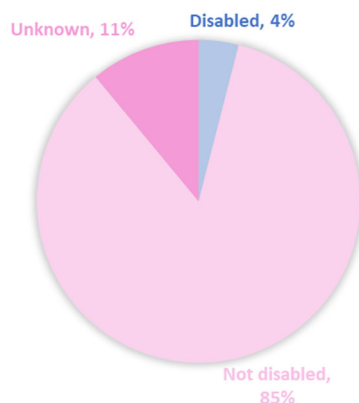
Source – Workforce Profile 2022



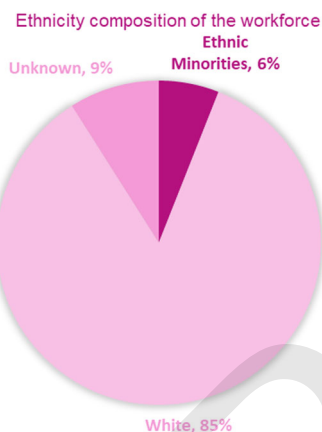
Source – Workforce Profile 2022

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Disability composition of the workforce



Source – Workforce Profile 2022



The proportion of staff from White backgrounds in the council's workforce (85%) is similar to the proportion in the Basildon Borough (89%). Staff from ethnic minority backgrounds currently make up 6% of the council's workforce, same as last year and 10% of the Basildon Borough population. This difference may be incorporated in the 9% unknown where staff have not declared or preferred not to state.

Source – Workforce Profile 2022

Working days lost to sickness increased in 2022/23 to an average of 10.07 days per annum compared with 10.03 days in 2021/22. This continues to be monitored and tracked by departments as office-based work resumes in some capacity for most employees.

Further information on the profile of the council's workforce can be found here:

[Basildon-Borough-Council-Workforce-Profile-2022.pdf](#)

Risk and opportunities

The Council recognises that some managed risk-taking is essential if it is to meet its objectives. As such it has a cautious to open approach to risk. This means the council is willing to accept risks, where decisions are made on an informed basis with sound arguments for the benefits expected from the actions taken, and effective controls put in place to manage risk.

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

The Council currently has 17 Corporate risks, which if they occurred would have a major impact on the organisation or delivery of its vision. They include cross-cutting risks that impact more than one service.

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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, (They differ from Corporate Risks in that they do not impact the organisation as a whole), and Service Risks which are those which relate directly to the business of individual service areas. These are maintained as part of the service and team planning processes and are regularly reviewed by management.

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

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 2023 and up to the date of approval of the Statement of Accounts. The Annual Governance Statement is approved by Members and is informed by the Senior Leadership Team, Heads of Service, corporate oversight functions (including statutory officers), internal audit, External Auditors and other review agencies.

The Audit and Risk Committee's Member led Working Group met on five occasions during 2022/23 to review the corporate and red service risks. In addition, the working group has also reviewed the 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.

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.

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).

Key Achievements

For the period April 2022 to February 2023, cashable savings of around £0.2m and £1.7m of non-cashable savings have been obtained

16 Housing Applications cancelled

3 council properties recovered as a result of illegal sub letting

12 Right to Buy applications either stopped or cancelled as at end February 2023

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

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FINANCIAL REVIEW OF 2022/23

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 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 2022/23 were as set out below:

	2022/23 £'000
General Fund Net Expenditure	20,735
HRA Net Expenditure	4,340
Total Expenditure on Services	25,075
Transfers to/(from) Reserves:	
General Fund Earmarked Reserves	(1,781)
Housing Revenue Account Balances	(4,340)
Total Expenditure to be Financed	18,954
Government Grants	(2,459)
Business Rates Income	(6,934)
New Homes Bonus	(353)
Net deficit/(surplus) on Collection Fund	7,910
Council Tax Requirement	17,118

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 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.

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The approved capital budgets for 2022/23 were as below:

	2022/23 £'000
General Fund Expenditure	23,522
HRA Expenditure	43,720
Total Capital Expenditure	67,242
Major Repairs Allowance (HRA)	(18,033)
Government Grants	(5,900)
Capital Receipts	(10,879)
Other Grants & Contributions	
Revenue Contributions	(3,000)
Borrowing	(29,430)
Total Financing	(67,242)

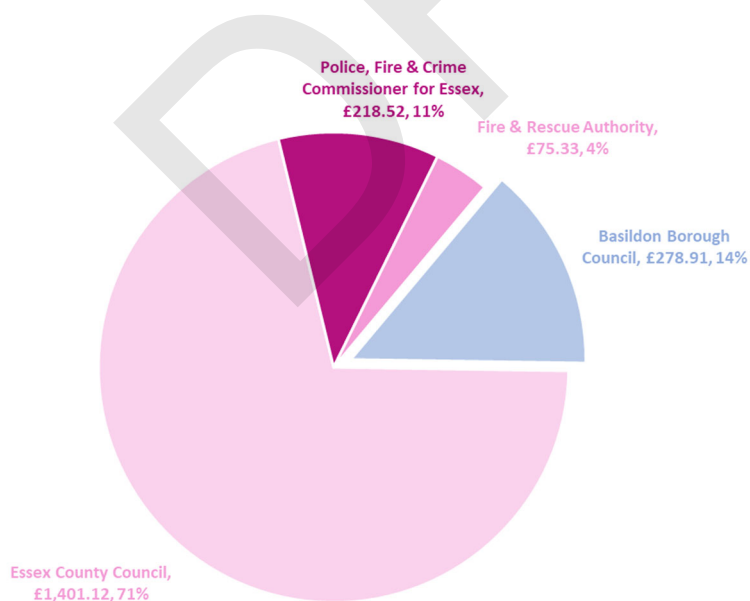
Collection Fund

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 2022/23

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 2022/23 this was £17.118 million.

The 2022/23 Band D council tax for Basildon Council services was £278.91 (no increase on 2021/22). The calculated amounts were based on an estimated Council Tax Base (after allowing for irrecoverable amounts and the local council tax support scheme) of 61,376 Band D equivalent properties.



Did you know?

The total Band D equivalent council tax for the Borough was £1,973.88 distributed among the major and local preceptors as set out in the chart below.

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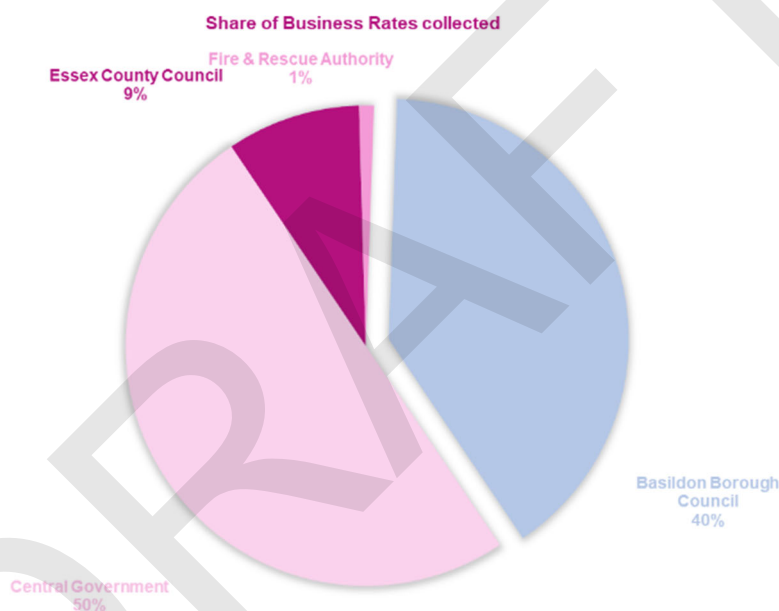
Business Rates

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 2022/23 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.



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	89

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Financial Outturn 2022/23

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 2022/23. 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.

	Original Budget	Working Budget	Actuals	Variance from Working Budget	Carry Forwards	Transfers to/(from) Reserves	Outturn Variance from Working Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Service Net Expenditure							
Community	1,654	1,660	1,617	(43)	-	-	(43)
Development and Regulation	(373)	1,648	1,911	263	375	258	896
Environment	10,953	11,896	11,297	(599)	310	(3)	(292)
Housing	2,937	3,991	4,437	446	100	-	546
Leisure	8,043	8,333	7,684	(649)	352	-	(297)
Regeneration & Partnerships	2,359	2,846	1,567	(1,279)	544	351	(384)
Corporate & Central	(4,838)	1,300	(1,060)	(2,360)	806	1,086	(468)
Net Cost of Services	20,735	31,674	27,453	(4,221)	2,487	1,692	(42)

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.

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	Original Budget	Working Budget	Actuals	Variance from Working Budget	Carry Forwards	Transfers to/from Reserves	Outturn Variance from Working Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Funding							
New Homes Bonus	(353)	(353)	(353)	-	-	-	-
Other Grants	(2,459)	(2,546)	(3,469)	(923)	-	-	(923)
Council Tax	(17,118)	(17,118)	(17,118)	-	-	-	-
Council Tax Surplus/Deficit	(3)	(3)	(3)	-	-	-	-
Business Rates Income	(6,934)	(7,351)	(8,601)	(1,250)	-	-	(1,250)
Business Rates Surplus/Deficit	7,913	11,538	12,172	634	-	-	634
Reserve Movements							
Other transfer (from)/to reserves	(1,781)	(15,841)	(10,081)	5,760	(2,487)	(1,692)	1,581
Total Funding	(20,735)	(31,674)	(27,453)	4,221	(2,487)	(1,692)	42

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.

	Original Budget	Working Budget	Actuals	Variance from Working Budget	Carry Forwards	Transfers to/from Reserves	Outturn Variance from Working Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure							
Management	18,635	18,221	18,809	588	-	-	588
Repairs	12,111	12,277	13,030	753	-	-	753
Depreciation and Financing costs	30,730	28,749	28,163	(586)	-	-	(586)
Total Expenditure	61,476	59,247	60,002	755	-	-	755
Income							
Rents	(51,416)	(51,022)	(50,921)	101	-	-	101
Service charges and contributions	(5,720)	(5,279)	(4,987)	292	-	-	292
Total Income	(57,136)	(56,301)	(55,908)	393	-	-	393
Total net cost	4,340	2,946	4,094	1,148	-	-	1,148

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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)	41
Expenditure & Funding Analysis (Net Expenditure in the CIES Column)	Comprehensive Income and Expenditure Statement	42
Expenditure & Funding Analysis (Adjustments Between the Funding and Accounting Basis Column)	Note 10 – Note to the Expenditure & Funding Analysis	53

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 2022/23. Carry forwards in the capital programme are usually due to slippage in the delivery of the projects.

	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	1,500	3,467	2,774	(693)	693	-
Housing – HRA	43,720	43,720	34,823	(8,897)	(140)	(9,037)
General Fund	22,022	16,956	9,603	(7,353)	7,970	617
Total Expenditure	67,242	64,143	47,200	(16,943)	8,523	(8,420)

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.

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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
Financing						
Capital Receipts	(10,879)	(10,153)	(10,814)	(661)	-	(661)
Grants & Contributions	(5,900)	(4,619)	(3,616)	1,003	(1,638)	(635)
Contributions from Revenue	(3,000)	(4,728)	(1,483)	3,245	(456)	2,789
Major Repairs Reserve	(18,033)	(18,033)	(19,452)	(1,419)	-	(1,419)
Borrowing	(29,430)	(26,610)	(11,835)	14,775	(6,429)	8,346
Total Financing	(67,242)	(64,143)	(47,200)	16,943	(8,523)	8,420

Details of the split of capital financing can be found in note 39 (page 76) for the General Fund, and note 6 (page 86) 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
Vehicle & Plant Leasing	499
Investment Lending	1,275
Shares in Basildon Borough Enterprises	1,100
Total Expenditure	2,874

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

Accounting for Capital Outturn

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	76

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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 2023.

	2022/23 Opening position	Change in reserves in year	Outturn 2022/23	Carry Forwards	Available reserves
	£'000	£'000	£'000	£'000	£'000
General Fund Balance	13,098	(7,611)	5,487	(2,487)	3,000
General Fund Earmarked Reserves	46,126	(2,469)	43,657	-	43,657
Sub-total: General Fund	59,224	(10,080)	49,144	(2,487)	46,657
Housing Revenue Account	4,174	(174)	4,000	-	4,000
HRA – Earmarked Balances	6,369	(3,920)	2,449	-	2,449
Sub-total: Housing Revenue Account	10,543	(4,094)	6,449	-	6,449
Total Balances and Reserves	69,767	(14,174)	55,593	(2,487)	53,106

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

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 2023. The change in reserves is the difference between resources received and those applied to finance capital during the year.

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	2022/23 Opening position	Change in reserves in year	Outturn 2022/23
	£'000	£'000	£'000
GF Capital receipts	883	692	1,575
HRA Capital receipts - any use	12,176	816	12,992
HRA Capital receipts - 1 for 1 use only	6,155	846	7,001
HRA Capital receipts - retained HM Treasury share	-	1,030	1,030
Major repairs	52	(52)	-
Capital grants unapplied	10,535	2,719	13,254
Lifecycle Funds	1,352	(142)	1,210
Regeneration	2,352	32	2,384
Total capital reserves	33,505	5,941	39,446

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

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.

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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 detailed movement of the earmarked reserves in Note 12.

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Reference	Statement/Note	Page
Reserves Outturn Position	Balance Sheet	44
Breakdown of Outturn for Earmarked Reserves	Note 12 - Transfers to/From Earmarked Reserves	55

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.

	2022/23 Opening position £m	Movement in year £m	2022/23 Closing position £m
Borrowing	379.3	(23.0)	356.3
Finance leases	184.5	(2.2)	182.3
Total External Debt	563.8	(25.2)	538.6
Investments	(93.6)	38.0	(55.6)
Net External Debt	470.2	12.8	483.0

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

Interest payable on external debt and other liabilities for the year amounted to £14.8 million. The average interest rate on external borrowing was 2.70% for the year. Investment income for the year was £1.5 million at an average return of 1.89%. 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

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.

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Reference	Statement/Note	Page
Balance for Outstanding Borrowing and Lease Liabilities	Balance Sheet	44
Detailed Breakdown of Borrowing and Investments and Associated Risks	Financial Instruments - Notes 30 to 33	68
Finance Lease Liabilities	Note 29 – 'Council as a Lessee' Section	65

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 2023 with those at 31 March 2022.

	2022/23 Opening position £m	Movement in year £m	2022/23 Closing position £m
Long Term Assets	1,443.3	97.4	1,540.7
Current Assets	146.6	(49.0)	97.6
Current Liabilities	(138.6)	30.8	(107.8)
Long Term Liabilities	(567.0)	66.4	(500.6)
Net Assets	884.3	145.6	1,029.9
Usable Reserves	103.3	(8.3)	95.0
Unusable Reserves	781.0	153.9	934.9
Total Reserves	884.3	145.6	1,029.9

Did you know?

Overall the value of the net assets of the council rose by £145.6 million during 2022/23.

Pension Asset

In common with most, if not all, other local authorities, this council now carries a surplus on its Pension Reserve. This reflects Basildon Council's share of the pension fund administered by Essex County Council. The £60.3 million deficit at 31 March 2022 changed to a £49.1 million surplus at 31 March 2023. This movement is largely the consequence of an increase in the fair value of the fund assets attributable to the council.

Accounting for Assets and Liabilities

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.

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Where in the Accounts...?		
Reference	Statement/Note	Page
Assets and Liabilities	Balance Sheet	44
Pension Liability	Note 40 – Defined Benefit Pension Scheme	77

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THE BUDGET AND FINANCIAL FORECAST TO 2026/27

The following narrative sets out the assumptions used when the budget for 2023/24 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 2023/24

The final Local Government Finance Settlement for 2023/24 was issued on 6 February 2023. The key elements of the Government's funding strategy most relevant for local government, consists of:

- The negative revenue support grant of £0.25 million previously forecast for 2023/24 has been eliminated.
- The Lower Tier Service Grant that was introduced last year no longer applies from 2023/24.
- The Services Grant (£0.40 million) that was introduced last year continues in 2023/24 at £0.20 million.
- The funding guarantee (£0.74 million) introduced this year that ensures that no authority receives a settlement less than 3% more than 2022/23.
- Although business rates have been essentially frozen for businesses, compensation for the impact of this on the council's retained income has been provided such that, effectively, the council will receive a 10.1% increase in income from this source

Government funding post 2023/24

The settlement for 2023/24 is for one year only; the position for funding post 2024/25 is still unclear.

The forecast for business rates beyond 2022/23 reflects the Government's funding baseline under the existing 50% retention scheme at this stage.

As per the previously published policy statement by the government, the Review of Relative Needs and Resources ('Fair Funding Review') and a reset of Business Rates growth will not be implemented in the next two years. This settlement represents a 'holding position' until the next Parliament, aiming at stability. The ruling out of a business rates reset, or a fair funding review, means that the funding distribution will remain fairly stable.

The areas of reform that have been put on hold since April 2020 are:

- 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 £1.5 million by 2024/25 and £12.0 million by 2032/33.

Narrative Report

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:

- Generating income through innovative and enterprising activity and seeking to embed such thinking throughout the organisation.
- The ongoing review and redesign of services as part of the Organisational Strategy.
- Working with partners to more effectively deliver services and positive outcomes for residents.
- Ensuring the council's assets are used effectively and efficiently.
- Reviewing fees and charges to ensure full cost recovery, where this is not possible reviewing how the associated services are delivered to reduce costs or accepting a discounted charge in return for an appropriate community benefit.
- Generating new ideas for delivering efficiencies.
- Optimising the council's use of technology to enable new ways of working and improving service quality for our residents.
- Developing the activity of Sempra Homes.
- A focus on growing income from business rates through supporting economic development.

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, through social value in 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](#)

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. \(basildonmeetings.info\)](#)

Budget Report 2022/23 – Item no. 99

[Basildon Council - Agenda for Council on Thursday, 24th February, 2022, 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 2022/23 (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 2022/23 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 2023.

Signed:

Owen Sparks

Director of Resources (Section 151 Officer)

AUDITORS' REPORT TO APPEAR ON THIS PAGE

DRAFT

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 Narrative 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.

2021/22				2022/23		
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
(4,467)	8,637	4,170	Corporate and Central	(1,055)	7,646	6,591
1,751	2,169	3,920	Community	1,617	646	2,263
1,036	3,580	4,616	Development and Regulation	1,911	3,283	5,194
2,068	14	2,082	Regeneration and Partnerships	1,567	157	1,724
9,661	1,490	11,151	Environment	11,283	1,288	12,571
2,768	2,142	4,910	Housing	4,437	3,205	7,642
7,964	766	8,730	Leisure and Open Spaces	7,694	(228)	7,466
20,781	18,798	39,579	General Fund	27,454	15,997	43,451
13,974	16,145	30,119	Housing Revenue Account	4,094	18,283	22,377
34,755	34,943	69,698	Cost of Services	31,548	34,280	65,828
(20,450)	(8,016)	(28,466)	Other income and expenditure	(17,374)	6,975	(10,399)
14,305	26,927	41,232	(Surplus) or Deficit on Provision of Services	14,174	41,255	55,429
(84,072)			Opening General Fund and HRA Balance	(69,767)		
14,305			(Surplus) or Deficit on Provision of Services	14,174		
(69,767)			Closing General Fund and HRA Balance *	(55,593)		

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

Comprehensive Income and Expenditure Statement (CIES)

2021/22						2022/23						
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
8,506	(4,336)	4,170	8,357	(4,187)	4,170	Corporate and Central	10,177	(3,586)	6,591	10,200	(3,586)	6,614
4,406	(486)	3,920	4,406	(486)	3,920	Community	2,892	(629)	2,263	2,892	(629)	2,263
49,431	(44,815)	4,616	49,431	(44,815)	4,616	Development and Regulation	47,924	(42,730)	5,194	47,924	(42,730)	5,194
3,609	(1,527)	2,082	3,390	(1,308)	2,082	Regeneration and Partnerships	2,988	(1,264)	1,724	2,988	(1,264)	1,724
17,055	(5,904)	11,151	17,055	(5,904)	11,151	Environment	19,562	(6,991)	12,571	19,562	(6,991)	12,571
6,917	(2,007)	4,910	7,024	(2,007)	5,017	Housing	9,737	(2,095)	7,642	7,889	(2,095)	5,794
11,774	(3,044)	8,730	11,774	(3,044)	8,730	Leisure and Open Spaces	10,782	(3,316)	7,466	10,782	(3,316)	7,466
101,698	(62,119)	39,579	101,437	(61,751)	39,686	General Fund	104,062	(60,611)	43,451	102,237	(60,611)	41,626
84,220	(54,101)	30,119	84,186	(54,067)	30,119	Housing Revenue Account	78,285	(55,908)	22,377	78,123	(55,908)	22,215
185,918	(116,220)	69,698	185,623	(115,818)	69,805	Cost of Services	182,347	(116,519)	65,828	180,360	(116,519)	63,841
1,507	(3,063)	(1,556)	1,507	(1,945)	(438)	Other operating income and expenditure	14	727	(2,280)	727	(3,432)	(2,705)
38,201	(32,085)	6,116	39,073	(31,280)	7,793	Financing and investment income and expenditure	15	47,849	(20,128)	27,721	(19,905)	29,866
31,194	(64,220)	(33,026)	31,194	(64,508)	(33,314)	Taxation and non-specific grant income and expenditure	16	26,722	(63,289)	(36,567)	(63,289)	(36,567)
256,820	(215,588)	41,232	257,397	(213,551)	43,846	(Surplus) or Deficit on Provision of Services (SDPS)	257,645	(202,216)	55,429	257,580	(203,145)	54,435
		-			1,052	Taxation of group entities	24		-			174
		41,232			44,898	Group (Surplus) or Deficit on Provision of Services			55,429			54,609
		(81,947)			(84,501)	Surplus or deficit on revaluation of non-current assets	34		(85,072)			(86,785)
		1,001			1,001	Impairment losses on non-current assets charged to the Revaluation Reserve	34		-			-
		(63,105)			(63,105)	Remeasurements of the net defined pensions liability	40		(115,957)			(115,957)
		(144,051)			(146,605)	Other Comprehensive (Income) and Expenditure			(201,029)			(202,742)
		(102,819)			(101,707)	Total Comprehensive (Income) and Expenditure			(145,600)			(148,133)

Movement in Reserves Statement

	Revenue Reserves		Usable Capital Reserves				Unusable Reserves							Council's share of subsidiary's reserves	Total Group 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
Note	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
2022/23																	
Balance at 1 April 2022	59,224	10,543	52	19,214	10,536	3,704	103,273	536,632	203,604	108,112	(60,335)	(6,521)	(463)	781,029	884,302	1,070	885,372
Total Comprehensive Income and Expenditure	(27,302)	(28,127)	-	-	-	-	(55,429)	85,072	-	-	115,957	-	-	201,029	145,600	2,533	148,133
Adjustments between accounting basis & funding basis under regulations	9 17,222	24,033	(52)	3,383	2,718	(110)	47,194	(11,662)	(34,007)	(7,209)	(6,501)	12,133	52	(47,194)	-	-	-
Increase/(Decrease) in year	(10,080)	(4,094)	(52)	3,383	2,718	(110)	(8,235)	73,410	(34,007)	(7,209)	109,456	12,133	52	153,835	145,600	2,533	148,133
Balance at 31 March 2023 carried forward	49,144	6,449	-	22,597	13,254	3,594	95,038	610,042	169,597	100,903	49,121	5,612	(411)	934,864	1,029,902	3,603	1,033,505
Of which:																	
Earmarked Reserves	12 43,657	2,449															
General Reserves	5,487	4,000															
2021/22																	
Balance at 1 April 2021	59,555	24,517	160	22,187	9,162	4,111	119,692	466,416	217,125	108,796	(114,449)	(15,653)	(444)	661,791	781,483	2,182	783,665
Total Comprehensive Income and Expenditure	(3,095)	(38,137)	-	-	-	-	(41,232)	80,946	-	-	63,105	-	-	144,051	102,819	(1,112)	101,707
Adjustments between accounting basis & funding basis under regulations	9 2,764	24,163	(108)	(2,973)	1,374	(407)	24,813	(10,730)	(13,521)	(684)	(8,991)	9,132	(19)	(24,813)	-	-	-
Increase/(Decrease) in year	(331)	(13,974)	(108)	(2,973)	1,374	(407)	(16,419)	70,216	(13,521)	(684)	54,114	9,132	(19)	119,238	102,819	(1,112)	101,707
Balance at 31 March 2022 carried forward	59,224	10,543	52	19,214	10,536	3,704	103,273	536,632	203,604	108,112	(60,335)	(6,521)	(463)	781,029	884,302	1,070	885,372
Of which:																	
Earmarked Reserves	12 46,126	6,369															
General Reserves	13,098	4,174															

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

Balance Sheet

31 March 2022			31 March 2023		
Council	Group			Council	Group
£000	£000		Note	£000	£000
1,145,838	1,193,497	Property, plant & equipment	34	1,218,295	1,269,168
147,750	147,750	Investment property	35	123,635	123,635
571	571	Intangible assets	37	457	457
-	-	Long term investments	40	49,121	49,121
21,115	-	Investment in subsidiaries	24	22,215	-
128,050	100,905	Long-term debtors	25	126,978	100,165
1,443,324	1,442,723	Non current Assets		1,540,701	1,542,546
73,027	73,027	Investments	30	33,236	33,236
921	921	Assets held for sale	38	-	-
278	278	Inventories		349	349
40,101	36,723	Short-term debtors	25	37,800	34,339
32,265	32,430	Cash and cash equivalents	41	26,228	26,707
146,592	143,379	Current Assets		97,613	94,631
(65,098)	(65,098)	Borrowing	30	(45,827)	(45,827)
(55,252)	(48,602)	Short-term creditors	26	(56,355)	(49,911)
(6,670)	(7,070)	Provisions	27	(4,463)	(4,871)
-	(244)	Current tax liability		-	(174)
(1,182)	(1,182)	Grants receipts in advance - Capital	22	(522)	(522)
(10,361)	(10,361)	Grants receipts in advance - Revenue	22	(622)	(622)
(138,563)	(132,557)	Current Liabilities		(107,789)	(101,927)
(1,116)	(1,116)	Provisions	27	(1,014)	(1,014)
(317,085)	(317,085)	Borrowing	30	(313,615)	(313,615)
(181,899)	(181,899)	Finance lease liabilities	29	(179,378)	(179,378)
(6,616)	(6,616)	Long-term creditors	26	(6,616)	(6,616)
-	(1,122)	Deferred tax liability		-	(1,122)
(60,335)	(60,335)	Net pensions liability	40	-	-
(567,051)	(568,173)	Long-term Liabilities		(500,623)	(501,745)
884,302	885,372	Net Assets		1,029,902	1,033,505
13,098	13,098	General Fund Balance		5,487	5,487
46,126	46,126	GF Earmarked Reserves Balance	12	43,657	43,657
-	(4,277)	Subsidiary Reserves	24	-	(3,457)
4,174	4,174	Housing Revenue Account		4,000	4,000
6,369	6,369	HRA Earmarked Reserves Balance	12	2,449	2,449
52	52	Major Repairs Reserve		-	-
19,214	19,214	Capital Receipts Reserve		22,597	22,597
10,536	10,536	Capital Grants Unapplied		13,254	13,254
3,704	3,704	Earmarked Capital Reserves	12	3,594	3,594
103,273	98,996	Usable Reserves		95,038	91,581
536,632	541,979	Revaluation Reserve		610,042	617,102
203,604	203,604	Capital Adjustment Account		169,597	169,597
108,112	108,112	Deferred Capital Receipts Reserve		100,903	100,903
(60,335)	(60,335)	Pensions Reserve		49,121	49,121
(6,521)	(6,521)	Collection Fund Adjustment Account		5,612	5,612
(463)	(463)	Other Unusable Reserves		(411)	(411)
781,029	786,376	Unusable Reserves		934,864	941,924
884,302	885,372	Total Reserves		1,029,902	1,033,505

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

Owen Sparks
Director of Resources (Section 151 Officer)

Cash Flow Statement

2021/22			2022/23	
Council £000	Group £000		Council £000	Group £000
41,232	44,898	Net (surplus) or deficit on the provision of services	55,429	54,609
		Adjustments to net surplus or deficit on the provision of services for non-cash movements:		
(23,715)	(23,716)	Depreciation	(24,958)	(24,959)
(54,250)	(53,654)	Impairment and downward valuations	(28,734)	(29,100)
(114)	(114)	Amortisation	(114)	(114)
(215)	(215)	Movement in impairment provision for bad debts	(307)	(307)
(7,405)	(8,790)	Movement in creditors	21,289	21,403
(447)	(652)	Movement in debtors	(1,871)	(2,463)
(93)	(93)	Movement in inventories	71	71
(8,991)	(8,991)	Movement in pension liability/asset	(6,501)	(6,501)
(6,514)	(9,350)	Carrying amount of non-current assets sold	(4,708)	(6,627)
1,945	1,734	Movement in provisions	2,309	2,300
14,135	14,135	Movement in the value of investment properties	(24,115)	(24,115)
(85,664)	(89,706)	Total adjustments	(67,639)	(70,412)
		Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities:		
9,643	11,361	Proceeds from the sale of property, plant and equipment	7,048	10,119
2,967	3,254	Grants received for the financing of capital expenditure	6,334	6,334
12,610	14,615	Total adjustments	13,382	16,453
(31,822)	(30,193)	Net cash flows from Operating Activities	42	1,172
115,855	114,199	Net cash flows from Investing Activities	43	(8,682)
(62,307)	(62,307)	Net cash flows from Financing Activities	44	13,547
21,726	21,699	Net (increase) or decrease in cash and cash equivalents	6,037	5,723
53,991	54,129	Cash and cash equivalents at the beginning of the reporting period	32,265	32,430
32,265	32,430	Cash and cash equivalents at the end of the reporting period	41	26,228

Notes to the Core Statements

General Notes

1 DATE ACCOUNTS AUTHORISED

These accounts were authorised for issue by the Section 151 Officer on _____

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 2022/23 these proper accounting practices principally comprise:

- the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code)
- update to the 2022/23 Code of Practice on Local Authority Accounting in the United Kingdom (Code Update)
- the Service Reporting Code of Practice 2022/23 (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 90.

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 2023 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 2022/23 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 were published for consultation in April 2023.

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 2023, 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 2023, the Council had a balance of short-term debtors of £49.08 million. A review of significant balances suggested that an expected credit loss of £11.34 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

Provision is made for losses in business rates income arising from appeals against assessed rateable values in the rating list. 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 2023 is £10.8 million (£13.1 million 2021/22). Of this provision, Basildon's share is £4.3 million (£5.2 million 2021/22). Should the amount under appeal vary by +/- 1% this would represent approximately a £0.86 million difference from the sum provided of which Basildon's share would be £0.34 million.

At 31 March 2023, there was one outstanding appeal against the 2010 List.

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 - £44.8 million for Basildon Borough Council's proportion (£189.1 million across all preceptors). Housing Benefits involve paying out sums in the region of £36.8 million and claiming this back from Central Government. The council's borrowing portfolio currently incurs interest of £11.0 million.

The movement on the pension fund of £109.5 million, is largely due to actuarial gains resulting from the March 2023 valuation. This has resulted in the council holding a net pensions asset of £49.1 million as at 31 March 2023 compared to a net pensions liability of £60.3 million at the end of the previous year. Further details can be found in Note 40.

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.

As at the current date, there are no material events requiring an adjustment to the accounts.

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.

Notes to the Core Statements

General Notes

8 RESERVES

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

Usable Reserves	Reserves that can be used to meet future expenditure.
General Fund Balance	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.
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.

Notes to the Core Statements

General Notes

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.

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

2022/23

	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	9,089	25,317	19,286	-	-	-	53,692	(11,662)	(42,030)	-	-	-	-	(53,692)
Amortisation of intangible assets	37	-	-	114	-	-	-	114	-	(114)	-	-	-	-	(114)
Movements in the fair value of investment properties	35	24,115	-	-	-	-	-	24,115	-	(24,115)	-	-	-	-	(24,115)
Revenue expenditure funded from capital under statute	39	2,835	-	-	-	-	-	2,835	-	(2,835)	-	-	-	-	(2,835)
Net gain/loss on sale of non-current assets		(9)	(2,331)	-	14,257	-	-	11,917	-	(4,708)	(7,209)	-	-	-	(11,917)
Costs of disposal funded from capital receipts		-	60	-	(60)	-	-	-	-	-	-	-	-	-	-
Capital grants, contributions and income in relation to donated assets credited to the CIES		(5,606)	(728)	-	-	2,718	-	(3,616)	-	3,616	-	-	-	-	3,616
Statutory provision for the repayment of debt	39	(4,377)	(53)	-	-	-	-	(4,430)	-	4,430	-	-	-	-	4,430
Capital expenditure charged against the General Fund and HRA Balances	39	(1,373)	-	-	-	-	(110)	(1,483)	-	1,483	-	-	-	-	1,483
Capital adjustments		24,674	22,265	19,400	14,197	2,718	(110)	83,144	(11,662)	(64,273)	(7,209)	-	-	-	(83,144)
Use of the Capital Receipts Reserve to finance capital expenditure	39	-	-	-	(4,315)	-	-	(4,315)	-	4,315	-	-	-	-	4,315
Use of the Capital Receipts Reserve to repay debt		-	-	-	(6,499)	-	-	(6,499)	-	6,499	-	-	-	-	6,499
Use of the Major Repairs Reserve to finance capital expenditure	39	-	-	(19,452)	-	-	-	(19,452)	-	19,452	-	-	-	-	19,452
Financing adjustments		-	-	(19,452)	(10,814)	-	-	(30,266)	-	30,266	-	-	-	-	30,266
Reversal of items relating to retirement benefits debited or credited to SDPS		8,822	3,311	-	-	-	-	12,133	-	-	-	(12,133)	-	-	(12,133)
Employer's contributions to Essex County Council Pension Scheme		(4,095)	(1,537)	-	-	-	-	(5,632)	-	-	-	5,632	-	-	5,632
Pensions costs (transferred to the Pensions Reserve)	40	4,727	1,774	-	-	-	-	6,501	-	-	-	(6,501)	-	-	(6,501)
Unpaid Absences (transferred to the Accumulated Absences Reserve)		(22)	(6)	-	-	-	-	(28)	-	-	-	-	-	28	28
Finance costs (transferred to the Financial Instruments Adjustments Account)		(24)	-	-	-	-	-	(24)	-	-	-	-	-	24	24
Council tax and business rate income (transferred to the Collection Fund Adjustment Account)		(12,133)	-	-	-	-	-	(12,133)	-	-	-	-	12,133	-	12,133
Other adjustments		(12,179)	(6)	-	-	-	-	(12,185)	-	-	-	-	12,133	52	12,185
Adjustments between accounting basis & funding basis under regulations		17,222	24,033	(52)	3,383	2,718	(110)	47,194	(11,662)	(34,007)	(7,209)	(6,501)	12,133	52	(47,194)

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		-	-	114	-	-	-	114	-	(114)	-	-	-	-	(114)
Movements in the fair value of investment properties	-	(14,135)	-	-	-	-	-	(14,135)	-	14,135	-	-	-	-	14,135
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		(2,967)	-	-	-	1,374	-	(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		5,329	21,720	18,199	7,400	1,374	(407)	53,615	(10,730)	(42,201)	(684)	-	-	-	(53,615)
Use of the Capital Receipts Reserve to finance new 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	-	-	(18,307)	-	-	-	(18,307)	-	18,307	-	-	-	-	18,307
Financing adjustments		-	-	(18,307)	(10,373)	-	-	(28,680)	-	28,680	-	-	-	-	28,680
Reversal of items relating to retirement benefits debited or credited to SDPS		10,201	3,780	-	-	-	-	13,981	-	-	-	(13,981)	-	-	(13,981)
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	6,560	2,431	-	-	-	-	8,991	-	-	-	(8,991)	-	-	(8,991)
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		2,764	24,163	(108)	(2,973)	1,374	(407)	24,813	(10,730)	(13,521)	(684)	(8,991)	9,132	(19)	(24,813)

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:

	2022/23				
	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	23,140	708	(16,156)	(46)	7,646
Community	504	142	-	-	646
Development and Regulation	4,400	956	(2,073)	-	3,283
Regeneration and Partnerships	18	139	-	-	157
Environment	(24)	1,312	-	-	1,288
Housing	2,835	370	-	-	3,205
Leisure and Open Spaces	(585)	357	-	-	(228)
General Fund	30,288	3,984	(18,229)	(46)	15,997
Housing Revenue Account	25,264	1,495	(8,470)	(6)	18,283
Cost of Services	55,552	5,479	(26,699)	(52)	34,280
Other income and expenditure	(8,613)	1,022	26,699	(12,133)	6,975
Adjustments to (Surplus) or Deficit on Provision of Services	46,939	6,501	-	(12,185)	41,255
Adjustments to General Fund balances	24,674	4,727	-	(12,179)	17,222
Adjustments to Housing Revenue Account balances	22,265	1,774	-	(6)	24,033
	46,939	6,501	-	(12,185)	41,255
	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	(13,240)	979	20,891	7	8,637
Community	1,980	189	-	-	2,169
Development and Regulation	18,473	1,169	(16,062)	-	3,580
Regeneration and Partnerships	(155)	169	-	-	14
Environment	(38)	1,528	-	-	1,490
Housing	1,676	466	-	-	2,142
Leisure and Open Spaces	340	426	-	-	766
General Fund	9,036	4,926	4,829	7	18,798
Housing Revenue Account	23,013	1,826	(8,706)	12	16,145
Cost of Services	32,049	6,752	(3,877)	19	34,943
Other income and expenditure	(5,000)	2,239	3,877	(9,132)	(8,016)
Adjustments to (Surplus) or Deficit on Provision of Services	27,049	8,991	-	(9,113)	26,927
Adjustments to General Fund balances	5,329	6,560	-	(9,125)	2,764
Adjustments to Housing Revenue Account balances	21,720	2,431	-	12	24,163
	27,049	8,991	-	(9,113)	26,927

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;

Notes to the Core Statements

General Notes

- Capital Grants applied to capital expenditure are added to taxation and non-specific grant income.

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	
	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000
Employee expenses	47,584	46,083	47,584	46,083
Housing benefit	36,831	38,652	36,831	38,652
Other operating expenses	31,414	25,769	30,974	26,731
Support service recharges	20,589	18,991	20,589	18,991
Business rates tariff	25,670	25,670	25,670	25,670
Contribution to business rates pool	1,052	882	1,052	882
Business support grants	-	4,642	-	4,642
Depreciation, amortisation & impairment	53,807	78,079	54,173	77,483
Change in the fair value of investment properties	24,115	-	24,115	-
Interest payments - debt	14,834	14,306	14,843	14,517
Interest payments - pensions	1,022	2,239	1,022	2,239
Parish precepts	727	477	727	477
Payments to Housing Capital Receipts Pool	-	1,030	-	1,030
Total expenditure	257,645	256,820	257,580	257,397
Income				
Fees, charges & other service income	(82,142)	(78,740)	(83,813)	(79,669)
Gain on disposal of non-current assets	(2,280)	(3,063)	(3,432)	(1,945)
Interest & investment income	(8,261)	(6,833)	(6,367)	(4,697)
Change in the fair value of investment properties	-	(14,135)	-	(14,135)
Income from council tax	(17,810)	(17,430)	(17,810)	(17,430)
Income from business rates	(31,168)	(25,276)	(31,168)	(25,276)
Grants & contributions	(60,555)	(70,111)	(60,555)	(70,399)
Total income	(202,216)	(215,588)	(203,145)	(213,551)
Surplus or Deficit on the Provision of Services	55,429	41,232	54,435	43,846

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	
	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000
General Fund	26,234	24,639	27,905	25,568
Housing Revenue Account	55,908	54,101	55,908	54,101
Revenue from contracts with service recipients	82,142	78,740	83,813	79,669
Impairment of receivables	(541)	(132)	(545)	(136)
Total	81,601	78,608	83,268	79,533

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 2021 £000	Transfers Out 2021/22 £000	Transfers In 2021/22 £000	31 March 2022 £000	Transfers Out 2022/23 £000	Transfers In 2022/23 £000	31 March 2023 £000
Pensions and Contingency Reserve	4,197	-	4,605	8,802	(47)	-	8,755
Insurance Pool	3,731	-	-	3,731	(75)	-	3,656
Development Equalisation	423	-	1,040	1,463	-	3,102	4,565
Sempra Equalisation	834	-	158	992	-	589	1,581
Commercial Equalisation	1,200	-	500	1,700	-	-	1,700
Lease Equalisation	409	-	2,593	3,002	-	2,998	6,000
Regeneration Account	596	-	-	596	(596)	-	-
IT Initiatives	3,968	-	577	4,545	-	2,079	6,624
Employment Rationalisation	1,164	-	76	1,240	-	10	1,250
Treasury Management Reserve	1,750	-	743	2,493	-	7	2,500
Asset Management Reserve	2,230	-	-	2,230	-	770	3,000
Revenue Support	3,745	(3,745)	-	-	-	-	-
Business Rates Equalisation	25,374	(10,042)	-	15,332	(11,306)	-	4,026
Total General Fund	49,621	(13,787)	10,292	46,126	(12,024)	9,555	43,657
Asset Management Reserve	19,783	(14,014)	-	5,769	(3,920)	-	1,849
Treasury Management Reserve	600	-	-	600	-	-	600
Total HRA	20,383	(14,014)	-	6,369	(3,920)	-	2,449
Regeneration Reserve	2,350	-	2	2,352	-	32	2,384
Lifecycle Funds	1,761	(409)	-	1,352	(142)	-	1,210
Total Capital Reserves	4,111	(409)	2	3,704	(142)	32	3,594
Total	74,115	(28,210)	10,294	56,199	(16,086)	9,587	49,700

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:

	2022/23 £'000	2021/22 £'000
External audit services carried out under the Code of Audit Practice	70	70
Other services provided during the year	18	18
Total External Audit Costs	88	88

Notes to the Core Statements

General Notes

In addition to the above, the Council incurred fees of £2,535 as part of the National Fraud Initiative during 2022/23, and £12,000 of additional fees for the 2019/20 Housing Benefit subsidy audit were charged during 2021/22. It also received government funding of £23,149 (£27,225 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 £7,250 for the preparation of the subsidiaries accounts in 2022/23, plus £19,500 (£23,750 2021/22) for the audit of the subsidiaries financial statements plus £2,350 (£2,350 2021/22) for taxation compliance services. The appointed auditor for this purpose was Rickard Luckin Limited.

During 2021/22 the council also received £10,420 PSAA Distribution in relation to the closure of the Audit Commission.

14 OTHER OPERATING INCOME AND EXPENDITURE

	Note	Council		Group	
		2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000
Parish council precepts ¹		727	477	727	477
Payments to the Government Housing Capital Receipts Pool		-	1,030	-	1,030
(Gains)/losses on the disposal of non current assets		(2,280)	(3,063)	(3,432)	(1,945)
Total		(1,553)	(1,556)	(2,705)	(438)

¹ Wickford Town Council was formed on 16 May 2022.

15 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	Note	Council		Group	
		2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000
Interest payable and similar charges		14,834	14,306	14,843	14,517
Net interest on the net defined benefit liability	40	1,022	2,239	1,022	2,239
Interest receivable and similar income		(8,261)	(6,833)	(6,367)	(4,697)
Income and expenditure in relation to investment properties and changes in their fair value	35	18,084	(20,110)	18,084	(20,110)
Surplus or deficit on trading operations	21	2,042	16,514	2,284	15,844
Total		27,721	6,116	29,866	7,793

16 TAXATION AND NON-SPECIFIC GRANT INCOME AND EXPENDITURE

	Note	2022/23 £'000	2021/22 £'000
Council tax income		(17,810)	(17,430)
Business rates income and expenditure	20	(4,446)	1,276
Non-specific grants and contributions	22	(7,977)	(13,905)
Capital grants, contributions and donated assets	22	(6,334)	(2,967)
Total		(36,567)	(33,026)

Further capital grants of £0 (£0.288 million 2021/22) 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	Expense Allowance	Benefits in Kind	Pension Contribution	Total
		£	£	£	£	£
Executive Team						
Chief Executive: Scott Logan	2022/23	195,239	3,963	-	37,486	236,688
	2021/22	193,288	3,963	-	37,111	234,362
Deputy Chief Executive	2022/23	146,962	3,963	7,030	28,217	186,172
	2021/22	145,011	3,963	4,612	27,842	181,428
Senior Leadership Team						
Director of Growth	2022/23	120,893	2,400	7,030	23,151	153,474
	2021/22	118,942	2,400	4,612	22,716	148,670
Director of Community and Environment	2022/23	120,893	2,400	-	23,211	146,504
	2021/22	116,295	2,400	-	22,329	141,024
Director of Housing and Property	2022/23	120,893	2,400	-	23,211	146,504
	2021/22	116,295	2,400	-	22,329	141,024
Director of Resources	2022/23	120,893	2,400	-	23,211	146,504
	2021/22	116,295	2,400	-	22,329	141,024
Director of Strategy and Governance	2022/23	120,893	2,400	-	10,186	133,479
	2021/22	116,295	2,400	-	-	118,695
Director of People and Change	2022/23	113,246	2,400	3,197	21,743	140,586
	2021/22	108,736	2,400	-	20,877	132,013
Total	2022/23	1,059,912	22,326	17,257	190,416	1,289,911
Total	2021/22	1,031,157	22,326	9,224	175,533	1,238,240

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	
	2022/23	2021/22
£50,000 - £55,000	29	17
£55,001 - £60,000	13	11
£60,001 - £65,000	8	9
£65,001 - £70,000	5	5
£70,001 - £75,000	5	3
£75,001 - £80,000	6	8
£80,001 - £85,000	5	1
£85,001 - £90,000	4	6
£90,001 - £95,000	1	-
Total	76	60

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 17 Officers Remuneration.

2022/23				
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	-	7	7	65,161
Total 2022/23	-	7	7	65,161

2021/22				
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

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.

	2022/23 £'000	2021/22 £'000
Allowances	477	417
Expenses	1	1
Total	478	418

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	2022/23 £'000	2021/22 £'000
Business rates income	(31,168)	(25,276)
Tariff	25,670	25,670
Contribution to pool	1,052	882
Business Rates Income	(4,446)	1,276
Business rates compensation grants included in non-specific government grants	(5,129)	(10,495)
Net Retained Income relating to Business Rates	(9,575)	(9,219)

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 reduce chargeable amounts in 2021/22, to support those businesses affected by the pandemic but who were ineligible for the existing support. In March 2022, the scope of these discounts returned to pre-Covid-19 eligibility for retail properties. 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	
	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000
Rental income	(5,020)	(4,968)	(6,529)	(6,185)
Other income	(14)	(46)	(176)	(160)
Direct operating expenses arising from trading operations	1,252	1,231	2,606	2,196
	(3,782)	(3,783)	(4,099)	(4,149)
Development costs	-	-	-	293
Depreciation, impairment and revaluation	5,824	20,297	6,383	19,700
Net (surplus)/deficit	2,042	16,514	2,284	15,844

A majority of the revaluation loss shown above in 2021/22 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.

	2022/23 £'000	2021/22 £'000
Credited to Taxation and Non Specific Grant Income		
New Homes Bonus	(352)	(294)
Business rates compensation grants	(5,129)	(10,495)
Homelessness support grants	(1,165)	(971)
Asylum Dispersal Scheme	(133)	-
General support grants	(654)	(1,406)
Income compensation schemes (COVID-19)	(70)	(385)
New burdens support (COVID-19)	(44)	(239)
Other non specific grants	(429)	(115)
Non-specific grants and contributions	(7,977)	(13,905)
Government contributions: Disabled Facilities Grant	(1,438)	(1,439)
Government contributions: Decarbonisation Scheme ¹	-	636
Government contributions: Housing	(2,575)	-
Government contributions: ITEC Centre renovation	(372)	(395)
Government contributions: Other	(89)	-
Other non Government contributions	(1,860)	(1,769)
Capital Grants and Contributions	(6,334)	(2,967)
Total credited to Taxation and Non Specific Grant Income	(14,311)	(16,872)

¹ 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 2020/21 became repayable.

Energy and Cost of Living Crises

In addition to the above, during 2022/23, the council received £10.842 million to assist individuals with their energy bills, by 31 March 2023 £9.940 million had been distributed. The balance has been taken to creditors in the Balance Sheet. The Council also received £0.111 million from the Household Support Fund which had been fully distributed by 31 March 2023.

Notes to the Core Statements

General Notes

Covid-19 support

In addition to the above, during 2022/23, the council received £0.438 Test and Trace funding which has been taken to creditors in the Balance Sheet.

	2022/23	2021/22
	£'000	£'000
Credited to Services		
Central Government		
Department for Work and Pensions:		
Housing Benefit Subsidy	(36,399)	(38,198)
Kickstart Scheme	(43)	(115)
Discretionary grants	(383)	(600)
Department for Levelling Up, Housing and Communities	(868)	(1,389)
Election and referendum funding	(2)	(40)
COVID-19 funding including culture and leisure recovery funds	-	(708)
Other Government funding (individually below £80k)	(148)	(75)
	(37,843)	(41,125)
Local Authorities		
Essex County Council:		
Recycling credits	(3,822)	(3,137)
Highways maintenance	(257)	(217)
South Essex Domestic Abuse Hub contribution	(213)	(160)
Homes for Ukraine	(139)	-
COVID-19 contribution to outbreak control	(15)	(85)
Live-well contribution	(86)	-
Collection Fund Sharing Agreement	(1,051)	(753)
Other Local Authority grants and contributions (individually below £80k).	(245)	(144)
	(5,828)	(4,496)
Non-Government		
Go Trade contributions	(231)	(806)
Developer contributions	(456)	(674)
Temporary accommodation	(1,286)	(951)
Corporate social responsibility contributions	-	(500)
Other non Government grants and contributions (individually below £80k).	(600)	(45)
	(2,573)	(2,976)
Revenue Grants and Contributions credited to Services	(46,244)	(48,597)

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 2023	31 March 2022
	£'000	£'000
Capital Grants & Contributions		
Government Funding	-	351
Developer contributions	522	831
Credited to Receipts in Advance in the Balance Sheet	522	1,182

	31 March 2023	31 March 2022
	£'000	£'000
Revenue Grants & Contributions		
Government funding - Energy Rebate Scheme	-	9,983
Collection Fund Sharing Agreement	236	226
Other Government and Local Authority funding	349	118
Non Government support	37	34
Credited to Receipts in Advance in the Balance Sheet	622	10,361

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 2022/23 were £25,625 (£25,625 2021/22).

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

Subsidiaries of the council comprise Basildon Borough Enterprises Limited, a holding company to manage the risks and tax affairs of the council's other two subsidiaries Sempra Homes Limited and Acorn House Developments (Basildon) 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 2023 includes subsidiary reserves of £3.6 million. This is made up of Sempra's retained profits £6.2 million (of which £7.0 million is in respect of unrealised revaluation gains which have been taken to the revaluation reserve) reduced by a £2.4 million policy alignment adjustment, together with Acorn's post-acquisition loss of £165k.

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

	31 March 2023 £'000	31 March 2022 £'000
Investment in subsidiaries		
Basildon Borough Enterprises Ltd	22,215	21,115
Total	22,215	21,115

Basildon Borough Enterprises Limited (Company No. 12563472)

The company was incorporated on 20 April 2020. The financial position of the company as at 31 March 2023 is as follows:

	31 March 2023 £'000	31 March 2022 £'000
Investment in subsidiaries		
Sempra Homes Ltd	17,565	16,465
Acorn House Developments (Basildon) Ltd	5,913	5,913
Net assets	23,478	22,378
Shareholder's Equity at 31 March	23,478	22,378

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 2021/22, 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 2023 is as follows:

	2022/23 £'000	2021/22 £'000
Current assets	17	122
Current liabilities	(21)	(108)
Amounts due from Basildon Borough Council	7,362	7,382
Provisions	(408)	(400)
Net assets	6,950	6,996
Retained earnings (pre-acquisition)	5,781	5,781
Retained profit (post-acquisition)	1,169	1,215
Shareholder's equity at 31 March	6,950	6,996

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

In addition, management fees £7k (£47k 2021/22), insurance costs £7k (£8k 2021/22) 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 2023 managed 128 new homes. The following inter-company transactions and balances have been eliminated upon consolidation in the Group Accounts:

	2022/23 £'000	2021/22 £'000
<u>Long-term assets</u>		
Loan	26,813	27,145
<u>Short-term debtors</u>		
Cash management borrowings	2,365	2,365
Other amounts due to the council	1,265	1,356
<u>Comprehensive Income and Expenditure</u>		
Other income	(196)	(113)
Capital grants	(1,848)	-
Administrative expenses	115	244
Finance costs	1,894	1,667
Other costs	895	461

In calculating the net profit for the period the Company provided for income tax of £173k (£748k 2021/22). 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 2023 £000	31 March 2022 £000
Comprehensive Expenditure Statement		
Gain on disposal of property	(1,344)	(215)
Rental and other income	(1,671)	(1,333)
Cost of sales	382	278
Gross Profit	(2,633)	(1,270)
Development and Administrative expenses	988	1,141
Finance costs	732	258
Change in fair value of investment properties	(2,215)	(1,634)
(Surplus)/Deficit from trading operations	(3,128)	(1,505)
Income tax	173	749
Total Comprehensive (income) / expenditure	(2,955)	(756)

Notes to the Core Statements

General Notes

	31 March 2023	31 March 2022
	£000	£000
Summarised Financial Position		
Property, plant and equipment	53,282	49,693
Cash equivalents	469	142
Current assets	164	296
Amounts due to Basildon Borough Council	(30,444)	(30,866)
Net tax liability	(1,295)	(1,290)
Current liabilities	(900)	(754)
Net assets	21,276	17,221
Statement of Shareholder's Equity		
Share capital at 1 April	14,000	11,000
Share capital issued in year	1,100	3,000
Retained gains at 1 April	3,221	2,465
Income for the year	2,955	756
Shareholder's Equity at 31 March	21,276	17,221

St Georges Community Housing Limited

St Georges Community Housing Limited (SGCH) was dissolved on 14 March 2023.

25 DEBTORS

	31 March 2023			
	Council			Group
	Receivables £'000	Impairment Allowance £'000	Net £'000	Net £'000
Amounts falling due within one year				
Council tenants arrears	4,995	(3,150)	1,845	1,845
Housing benefit overpayments	4,420	(1,768)	2,652	2,652
Trade debtors	7,015	(3,162)	3,853	3,792
Commercial loans	11,272	-	11,272	11,272
Capital debtors	108	-	108	108
Amounts due from subsidiaries	3,357	-	3,357	-
Accrued income	2,617	-	2,617	2,485
Financial assets at contract amounts	33,784	(8,080)	25,704	22,154
Business rates and council tax payers arrears	5,776	(3,263)	2,513	2,513
Amounts due from government	2,999	-	2,999	3,035
Amounts due from preceptors	4,251	-	4,251	4,251
Prepayments	2,333	-	2,333	2,386
Total short term debtors	49,143	(11,343)	37,800	34,339
	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 subsidiary	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

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 2023 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000
Non current debtors				
Loans to subsidiaries	26,813	27,145	-	-
Finance lease receivable	100,164	100,903	100,164	100,903
Other entities and individuals	1	2	1	2
Total non current debtors	126,978	128,050	100,165	100,905

26 CREDITORS

	Council		Group	
	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000
Amounts falling due within one year				
Trade creditors	(10,615)	(8,441)	(10,901)	(8,555)
Capital creditors	(3,284)	(2,857)	(3,284)	(2,857)
Amounts due to subsidiary	(7,362)	(7,382)	-	-
Accrued expenses	(4,012)	(3,626)	(4,638)	(4,224)
Financial liabilities at contract amounts	(25,273)	(22,306)	(18,823)	(15,636)
Amounts due to government and preceptors for business rates	(22,133)	(19,622)	(22,133)	(19,622)
Other amounts due to government and preceptors	(4,923)	(6,084)	(4,923)	(6,084)
Receipts in advance	(4,026)	(7,240)	(4,032)	(7,260)
Total short term creditors	(56,355)	(55,252)	(49,911)	(48,602)

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 2022	(1,116)	(5,240)	(1,430)	(6,670)
Additional provisions	(550)	(584)	-	(584)
Amounts used	528	654	392	1,046
Unused amounts reversed	124	862	883	1,745
Balance at 31 March 2023	(1,014)	(4,308)	(155)	(4,463)
Additional provision for other costs	-	-	(408)	(408)
Balance at 31 March 2023 (Group)	(1,014)	(4,308)	(563)	(4,871)

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 liability, provision has been made for costs in proceedings where it is felt that the likelihood of having to incur these costs is high. 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 ongoing and prospective challenges in relation to Council functions including planning, land charges, contract, property, business rates and housing, which may give rise to costs depending on the outcomes. It is not possible to quantify the likely financial impact of these issues at this stage as they are too remote.

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.

The council has three Investment Properties held under 50 year finance leases, two are sub-let under operating leases, the first with minimum lease payments of £33,999,645 due to the council over the term of the 16 year lease, and the second with with minimum lease payments of £39,621,473 due to the council over the term of the 25 year lease. The third 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
	31 March 2023 £'000	Repaid in year £'000	Additions in year £'000	
Vehicles, plant and equipment	2,487	(794)	499	2,782
Property, plant and equipment	2,487	(794)	499	2,782
Investment property	80,290	(883)	-	81,173
Finance lease asset	99,528	(1,296)	-	100,824
	182,305	(2,973)	499	184,779

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 2023 £'000	31 March 2022 £'000
Finance lease liabilities (discounted - net present value of minimum lease payments):		
Payable within twelve months	2,927	2,880
Payable between two and five years	11,072	11,187
Payable after five years	168,306	170,712
	182,305	184,779
Finance costs payable in future years (not discounted)	107,245	111,109
Minimum lease payments	289,550	295,888

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 2023 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000
Not later than one year	6,757	6,770	2,927	2,880
Later than one year and not later than five years	25,722	26,068	11,072	11,187
Later than five years	257,071	263,050	168,306	170,712
	289,550	295,888	182,305	184,779

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. This related to an agreement within a lease to pay to the head lessor 90% of the rents receivable through sub-letting the property concerned. The lease was settled in 2021/22.

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 2023 £'000	31 March 2022 £'000
Finance lease debtor (net present value of minimum lease payments)	100,903	101,613
Unearned finance income	126,851	130,874
Unguaranteed residual value of property	65	65
Gross investment in the lease	227,819	232,552

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 2023 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000
Not later than one year	4,732	4,732	738	710
Later than one year and not later than five years	18,930	18,930	3,255	3,131
Later than five years	204,157	208,890	96,910	97,772
	227,819	232,552	100,903	101,613

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 2022/23, £131,396 was receivable by the council in respect of contingent rents (£134,585 2021/22).

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 2023 £'000	31 March 2022 £'000
Not later than one year	9,144	8,533
Later than one year and not later than five years	34,131	32,337
Later than five years	83,710	78,976
Future minimum lease payments due under non-cancellable leases in future years	126,985	119,846

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 2022/23 £1,109,660 contingent rents were receivable by the council (£301,844 2021/22).

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 2023					
	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	22,215	-	22,215	-	-	-
Finance lease assets	100,164	-	100,164	100,164	-	100,164
Debtors	26,814	-	26,814	1	-	1
Total non-current assets	149,193	-	149,193	100,165	-	100,165
Investments (fixed term deposits)	33,236	-	33,236	33,236	-	33,236
Debtors	25,704	12,096	37,800	22,154	12,185	34,339
Cash equivalents	26,224	4	26,228	26,703	4	26,707
Total current assets	85,164	12,100	97,264	82,093	12,189	94,282
Borrowing	(313,615)	-	(313,615)	(313,615)	-	(313,615)
Finance lease liabilities	(179,378)	-	(179,378)	(179,378)	-	(179,378)
Creditors	(6,616)	-	(6,616)	(6,616)	-	(6,616)
Total non-current liabilities	(499,609)	-	(499,609)	(499,609)	-	(499,609)
Borrowing	(45,827)	-	(45,827)	(45,827)	-	(45,827)
Creditors	(25,273)	(31,082)	(56,355)	(18,823)	(31,088)	(49,911)
Total current liabilities	(71,100)	(31,082)	(102,182)	(64,650)	(31,088)	(95,738)

	31 March 2022					
	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	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	32,261	4	32,265	32,426	4	32,430
Total current assets	130,429	14,964	145,393	127,020	15,160	142,180
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)

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

31 INCOME, EXPENSE, GAINS AND LOSSES

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

	Council		Group	
	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000
Borrowing	10,938	10,665	10,938	10,665
Finance lease liabilities	3,894	3,638	3,894	3,638
Interest expense on financial liabilities measured at amortised cost	14,832	14,303	14,832	14,303
Non-financial liabilities	2	3	11	214
Total interest expense	14,834	14,306	14,843	14,517
Interest and similar income				
Investments (fixed term deposits)	(880)	(53)	(880)	(53)
Debtors	(6,754)	(6,763)	(4,860)	(4,627)
Cash equivalents	(627)	(17)	(627)	(17)
Interest income on financial assets measured at amortised cost	(8,261)	(6,833)	(6,367)	(4,697)
Total interest income	(8,261)	(6,833)	(6,367)	(4,697)

The range of interest rates payable on PWLB borrowing at 31 March 2023 was from 1.63% to 11.125%, weighted average 3.34% (3.35% at 31 March 2022).

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.

	2022/23			2021/22		
	Nominal £'000	Carrying amount £'000	Fair value £'000	Nominal £'000	Carrying amount £'000	Fair value £'000
Borrowing (PWLB)	(314,301)	(317,092)	(250,867)	(317,301)	(320,142)	(325,555)
Borrowing (non-PWLB)	(42,000)	(42,349)	(41,380)	(62,000)	(62,039)	(61,925)
Finance lease liabilities	(182,305)	(182,305)	(182,305)	(184,779)	(184,779)	(184,779)
Creditors	(15,896)	(15,896)	(15,896)	(12,756)	(12,756)	(12,756)
Total financial liabilities held at amortised cost (Group)	(554,502)	(557,642)	(490,448)	(576,836)	(579,716)	(585,015)

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

	2022/23			2021/22		
	Nominal £'000	Carrying amount £'000	Fair value £'000	Nominal £'000	Carrying amount £'000	Fair value £'000
Investments	33,000	33,236	32,807	73,000	73,027	72,903
Cash equivalents	26,703	26,703	26,703	32,426	32,426	32,426
Finance lease assets	100,164	100,164	100,164	100,903	100,903	100,903
Debtors	22,155	22,155	22,155	21,569	21,569	21,569
Total financial assets held at amortised cost (Group)	182,022	182,258	181,829	227,898	227,925	227,801

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 2022/23 was approved by Full Council on 24 February 2022, 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 2023 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 the cost of living crisis.

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 2023 £'000	31 March 2022 £'000
Less than one year	45,412	65,000
Between one and two years	3,413	3,413
Between two and five years	28,500	16,912
Between five and ten years	60,000	64,500
Between ten and fifteen years	71,051	78,051
Between fifteen and twenty years	41,500	41,000
Between twenty and twenty five years	32,500	29,000
More than twenty five years	73,925	81,425
Principal amount (borrowing)	356,301	379,301

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. Consequently falls in interest rates will have an adverse impact on the council's finances. 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 2023, 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

Movements in 2022/23	898	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
Cost or Valuation:										
At 1 April 2022		964,194	149,032	21,253	11,877	13,083	172	1,159,611	47,660	1,207,271
Additions		29,285	4,570	2,598	564	7,847	-	44,864	3,787	48,651
Disposals		(4,693)	(58)	(2,763)	-	-	-	(7,514)	(1,919)	(9,433)
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of Services		(24,035)	(3,334)	-	-	-	-	(27,369)	(366)	(27,735)
Revaluation increases / (decreases) recognised in the Revaluation Reserve		62,202	1,731	-	-	-	-	63,933	1,713	65,646
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services		(1,728)	(1,565)	-	-	-	-	(3,293)	-	(3,293)
Assets reclassified (to) / from Held for Sale		-	-	-	-	-	921	921	-	921
Other movements in cost or valuation - Reclassifications		905	(1,178)	1	-	(1,112)	1,384	-	-	-
At 31 March 2023		1,026,130	149,198	21,089	12,441	19,818	2,477	1,231,153	50,875	1,282,028
Accumulated Depreciation and Impairments:										
At 1 April 2022		-	1,056	12,699	11	7	-	13,773	1	13,774
Depreciation Charge for year		19,278	4,056	1,613	-	-	11	24,958	1	24,959
Depreciation eliminated on Disposals		(93)	(2)	(2,711)	-	-	-	(2,806)	-	(2,806)
Depreciation written out to the Revaluation Reserve		(18,736)	(2,403)	-	-	-	-	(21,139)	-	(21,139)
Depreciation written out to the Surplus/Deficit on the Provision of Services		(455)	(1,473)	-	-	-	-	(1,928)	-	(1,928)
Other Movements in Cost or Valuation - Reclassifications		7	(17)	-	-	(7)	17	-	-	-
At 31 March 2023		1	1,217	11,601	11	-	28	12,858	2	12,860
Net Book Value:										
At 31 March 2023		1,026,129	147,981	9,488	12,430	19,818	2,449	1,218,295	50,873	1,269,168
At 1 April 2022		964,194	147,976	8,554	11,866	13,076	172	1,145,838	47,659	1,193,497
Group Net Book Value:										
At 31 March 2023		1,026,129	171,735	9,492	12,430	46,933	2,449	1,269,168		
At 1 April 2022		964,194	170,418	8,559	11,866	38,288	172	1,193,497		

Notes to the Core Statements

Capital Notes

Comparative Movements in 2021/22

	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 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
Donations	-	-	-	-	-	-	-	-	-
Disposals	(6,599)	-	(474)	-	(46)	-	(7,119)	(1,503)	(8,622)
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of	(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)
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

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	Other land & buildings	Vehicles, plant & equipment	Community assets	Assets under construction	Surplus assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at historical cost:	-	-	21,089	12,441	19,818	-	53,348
Carried at fair value as at 31 March:							
2023	1,026,130	132,392	-	-	-	2,477	1,160,999
2022	-	6,292	-	-	-	-	6,292
2021	-	4,174	-	-	-	-	4,174
2020	-	6,340	-	-	-	-	6,340
Gross Book Value at 31 March 2023	1,026,130	149,198	21,089	12,441	19,818	2,477	1,231,153

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.

	2022/23 £'000	2021/22 £'000
Balance at start of the year	147,750	101,915
Additions	-	31,700
Net gains/(losses) from fair value adjustments	(24,115)	14,135
Balance at end of the year	123,635	147,750

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.

	2022/23 £'000	2021/22 £'000
Rental income	(6,838)	(6,093)
Other income	5	(10)
Direct operating expenses	802	128
	(6,031)	(5,975)
Change in the fair value of investment properties	24,115	(14,135)
Net (surplus)/deficit	18,084	(20,110)

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 capital contracts at 31 March 2023 was £4,582,401 including fees, this is in relation to construction of a swimming pool at Eversley (£857,091 at 31 March 2022).

In addition, Sempra Homes Ltd was committed to projects totalling £10,304,878 (£318,111 at 31 March 2022). Therefore, capital commitments of the Group at 31 March were £14,887,279 (£1,175,202 2021/22).

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

The goodwill that arose from the acquisition of Acorn House Developments (Basildon) Ltd on 15 November 2019 was disposed of following the transfer of the company to Basildon Borough Enterprises Ltd in March 2022.

	Note	Council		Group	
		2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000
Balance outstanding at start of year		571	685	571	2,018
Disposals - Assets derecognised through business combinations		-	-	-	(1,333)
Amortisation for the period	24	(114)	(114)	(114)	(114)
Net carrying amount at end of year		457	571	457	571
Comprising:					
Gross carrying amount		1,137	1,137	1,137	1,137
Accumulated amortisation		(680)	(566)	(680)	(566)
Balance outstanding at end of year		457	571	457	571

38 ASSETS HELD FOR SALE

	Council		Group	
	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000
Balance outstanding at start of year	921	-	921	-
Assets newly classified as held for sale - property, plant and equipment	-	921	-	921
Assets declassified as held for sale - property, plant and equipment	(921)	-	(921)	-
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.

	2022/23 £'000	2021/22 £'000
Opening Capital Financing Requirement	613,010	542,537
<u>Capital Expenditure</u>		
Property, plant and equipment and Intangible assets:		
General Fund	10,041	26,559
Housing Revenue Account	34,823	47,846
Investment properties	-	31,700
	44,864	106,105
Investment in subsidiaries	1,100	3,000
Loans to subsidiaries	-	12,002
Commercial loans	1,275	5,724
<u>Revenue expenditure funded from capital under statute:</u>		
Disabled Facilities Grants	925	998
Grants to subsidiary	1,848	-
Other	62	664
Total Capital Expenditure to be Financed	50,074	128,493
Sources of Finance:		
Capital receipts	10,814	10,373
Loans repaid by subsidiaries	332	10,151
Government grants and other contributions	3,616	1,593
Major Repairs Reserve	19,452	18,307
Sums set aside from revenue:		
Direct revenue contributions	1,483	11,463
Principal repaid on finance leases	-	1,817
Minimum Revenue Provision	4,430	4,316
Total Financing	40,127	58,020
Closing Capital Financing Requirement	622,957	613,010
Analysis by Fund:		
General Fund	399,084	399,743
HRA	223,873	213,267
Closing Capital Financing Requirement	622,957	613,010
Explanation of movements in year:		
Increase/(decrease) in underlying need for borrowing	9,448	38,475
Assets acquired under leases	499	31,998
Increase/(Decrease) in Capital Financing Requirement	9,947	70,473

The principal repaid on finance leases in 2021/22 was in respect of Wickford Enterprise Centre.

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 2022 and was effective from 1 April 2022. The next valuation at 31 March 2025 will be effective from 1 April 2026.

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:

	2022/23 £'000	2021/22 £'000
Present value of the defined benefit obligation	259,539	370,576
Fair value of plan assets	(308,660)	(310,241)
Net liability/(asset) arising from the defined benefit obligation	(49,121)	60,335

The total contributions expected to be made to the Local Government Pension Scheme by the council as employer in the year to 31 March 2023 is £5.6 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:

	2022/23 £'000	2021/22 £'000
Comprehensive Income and Expenditure Statement		
<i>Cost of Services:</i>		
Service cost comprising:		
- Current service cost	10,772	11,605
- Administration expense	179	136
- Past service costs, including curtailments	160	1
<i>Financing and Investment Income and Expenditure:</i>		
Net interest on the defined liability	1,022	2,239
Total Post Employment Benefit charged to the Surplus or Deficit on the Provision of Services	12,133	13,981
<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)	7,541	(20,986)
- Experience gain (loss)	29,354	(13,697)
- Actuarial gains and losses arising from changes in demographic assumptions	-	(8,594)
- Actuarial gains and losses arising from changes in financial assumptions	(152,852)	(15,524)
	(115,957)	(63,105)
Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement	(103,824)	(49,124)
Movement in Reserves Statement	2022/23 £'000	2021/22 £'000
Total Post Employment Benefit charged to the Surplus or Deficit on the Provision of Services	12,133	13,981
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post employment benefits in accordance with the Code	(6,501)	(8,991)
Actual amount charged against Council Tax for pensions in the year:		
Employers' contributions payable to the scheme	5,632	4,990
Reconciliation of the movements in the Fair Value of Scheme Assets	2022/23 £'000	2021/22 £'000
Opening Balance at 1 April	310,241	281,767
Actual return on scheme assets (less interest)	(7,541)	20,986
Interest income	8,633	5,613
Administration expenses	(179)	(136)
Actuarial gains (losses)	-	4,304
Contributions by scheme participants	1,862	1,666
Employer contributions including unfunded	5,632	4,990
Benefits paid including unfunded	(9,988)	(8,949)
Closing Balance at 31 March	308,660	310,241

Notes to the Core Statements

Pension Notes

	2022/23 £'000	2021/22 £'000
Reconciliation of Present Value of Scheme Liabilities (Defined Benefit Obligation)		
Opening Balance at 1 April	370,576	396,216
Current service cost	10,772	11,605
Interest cost	9,655	7,852
Contributions from scheme participants	1,862	1,666
Remeasurements of the net defined benefit liability:		
- Actuarial gains and losses arising from changes in demographic assumptions	-	(8,594)
- Actuarial gains and losses arising from changes in financial assumptions	(152,852)	(15,524)
- Experience loss/(gain)	29,354	(13,697)
Past service costs, including curtailments	160	1
Liabilities extinguished on settlements	-	-
Benefits paid	(9,988)	(8,949)
Closing Balance at 31 March	259,539	370,576

The experience loss/(gain) on the defined benefit obligation includes £29.354 million in respect of the allowance for actual pensions increases and CPI inflation over the accounting period.

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 2023		31 March 2022	
	£'000	%	£'000	%
Equity investments	178,201	58%	184,113	60%
Gilts and bonds	4,524	1%	20,979	7%
Property	25,337	8%	26,498	8%
Cash and other investments	100,598	33%	78,651	25%
	308,660	100%	310,241	100%

Basis for estimating Assets and Liabilities

To assess the value of the Employer's liabilities at 31 March 2023, the value of the Employer's liabilities calculated for the funding valuation as at 31 March 2022 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 judgements, 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 2023	31 March 2022
Assumed life expectancy from age 65 (years)		
Assumed longevity retiring at current date		
- Males	21.1	21.0
- Females	23.5	23.5
Assumed longevity retiring in 20 years		
- Males	22.3	22.3
- Females	25.0	24.9

The key demographic assumption is the mortality assumption. To project future improvements in mortality, a model prepared by the Continuous Mortality Investigation Bureau (CMI) is used. The CMI update their model on an annual basis, incorporating the latest mortality data in the national population.

Notes to the Core Statements

Pension Notes

	31 March 2023	31 March 2022
Financial assumptions:		
Rate of inflation - CPI	2.90%	3.20%
Rate of increase in salaries	3.90%	4.20%
Rate of increase in pensions	2.90%	3.20%
Rate for discounting scheme liabilities	4.80%	2.60%
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 £5.025 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%	255,578	(173)	4,852
	-0.1%	259,539	180	5,205
Long-term salary increase	+0.1%	259,863	4	5,029
	-0.1%	259,217	(3)	5,022
Pension increases and deferred revaluation	+0.1%	263,349	182	5,207
	-0.1%	255,824	(176)	4,849
Mortality age rating assumption	+ 1 year	269,695	180	5,205
	- 1 year	249,809	(175)	4,850

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 is 21.4% of payroll p.a. For 2023/24, this will be based on an estimated pensionable payroll of £27.985 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 2023 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000
Cash held by the council	4	4	4	4
Short-term deposits	22,718	29,621	22,718	29,621
Bank current accounts	3,506	2,640	3,985	2,805
Total cash and cash equivalents	26,228	32,265	26,707	32,430

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	
	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000
Interest received	(7,116)	(6,529)	(5,222)	(4,393)
Interest paid	14,576	14,141	14,576	14,141
Net interest included in operating activities	7,460	7,612	9,354	9,748

43 CASH FLOW STATEMENT - INVESTING ACTIVITIES

	Council		Group	
	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000
Purchase of property, plant and equipment, investment property and intangible assets	42,958	56,971	47,805	71,481
Purchase of short-term and long-term investments	438	67,739	438	64,739
Loans to subsidiaries	1,568	12,002	-	-
Proceeds from the sale of property, plant and equipment	(7,251)	(7,715)	(10,322)	(9,433)
Proceeds from short-term and long-term investments	(40,710)	(7,980)	(40,710)	(7,980)
Loans repaid by subsidiaries	-	(842)	-	-
Capital grants received	(5,684)	(4,319)	(5,684)	(4,607)
Other receipts from investing activities	(1)	(1)	(1)	(1)
Net cash flows from investing activities	(8,682)	115,855	(8,474)	114,199

44 CASH FLOW STATEMENT - FINANCING ACTIVITIES

	2022/23 £'000	2021/22 £'000
Cash receipts of short and long-term borrowing	(40,000)	(82,000)
Other receipts from financing activities	(13,549)	(16,991)
Cash payments for the reduction of the outstanding liabilities relating to finance leases	2,973	3,104
Repayments of short and long-term borrowing	63,000	32,250
Other payments for financing activities	1,123	1,330
Net cash flows from financing activities	13,547	(62,307)

Notes to the Core Statements

Cash Flow Notes

44A RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	31 March 2022 £'000	Financing cashflows £'000	Non-cash acquisitions £'000	Other non- cash changes £'000	31 March 2023 £'000
Long-term borrowings	(317,085)	-	-	3,470	(313,615)
Short-term borrowings	(65,098)	23,000	-	(3,729)	(45,827)
Finance lease liabilities	(184,779)	2,973	(499)	-	(182,305)
Total liabilities from financing activities	(566,962)	25,973	(499)	(259)	(541,747)

	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)

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	2022/23 £'000	2021/22 £'000
Repairs and maintenance		13,419	12,650
Supervision and management		19,548	18,372
Rents, rates, taxes and other charges		248	218
Depreciation and impairment of non-current assets (net of revaluation gains)	5	44,717	52,678
Debt management costs		42	54
Movement in the allowance for bad debts		311	248
Total Expenditure		78,285	84,220
Income			
Dwelling rents	1	(50,921)	(49,346)
Non-dwelling rents		(17)	(18)
Charges for services and facilities		(4,451)	(4,226)
Contributions towards expenditure		(519)	(511)
Total Income		(55,908)	(54,101)
Net (Income) / Expenditure of HRA Services as included in the whole authority Comprehensive Income & Expenditure Statement		22,377	30,119
HRA share of expenditure charged to Corporate and Central in the CIES		361	326
Net (Income)/Expenditure of HRA Services		22,738	30,445
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		(2,271)	(1,293)
Interest payable and similar charges		8,109	8,380
Net interest on the net defined benefit liability		279	605
Capital grants, contributions and donated assets		(728)	-
(Surplus)/Deficit for the year on HRA services		28,127	38,137

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	2022/23 £'000	2021/22 £'000
Balance on the HRA at the end of the previous year	(4,174)	(4,134)
(Surplus) or deficit for the year on the HRA Income and Expenditure Statement	28,127	38,137
Adjustments between accounting basis and funding basis under the legislative framework	(24,033)	(24,163)
Net (increase)/decrease before transfers to or from reserves	4,094	13,974
Transfers to or from earmarked reserves:	(3,920)	(14,014)
(Increase)/decrease in year on the HRA	174	(40)
Balance on the HRA at the end of the current year	(4,000)	(4,174)

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	2022/23 £'000	2021/22 £'000
(Gain)/loss on sale of HRA non-current assets	2,271	1,293
HRA share of contributions to or from the Pensions Reserve	(1,774)	(2,431)
Revaluation gains and impairment losses (charged to SDPS)	5	(34,479)
Provision for the repayment of debt	53	57
Capital expenditure funded by the HRA	-	11,409
Capital grants transferred to the Capital Adjustment Account	728	-
Depreciation transferred to the Capital Adjustment Account	5	(18,199)
Absences accrual transferred to the Accumulated Absences Account	6	(12)
Transfer to Major Repairs Reserve	19,400	18,199
Net additional amount required by statute to be debited (credited) to the HRA	(24,033)	(24,163)

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

	2022/23 £'000	2021/22 £'000
Dwellings	(51,612)	(50,231)
Less: Void properties	691	885
Total income from dwelling rents	(50,921)	(49,346)

Rent loss due to void dwellings was 1.34% in the year (1.76% in 2021/22). In 2022/23, rents increased by CPI at September of the previous year (3.1%). The average weekly rent in 2022/23 was £92.38, which was £2.77 above the average for the previous year (£89.61).

2 RENT ARREARS

	31 March 2023 £'000	31 March 2022 £'000
Current tenants	2,764	2,829
Former tenants	2,257	2,171
Total gross rent arrears	5,021	5,000
Less: Allowance for uncollectable rents	(3,150)	(3,150)
Total net rent arrears	1,871	1,850

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 £1,345,638 at 31 March 2023 (£1,267,077 at 31 March 2022).

3 ANALYSIS OF HOUSING STOCK

The council was responsible for 10,818 dwellings at the end of the year (10,837 at 31 March 2022) including the council's share of shared ownership dwellings, equivalent to 100 wholly owned dwellings at 31 March 2023, (100 at 31 March 2022).

	31 March 2023	31 March 2022
<i>Analysis by type of dwelling:</i>		
Houses and bungalows	6,057	6,084
Flats and maisonettes	4,761	4,753
Total dwellings	10,818	10,837
<i>Change in stock during the year:</i>		
Stock at 1 April	10,837	10,789
Purchases and donations	31	125
Sales and other disposals	(50)	(77)
Total dwellings	10,818	10,837

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 2023 £'000	31 March 2022 £'000
<i>Property, plant and equipment</i>		
Dwellings	1,026,129	964,194
Other land and buildings	14	15
Vehicles, plant and equipment	232	240
Assets under construction	10,716	6,290
Surplus assets	206	-
<i>Intangible assets</i>	457	571
Total value of housing assets	1,037,754	971,310

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 £2,675.9 million at 31 March 2023. The difference of £1,659.0 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 2023			31 March 2022		
	Depreciation £'000	Impairment £'000	Revaluation £'000	Depreciation £'000	Impairment £'000	Revaluation £'000
Dwellings	19,278	24,035	1,273	18,028	35,519	(1,257)
Other land and buildings	-	9	-	-	217	-
Vehicles, plant and equipment	8	-	-	57	-	-
Intangible assets	114	-	-	114	-	-
Total	19,400	24,044	1,273	18,199	35,736	(1,257)

6 CAPITAL EXPENDITURE AND FINANCING

	Note	2022/23 £'000	2021/22 £'000
Analysis of expenditure and financing			
Housing		29,285	46,314
Other property including intangible assets		5,538	1,532
Appropriation of assets from General Fund		-	320
Total capital expenditure to be financed		34,823	48,166
<i>Financed from:</i>			
Major Repairs Reserve		19,452	18,308
Capital contributions		422	44
Usable capital receipts		4,799	10,085
Borrowing		10,150	8,320
Revenue contributions		-	11,409
Total financing		34,823	48,166

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.

	2022/23 Total £'000	2021/22 Total £'000
Sale of dwellings under right to buy	6,733	7,315
Sale of shared ownership properties	54	512
Total capital receipts	6,787	7,827

8 EARMARKED BALANCE

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

	2022/23 Total £'000	2021/22 Total £'000
Asset Management Reserve	1,849	5,769
Treasury Management Reserve	600	600
Total HRA Earmarked Reserves	2,449	6,369

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

	2022/23			2021/22		
	Council Tax £'000	Business Rates £'000	Total £'000	Council Tax £'000	Business Rates £'000	Total £'000
Income:						
Amounts receivable (net of discounts and reliefs)	123,513	75,713	199,226	117,661	62,217	179,878
Collection of previous year's deficit:						
- Central Government	-	9,891	9,891	-	17,849	17,849
- Essex County Council	-	1,780	1,780	1,414	3,213	4,627
- Police & Crime Commissioner for Essex	-	-	-	213	-	213
- Essex Fire Authority	-	198	198	79	357	436
- Basildon Borough Council	-	7,913	7,913	307	14,279	14,586
	-	19,782	19,782	2,013	35,698	37,711
Total Income	123,513	95,495	219,008	119,674	97,915	217,589
Expenditure:						
Precepts and shares						
- Central Government	-	33,636	33,636	-	38,392	38,392
- Essex County Council	85,995	6,054	92,049	81,581	6,911	88,492
- Police & Crime Commissioner for Essex	13,412	-	13,412	12,687	-	12,687
- Essex Fire Authority	4,623	673	5,296	4,495	768	5,263
- Basildon Borough Council	17,846	26,909	44,755	17,446	30,714	48,160
	121,876	67,272	189,148	116,209	76,785	192,994
Transitional protection payment receivable	-	169	169	-	744	744
Impairment of debts/appeals:						
- Allowance for impairment	1,881	(279)	1,602	1,518	538	2,056
- Allowance for losses on appeals	-	(2,330)	(2,330)	-	(2,475)	(2,475)
	1,881	(2,609)	(728)	1,518	(1,937)	(419)
Charge to General Fund for allowable collection costs	-	235	235	-	222	222
Distribution of previous year's estimated surplus:						
- Essex County Council	26	-	26	-	-	-
- Police & Crime Commissioner for Essex	8	-	8	-	-	-
- Essex Fire Authority	1	-	1	-	-	-
- Basildon Borough Council	3	-	3	-	-	-
	38	-	38	-	-	-
Total Expenditure	123,795	65,067	188,862	117,727	75,814	193,541
Movement on Fund Balance	(282)	30,428	30,146	1,947	22,101	24,048
Opening Fund Balance	768	16,001	16,769	2,715	38,102	40,817
Closing Fund Balance	1,050	(14,427)	(13,377)	768	16,001	16,769
Movement on fund balance	(282)	30,428	30,146	1,947	22,101	24,048

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 2022/23 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)	7	7	5/9	4
A	9,133	7,436	6/9	4,957
B	16,258	14,394	7/9	11,196
C	25,107	22,812	8/9	20,278
D	14,689	13,667	9/9	13,667
E	7,723	7,313	11/9	8,937
F	4,766	4,564	13/9	6,592
G	2,008	1,948	15/9	3,246
H	168	163	18/9	327
	79,859	72,304		69,204
Less: Net impact of Local Council Tax Support Scheme				(6,575)
				62,629
Less: Allowance for irrecoverables			2.00%	(1,253)
Total Council Tax Base				61,376

2 INCOME FROM COUNCIL TAX

For 2022/23, the council set an average Council Tax levy of £1,985.73 per Band D equivalent property, made up of precepts from authorities as follows:

	2022/23 £	2021/22 £
Basildon Borough Council	278.91	278.91
Parish and Town Councils in the Basildon Borough (average)	11.85	7.84
Essex County Council	1,401.12	1,340.91
Police & Crime Commissioner for Essex	218.52	208.53
Essex Fire Authority	75.33	73.89
Total average Council Tax Band D	1,985.73	1,910.08

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 2022/23 (£17.85 million) included £727,298 (£477,124 in 2022/22) 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.

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 total rateable value for the Basildon Borough at 31 March 2023 was £190.6m (£190.3 million, 2022). The business rate for 2022/23 was again frozen at 49.9p per £ of rateable value for small businesses and 51.2p for other businesses (49.9p and 51.2p respectively 2021/22).

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 2022/23 can be found in the 2022/23 budget report here:

[Capital and Investment Strategy 2022/23](#)

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

Accounting Policies

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.

Accounting Policies

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

Accounting Policies

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.

Accounting Policies

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.

Accounting Policies

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:

- 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.
- 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

Accounting Policies

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 HM Revenue & 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 income and expenditure and balance sheet items are included in the core financial statements. There is a debtor/creditor

Accounting Policies

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

2022-2023

Basildon Borough Council

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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 2023.

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

Chief Executive

Date:

Date:

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 2022/23. 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 **adequate¹ 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. It also acknowledges that due to the complex and dynamic environment in which it operates, the governance arrangements will need to continually evolve to respond to changing circumstances.

Under regulations 10 of the Accounts and Audit Regulations 2015 (as amended), the council is required to publish the audited Statement of Accounts on or before 30 September for the 22/23 accounts and 30 November for 20/21 and 21/22 accounts.

At this time, the council is unable to issue an audited statement of accounts for 2020/21 together with any certificate or opinion as the audit is yet to be concluded due to resource limitations of the external audit team.

The 2020/21 statement of accounts will be published as soon as reasonably practicable after the auditors make available the report of their final findings.

The external auditors have also advised that the audit of the statement of accounts for 2021/22 is not expected to commence until September 2023 at the earliest. This will also impact the completion of the 2022/23 accounts to which this AGS relates.

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 facing new economic challenges that could also affect its financial position such as, but not limited to, rising inflation, increased interest rates, increasing energy costs, increasing demand on services, insurance claims,

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.

planning appeals, appeals against housing/homeless decisions, business rates appeals, enforcement and uncertainties over central government funding.

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.

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.

Subsidiary Companies

The council had three subsidiary companies (Sempra Homes Ltd, Acorn House Developments (Basildon) Ltd, and Basildon Borough Enterprises Ltd) which were set up to deliver opportunities for the council, specifically relating to building and providing quality homes for local people. Acorn House Developments (Basildon) Ltd is no longer an operational company and officers are in the process of winding the company up; the company is anticipated to be dissolved in 2023/24 unless it is utilised for another purpose. BBE Ltd is a holding company and holds all the shares in the other companies.

Governance arrangements for all companies have been put in place and were recently reviewed. 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's former Arms-Length Management Organisation (ALMO) for housing, St Georges Community Housing Ltd., was dissolved. There were no outstanding liabilities or assets and the company had been dormant for ten years before dissolution.

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 councils ambitions and priorities.

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 £1.5 million in 2024/25, £3.5 million in 2025/26 and £3.1 million in 2026/27. 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, waste, customer, and commercial 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 2023/24, with this approach expected to continue into 2024/25. Any wider local government funding review undertaken by the Government is not anticipated to take effect until after the next general election. The council continues to be exposed to significant financial risk with regard to utility costs, interest rates and high levels of wider inflationary pressure. Provision has been made to manage these as far as possible, but they remain an area of concern.

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 formally report to the council as required, the Local Government and Social Care Ombudsman's annual letter identifying instances of service failure/maladministration arising from complaints they had investigated.

The Monitoring Officer also has no significant concerns regarding overall Member conduct. Training sessions have been held during the course of the year for both Members of the council and the Leadership Team regarding Member/Officer relations recognising the importance of maintaining effective relationships and ensuring this key area is subject to regular review.

The Monitoring Officer also considers that the council has an effective Joint Standards Committee in place who continue to report to Full Council annually on the work they have undertaken during the year and provide council with assurance.

In July 2022, the council adopted the new Model Member Code of Conduct developed by the Local Government Association which has also been adopted by all local councils in the borough. Training has been provided and will continue to be provided annually to ensure there remains good awareness of the requirements of the Code of Conduct and lessons can be learned from experiences across the country. The council has good procedures in place for review of both Members and Officers Register of Interests and will strengthen these further having regard to the recommendations and agreed actions arising from an internal audit review. 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 (as amended) 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.

Despite delivering a reduced audit plan for 2022/23 the Chief Audit Executive is satisfied that sufficient work has been undertaken to draw a reasonable conclusion on the adequacy and effectiveness of the council's arrangements. Based on the work performed during 2022/23 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 2023, generally accord with proper practice and are fundamentally sound, although there are opportunities to improve the arrangements to enhance the council's governance framework.



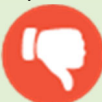
Despite the continued challenges faced by local authorities, the council has continued to respond in an agile and effective way, which reinforces Basildon's strong governance and leadership arrangements.


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 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 2022/23, submitted to the Audit and Risk Committee on the 29 June 2023.



Under the Accounts and Audit (England) Regulations 2015 (as amended) 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 defined its corporate, statutory, and mandatory development areas and has up to date eLearning programmes available for staff to access. • The council has a detailed constitution covering the powers of committees, members and senior officers, statutory officers, and decision-making processes. • 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 their duties and help ensure robust decision-making • The council ensures that its values are embedded within council policies and procedures, and that there 	<ul style="list-style-type: none"> • Further work is required to set out and embed the specific tasks, responsibilities 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>is an expectation that those who work with the council will respect these.</p> <ul style="list-style-type: none"> • 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 the management of cases to ensure consistency. • 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. 	


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>		<ul style="list-style-type: none"> • The council has a 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. • 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</p>		<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. 	<ul style="list-style-type: none"> • The Revised Publication Local Plan (2014 – 2034) was withdrawn by Full Council at a meeting on 3 March 2022 and there is now a requirement to prepare an up to

What's working well and how can we improve			
Core Principles of the Framework	Overall Assessment	Strengths	Challenges
economic, social, and environmental benefit			date plan to provide a positive vision for the future of the borough; a framework for addressing housing needs and other economic, social and environmental priorities; and a platform for local people to shape their surroundings.
<p>Principle D.</p> <p>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 corporate plan is now subject to annual review. The council has developed a new performance management framework which was approved by Policy Executive and Full Council in July 2021. 	<ul style="list-style-type: none"> Work is planned in 2023/24 to further develop alignment of strategic planning and the budget setting process by ensuring the corporate plan and the key desired outcomes and deliverables arising from this and the budget setting process and allocation of resources are reviewed concurrently with clearer alignment. The council has a performance management framework which was approved by Policy Executive and Full Council in July 2021. Further work is required to

What's working well and how can we improve			
Core Principles of the Framework	Overall Assessment	Strengths	Challenges
			<p>establish a regular and rigorous system of data collection and usage to provide a comprehensive picture of the council's progress towards achieving its performance targets/goals and provide early indication of emerging issues/pressures that may require remedial action.</p>
<p>Principle E.</p> <p>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 delivery of services and support members and officers in performing their roles. • The council has reviewed the approach to individual performance management to ensure consistency in holding staff to account for their performance and behaviour. 	<ul style="list-style-type: none"> • Work is planned in 2023/24 to further develop alignment of strategic planning and the budget setting process by ensuring the corporate plan and the key desired outcomes and deliverables arising from this and the budget setting process and allocation of resources are reviewed concurrently with clearer alignment. • The council has an Asset Management framework and a

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"> 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. 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. 	<p>positive direction of travel in terms of embedding the principles in the organisation. The council will undertake an Asset review in order that the council can consider the services it delivers and those that it may wish to deliver (and can afford to deliver) in the future to ensure that the appropriate property, staff, and finance are available to deliver that service for the period required.</p> <ul style="list-style-type: none"> The council has made significant progress to develop the building blocks for effective information governance. However, further work is required to embed these across the council. A significant amount of work has been undertaken to define the council's approach to project and programme management.

What's working well and how can we improve			
Core Principles of the Framework	Overall Assessment	Strengths	Challenges
		<ul style="list-style-type: none"> • 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 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. • The council has defined its approach to project and programme management. The Programme Assurance Office promotes the use of the project management toolkits and methodology as part of induction and regular engagement sessions with Directors and lead officers. • The council has a performance management framework which was approved by Policy Executive and Full Council in July 2021. 	<p>However, there is still work required to implement and embed the governance arrangements to ensure projects are being run in accordance with all necessary processes and procedures.</p> <ul style="list-style-type: none"> • The council has a performance management framework which was approved by Policy Executive Committee and Full Council in July 2021. Further work is required to establish a regular and rigorous system of data collection and usage to provide a comprehensive picture of the council's progress towards achieving its performance targets/goals and provide early indication of emerging issues/pressures that may require remedial action.

What's working well and how can we improve			
Core Principles of the Framework	Overall Assessment	Strengths	Challenges
<p>Principle G.</p> <p>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. • 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. • The council has reviewed and updated its Publication Scheme to provide transparency in access to information. 	<ul style="list-style-type: none"> • The council has a performance management framework which was approved by Policy Executive Committee and Full Council in July 2021. Further work is required to establish a regular and rigorous system of data collection and usage to provide a comprehensive picture of the council's progress towards achieving its performance targets/goals and provide early indication of emerging issues/pressures that may require remedial action. • At this time, the Council is unable to issue an audited statement of accounts for 2020/21 and 2021/22 together with any certificate or opinion as the audits are yet to be concluded due to resource limitations of the external audit team.

PROGRESS ON ADDRESSING GOVERNANCE IMPROVEMENT AREAS FROM 2022/23

What we said we would do	Progress
<p>Decision Making and Evidence and Delegations of Duties - To complete the actions that have arisen from the LGA Corporate Peer Challenge</p>	<p>Following the LGA Corporate Peer Challenge (CPC) in November 2021 a progress review was completed in September 2022. The peer review recognised that the environment that the council were operating in had changed since the CPC. It was clear that the council were mindful of current challenges e.g. cost of living and rising inflation as well as changes in national government. It was clear that the council had an enhanced credibility and standing within the county and sub region space. Relationships with key stakeholders had developed and dynamics had shifted at both an officer and leader level. This was a positive for the council and their role and influence.</p> <p>The council have taken on board the recommendations and findings from the Corporate Peer Challenge and recognised areas of focus and improvement.</p> <p>The narrative for the Borough was approved by Cabinet 07 July 2022. This has helped provide consistent messaging when communicating with residents, partners, and the workforce.</p> <p>The council has looked at its processes to managing change, including revitalising the Heads of Service network which now meet weekly. Quarterly facilitated Leadership Conferences have been held, focussing on values and behaviours, issues and opportunities facing the council in 2023, our plans, actions, and proposals for 2023 and how we will work together as the leadership of the council.</p> <p>The councils change from a Committee system to a Cabinet model has been a smooth transition to the new system, which comprises of a Cabinet and four scrutiny Committees based on the council's corporate plan themes People, Place, Prosperity and Fit for Purpose Organisation. Training was offered to officers and Members on the new system, working in a political environment and Member and officer relationships. The council has adopted the LGA Model Code of Conduct following a recommendation by its Joint Standards Committee in April.</p> <p>Both Members and officer relations have improved since the peer challenge through the change in the governance cycle and support, continued training opportunities and through a focus on shared values and improved ways of working agreed at a joint away day by Senior Leadership Team, Cabinet and Scrutiny Chairs.</p>

What we said we would do	Progress
	<p>The council has established a 'golden thread' from the Corporate Plan and the themes set out therein of people, place, prosperity, and a fit for purpose organisation through its governance arrangements including alignment of cabinet member portfolios, scrutiny committees and internal thematic boards. These arrangements, and enhanced performance management arrangements, have ensured a clear focus on the agreed key deliverables and enabled the oversight and management of resources to deliver against these.</p> <p>These actions have now been completed.</p> <p>The corporate plan is now subject to annual review. Work is planned in 2023/24 to further develop alignment of strategic planning and the budget setting process by ensuring the corporate plan and the key desired outcomes and deliverables arising from this and the budget setting process and allocation of resources are reviewed concurrently with clearer alignment. As such, this area remains a key action for 2023/24.</p>
<p>Roles and Responsibilities - To set out the requirements and behaviours relating to the role of the manager.</p>	<p>The Role of the Manager site as part of the Learning and Development Hub has been launched and Heads of Service have committed to reviewing this site on a regular basis. The site contains four key topics; Clarity, Skills, Tools, and Support, and is supported by our Management Development programme which will be aligned to the Chief Executives 3 priorities.</p> <p>Further work is required to set out the tasks, responsibilities and behaviours relating to the role of the manager. As such, this area remains a key action for 2023/24.</p>
<p>Officer Induction, Training & Development - To embed the new employee induction and training requirements</p>	<p>The new Learning and Development Hub has now been launched to staff, including all training provision, a new face to face induction programme, e-learning suite, function to request external training and a hub of resource. The site allows for staff to access available training and development in a more accessible manner. Our offer is a combination of face to face and remote learning events plus eLearning.</p> <p>Mandatory and statutory training has been defined and a scheduled program is available for staff to access with reminders on expiry. Bespoke accredited project management training has been delivered, hybrid working sessions have been delivered to support staff in new ways of working, specialist training to support managers has commenced, e.g. Investigator and Hearing training, and a bespoke management development program was launched in June 22.</p> <p>This action has now been completed.</p>

What we said we would do	Progress
<p>Effective Information Governance - To develop an action plan to ensure effective information governance arrangements are embedded across the whole organisation.</p>	<p>Basildon Borough Council prides itself in effective leaders who are in support of ensuring compliance with Data Protection Regulations and the UK GDPR. To date, efforts continue to be placed on the importance and value of information governance across the organisation. Progress have been made in some areas such as the review of information governance documents, and a process in place for better understanding of how and when to involve the Information Governance and Data Protection team. Continual improvements are being made with embedding data protection by design and default as part of the culture. Relevant compliance and data protection documents are now being generated on time. Work is in progress to simplify the processes associated with compliance which will be communicated to IAO's in the next quarter, the IG toolkit has been produced and is currently in draft awaiting finalisation.</p> <p>Further work is required to embed these across the council, and to address areas that still need improvement. As such, this area remains a key action for 2023/24.</p>
<p>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</p>	<p>An asset management policy was approved by Cabinet on 5 December 2022. The Policy has two sister strategies in development to deliver the policy principles. One is the HRA Housing Asset Management Strategy that is being developed alongside the Housing Strategy. The other is the Corporate Asset Management Strategy.</p> <p>At the heart of the Corporate Asset Management Strategy is service delivery and the allocation of adequate resources to deliver services at the desired quality and quantity. Corporate aims and vision drive operational plans which support service delivery.</p> <p>The council will undertake an Asset review in order that the council can consider the services it delivers and those that it may wish to deliver (and can afford to deliver) in the future to ensure that the appropriate property, staff, and finance are available to deliver that service for the period required. A key part of the review of property assets is to ensure that a clear contribution to the vision and aims of the Council can be identified. As such, this area remains a key action for 2023/24.</p>
<p>Local Plan - To create a programme for the new plan for adoption as a new Local Development Scheme by Summer 2022.</p>	<p>A decision was taken on 3 March 2022 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. On 10 January 2023, the Prosperity Scrutiny Committee considered and commented on the Draft Issues and Options Consultation Document. On 5 February Cabinet considered and commented on the revised Draft Issues and Options Consultation Document and recommended to Council that it be approved for the purposes of public consultation, under Regulation 18 of the Town and Country Planning (Local Planning) (England) Regulations 2012.</p>

What we said we would do	Progress
	<p>The Issues and Options Consultation Documents will be presented to the first Full Council meeting following the May 2023 local elections. The Planning Strategy and Implementation Team continue to prepare for an Issues and Options consultation (Regulation 18) to commence in late June 2023 and to develop the Local Plan evidence base. As such, this area remains a key action for 2023/24.</p>
<p>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.</p>	<p>Following the approval of the performance management framework by Policy Executive and Full Council in July 2021, the service has continued to be embed the framework across the organisation to enable members, senior leadership team, and managers to challenge underperformance, monitor delivery of the corporate programme and service plans, improve decision making and allow us to report our performance publicly.</p> <p>Further work is required to establish a regular and rigorous system of data collection and usage to provide a comprehensive picture of the council's progress towards achieving its performance targets/goals and provide early indication of emerging issues/pressures that may require remedial action. As such, this area remains a key action for 2023/24.</p>
<p>Programme and Project Management - To continue to embed the council's project management culture, methodologies, skills, and arrangements to ensure the project objectives are effectively met</p>	<p>Significant work has been undertaken during 2022/23 to embed project management at Basildon.</p> <p>-The Programme Assurance Office provide oversight, assurance, and report on the delivery of the corporate plan deliverables to the Council's Themed Programme and Performance Boards, SLT and both Cabinet Portfolio Holders and Scrutiny Chairmen.</p> <p>Further work is required to implement and embed the governance arrangements to ensure projects are being run in accordance with all necessary processes and procedures. As such, this area remains a key action for 2022/23.</p>

ACTION PLAN TO ADDRESS THE AMBER GOVERNANCE AREAS IDENTIFIED ABOVE AS PART OF THE 2022/23 ANNUAL REVIEW

Governance Area	Activity Description	Target Due Date	Responsible Officer
Decision Making and Evidence and Delegations of Duties	To further develop alignment of strategic planning and the budget setting process by ensuring the corporate plan and the key desired outcomes and deliverables arising from this and the budget setting process and allocation of resources are reviewed concurrently with clearer alignment	TBC	Director of Strategy and Governance
Roles and Responsibilities	To set out and embed the specific tasks, responsibilities and behaviours relating to the role of the manager.	TBC	Director of People and Change
Effective Information Governance	To further embed the importance and value of information governance across the organisation and to address areas that still need improvement.	TBC	Director of People and Change
Asset Management	To undertake an Asset review in order that the council can consider the services it delivers and those that it may wish to deliver (and can afford to deliver) in the future to ensure that the appropriate property, staff, and finance are available to deliver that service for the period required. A key part of the review of property assets is to ensure that a clear contribution to the vision and aims of the Council can be identified, including climate ambitions.	TBC	Director of Housing and Property
Local Plan	To prepare an up to date plan to provide a positive vision for the future of the borough; a framework for addressing housing needs and other economic, social, and environmental (Including biodiversity) priorities; and a platform for local people to shape their surroundings.	TBC	Director of Growth
Performance Management	To establish a regular and rigorous system of data collection and usage to provide a comprehensive picture of the council's progress towards achieving its -performance targets/goals and provide early indication of emerging issues/pressures that may require remedial action.	TBC	Director of Strategy and Governance
Programme and Project Management Methodology	To implement and embed the governance arrangements to ensure projects are being run in accordance with all necessary processes and procedures.	TBC	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.

Acorn House Developments (Basildon) Ltd

A wholly-owned subsidiary of **Basildon Borough Enterprises Ltd**.

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.

Basildon Borough Enterprises Ltd

A wholly-owned company of Basildon Council which acts as a holding company for the council's other subsidiary companies.

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, construction 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.

Terminology and Definitions

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.

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.

Commutated 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.

Terminology and Definitions

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.

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.

Terminology and Definitions

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 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 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

Terminology and Definitions

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.

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.

Terminology and Definitions

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 exist 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

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.

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 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>

Sempra Homes Ltd

A wholly-owned subsidiary of **Basildon Borough Enterprises Ltd**.

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.