



Draft Statement of Accounts

2022/23

Uncertified draft – 31 May 2023

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Narrative Report 2022/23

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Introduction

About Essex County Council

Essex County Council (ECC) is one of the largest of the county councils in England, covering an administrative area of around **3,465** square kilometres, with a population of about **1.5m** people and comprising **70** electoral divisions. The Council forms the upper tier of local government within Essex (excluding Southend and Thurrock).

Our Services

The following core services are provided by the Council:

- **Adult Social Care and Health** including the support of and assistance to people with learning or physical disabilities or sensory impairment and older people and the homeless; safeguarding vulnerable adults; public and mental health services; sport and physical activity; and drug and alcohol action.
- **Children’s Services and Early Years** including the safeguarding of children; looked after children; services to vulnerable children and young people and their families; and adoption and fostering services.
- **Community, Equality, Partnership and Performance** including strategic partnerships; information governance; community leadership, engagement, resilience and safety; emergency planning; libraries and community hubs; registration services; coroners; equality and diversity; Active Essex; Essex Outdoors; and Youth Services.
- **Devolution, the Arts, Heritage and Culture** including development of policy and programme in relation to devolution; heritage, culture and the arts; Essex Records Office; faith covenant; gypsy and travellers; trading standards; country parks and green spaces; rural affairs; and tourism.
- **Economic Renewal, Infrastructure and Planning** including infrastructure and delivery; digital connectivity; international trade; economic development; spatial planning; minerals and waste planning; housing and property strategy; and built, historical and natural environments.
- **Education Excellence, Lifelong Learning and Employability** including mainstream schools and education; special educational needs and alternative provision; children missing education; schools safeguarding; school crossing patrols; post 16 skills and apprenticeships; adult community learning; and employability and skills.
- **Finance, Resources and Corporate Affairs** including financial administration and management; procurement; commercial property and partnerships; insurance; income and revenues optimisation; technology services; facilities management; Pension Fund; traded services; human resources; and customer services.
- **Highways Maintenance and Sustainable Transport** including transport strategy; network management; park and ride; maintenance of highways, public rights of way and structures; street

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lighting; travel planning; flooding and flood management; passenger transport; and home to school transport.

- **Leader** including democratic engagement; policy, strategy, communications, marketing and **public** affairs; South East Local Enterprise Partnership; climate change action; and energy and emissions reduction.
- **Waste Reduction and Recycling** including waste minimisation, disposal and recycling; integrated waste management; waste strategy; and waste programme delivery.

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

Our leadership and workforce

The decisions that affect the services we provide and the policies we adopt are made by our Councillors. There are **75** Councillors at Essex County Council, who are elected in local elections based on their political affiliations, to represent **70** areas known as divisions. Most of the Councillors serving throughout the 2022/23 financial year were elected for a four-year term, effective from **6 May 2021**.

Full Council is a meeting of all **75** Council members, and it is at these meetings that Councillors decide the overall policies of the County Council and set the Council's annual revenue budget and capital programme. The full Council is also responsible for electing a **Leader** of the Council. Councillor Kevin Bentley has been the **Leader** since May 2021. He is responsible for the strategic direction, policies and priorities of the Council, including the overall corporate revenue and capital budget strategy.

The Leader has appointed nine other Councillors to form a **Cabinet**. The Councillors who make up the Cabinet provide collective and individual leadership, undertake lead responsibility for allocated portfolios and contribute towards the strategic direction of the Council. One of the nine Cabinet Members appointed by the Leader fulfils the role of **Deputy Leader**. Councillor Louise McKinlay has been the **Deputy Leader** since May 2021.

Overview and scrutiny committees hold our Cabinet to account for the decisions made on behalf of the Council.

Senior officers, led by our **Chief Executive** Gavin Jones (our Head of Paid Services) and our Executive Directors, are responsible for:

- Advising Councillors on policy.
- Implementing Councillors' decisions.
- Service performance.

Together, these officers form our **Corporate Leadership Team**.

Our workforce is aligned to our Corporate Leadership Team. Our non-schools' workforce comprised **6,711** 'full time equivalent' employees as at 31 March 2023, with a further **5,128** employees working within our locally maintained schools.

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Vision for Essex

[The Future of Essex](#) is a single, shared vision for Essex that was created in 2017 in conjunction with our partners. It is a long-term statement of ambition and aspiration for Essex and it informs the Council's own plans and actions. The agreed ambitions are to:

- **Unite** behind a sense of identity
- **Enjoy life** long into old age
- **Share prosperity** with everyone
- **Strengthen communities** through participation
- Provide an **equal start** for every child
- Develop our County **sustainably**
- **Connect** us to each other and the World.

Organisation strategy

The Council's ambitions for 2021-2025 are outlined in [Everyone's Essex](#), the Council's Plan to Level up the County. Everyone's Essex sets out the Council's long-term strategic aims and priorities. As such, it is a key element of the Council's Strategic and Resource Planning Framework – through which the Council ensures that its resources are used to secure progress against a consistent and enduring set of aspirations.

Renewal, Equality and Ambition run through everything the Council does. Alongside these themes, the Council is focussed on four areas where outcomes really matter for the quality of life for the people of Essex. They are:

- the **Economy**
- the **Environment**
- **Children and families**
- Promoting **health, care** and **wellbeing** for all the parts of our population who need our support.

And in focussing on these areas, the Council is mindful that it must address today's challenges and begin to tackle tomorrows. The Council has set out twenty commitments that, taken together, it believes will make Essex a stronger county. These commitments are focussed on outcomes that really matter for the quality of life for the people of Essex.

Economy

- Good jobs
- Infrastructure
- Future growth and investment
- Green growth
- Levelling up the economy

Environment

- Net zero
- Transport and built environment
- Minimise waste
- Green communities
- Levelling up the environment

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Health

- Healthy lifestyles
- Promoting independence
- Place-based working
- Carers
- Levelling up health

Family

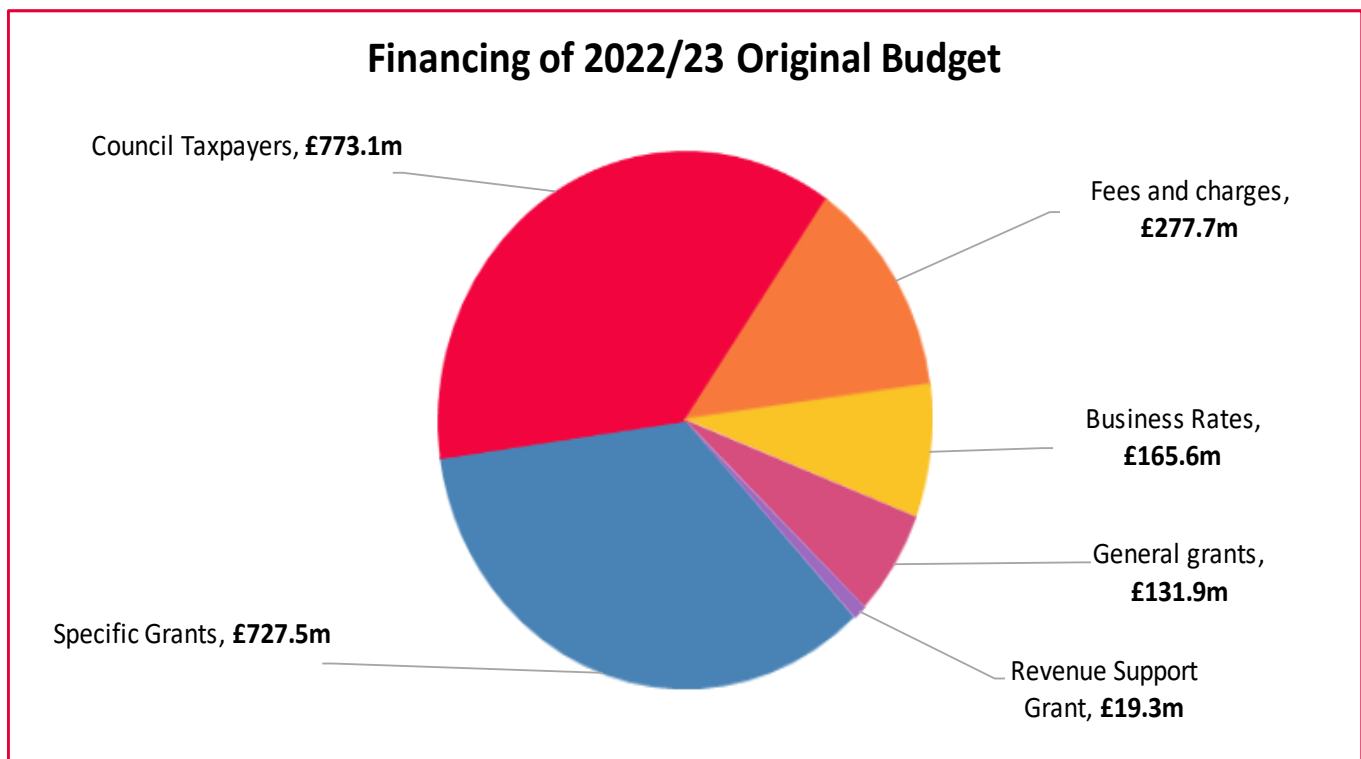
- Education outcomes
- Family resilience and stability
- Safety
- Outcomes for vulnerable children
- Levelling up outcomes for families

Revenue spending

Revenue spending plans for 2022/23

In total, we planned to spend a gross budget of **£2,095.1m** on the provision of services (including schools) this year. This spending plan was aligned to the Council's Cabinet Members, according to their specific responsibilities for discharging the functions of the Cabinet.

We intended to finance this budget from income from the following sources:



Council tax was increased by **4.49%** in 2022/23, comprising a **1.99%** general Council Tax increase and a **1%** Adult Social Care precept as set out by Government for the year, plus an additional **1.5%** Adult Social Care precept deferred from 2021/22 using the flexibility set out by the Government. The Adult Social Care precept was used to insulate Adult Social Care from higher savings, and support growth in demographics and inflation.

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Taking these increases into account, the Council Tax for a band D property was set at **£1,401.12** (compared with £1,340.91 in 2021/22), which equated to an increase of **£1.16** per household per week.

This budget was underpinned by a financial strategy to ensure that the Council continues to live within its means, whilst also continuing to deliver essential services to residents and keep Council Tax as low as possible.

Year-end position

The Council ended the year in a better position than expected, with a moderate under spend of **£11.742m** (1.2%). 2022/23 was another exceptional and challenging year though, with volatility in expenditure as a consequence of rising inflation and interest rates and the realisation of pent-up demand for our services (especially in Social Care) following on from the COVID-19 pandemic.

The under spend of **£11.742m** is after adjusting for proposals to carry forward under spends for use in 2023/24 and other reserve movements and reflects:

- A net under spend by services of **£349,000**. This mainly results from an under spend of **£3.459m** on Highways Maintenance and Sustainable Transport, partly offset by over spends within Children's Services and Early Years of **£2.873m** and the Finance, Resources and Corporate Affairs Strategic Support Services of **£1.031m**.
- An under spend of **£12.830m** on interest, capital financing and dividends, mainly as a consequence of lower than anticipated borrowing for the capital programme because of delivery slippage, and from additional investment returns because of higher interest rates.
- An under receipt on funding of **£1.437m**.

The net under spend of **£11.742m** has been set aside in earmarked revenue reserves to meet future cost pressures, as follows:

- **£8.0m** has been allocated to the **Reserve for Future Capital Funding**, to provide some level of resilience against growing cost escalation risks across the Council's **£1.2bn** capital programme.
- **£3.0m** has been allocated to a new **Highways** reserve to support one-off investment in Highways.
- **£742,000** has been added to the **Technology and Digitisation** reserve, to support ongoing digital transformation.

Actual net expenditure compared with the final approved budget for the Cabinet Members' portfolios is shown overleaf, together with the planned and actual financing of that expenditure.

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	Budget		Actual net expenditure £000	Unadjusted over / (under) spend £000	Mitigations £000	Underlying over / (under) spend £000
	Original £000	Final Estimate £000				
Adult Social Care and Health	470,230	481,499	479,355	(2,144)	1,349	(795)
Children's Services and Early Years						
Dedicated Schools Budget	(401)	(401)	(401)	-	-	-
Non Dedicated Schools Budget	136,837	146,441	150,188	3,747	(873)	2,874
Community, Equality, Partnerships and Performance	23,283	27,569	27,158	(411)	251	(160)
Devolution, the Arts, Heritage and Culture	4,174	6,244	5,962	(282)	282	-
Economic Renewal, Infrastructure and Planning	5,202	9,955	9,883	(72)	(150)	(222)
Education Excellence, Lifelong Learning and Employability						
Dedicated Schools Budget	(2,662)	(2,569)	3,581	6,150	(6,150)	-
Non Dedicated Schools Budget	20,186	22,845	21,812	(1,033)	1,288	255
Finance, Resources and Corporate Affairs	14,326	12,502	11,536	(966)	1,544	578
Highways Maintenance and Sustainable Transport	114,398	119,350	117,027	(2,323)	(978)	(3,301)
Leader	2,397	5,260	4,199	(1,061)	1,054	(7)
Waste Reduction and Recycling	88,107	88,529	81,903	(6,626)	6,626	-
Strategic support services	98,155	116,548	106,564	(9,984)	9,909	(75)
Net expenditure by Portfolios	974,232	1,033,772	1,018,767	(15,005)	14,152	(853)
Other operating costs						
Interest, capital financing and dividends	60,351	60,049	43,478	(16,571)	4,245	(12,326)
Appropriations to / (from) earmarked reserves						
Budgeted appropriations	55,301	2,689	2,689	-	-	-
Mitigations	-	-	18,397	18,397	(18,397)	-
Underlying under spend	-	-	11,742	11,742	-	11,742
Total net expenditure	1,089,884	1,096,510	1,095,073	(1,437)	-	(1,437)
General government grants (excl. RSG)	(131,901)	(138,527)	(137,489)	1,038	-	1,038
General Balance - contribution / (withdrawal)	-	-	-	-	-	-
Net Total	957,983	957,983	957,584	(399)	-	(399)
Financed by						
Revenue Support Grant (RSG)	(19,295)	(19,295)	(19,295)	-	-	-
Business rates (incl. business rates top up grant)	(165,571)	(165,571)	(165,472)	99	-	99
Council taxpayers	(773,117)	(773,117)	(772,817)	300	-	300
Total Financing	(957,983)	(957,983)	(957,584)	399	-	399

Revenue spending plans for 2023/24 and beyond

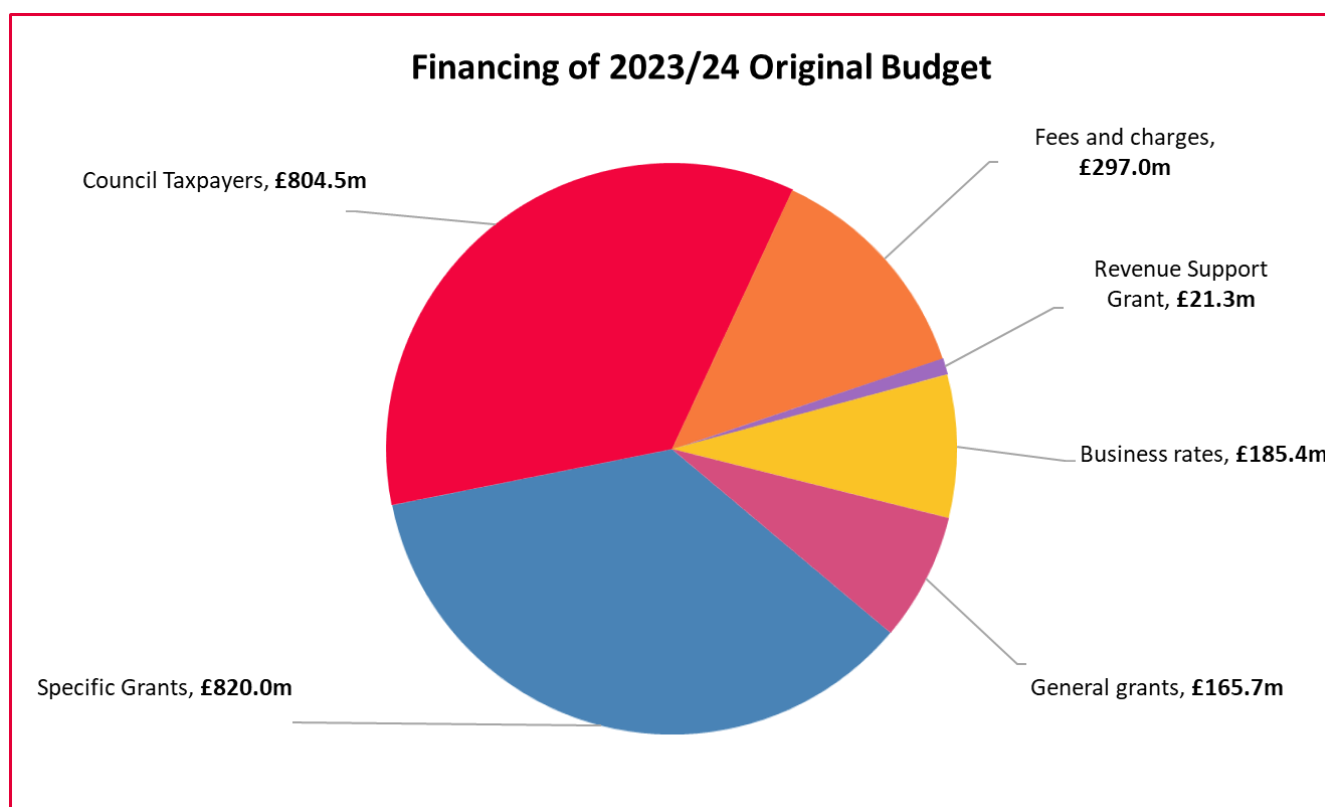
The Council's focus now moves to the extremely challenging period ahead. The economic outlook remains uncertain. The Bank of England's projections indicate a sharp decline in inflation during 2023/24. However, if inflationary pressures do not lessen, there is a risk that the Council will need to curb its spending in 2023/24 whilst, at the same time, facing increased demand for social care and other services.

The 2023/24 budget was approved by the Council in February 2023 and was underpinned by a financial strategy to ensure we can continue to live within our means, whilst also delivering the Council's political priorities and therefore achieve the [Everyone's Essex](#) Strategic Aims.

The gross budget amounted to **£2,293.9m**. We intended to finance our budget from Council Tax and Business Rates and from income from fees and charges and specific and general government grants.

The Council implemented a **3.5%** increase in Council Tax for 2023/24. This comprised a **1.50%** increase in its general Council Tax precept and a **2%** Social Care precept. This means that the Council Tax for a band D property was set at **£1,450.17** (compared with £1,401.12 in 2022/23); this represented an increase of **94 pence** per household per week.

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When the Council set the budget for 2023/24, budget gaps were forecast of **£19m** in 2024/25, **£63m** in 2025/26 and **£75m** in 2026/27. The most significant driver of these gaps was **inflation**, which accounted for **£65m** of the total over the three-year period, followed by **new burdens** and **other** cost pressures of **£45m** and then **demographic growth** of **£25m**. There were no assumptions made about future levels of Council Tax in arriving at the forecast budget gaps for 2024/25 and later years.

Some progress has been made towards balancing the budget over the medium-term. New savings of **£48m** have already been identified in the medium-term, which are reflected in the forecast budget gaps referenced above. Work will continue throughout 2023/24 to identify proposals to close the remainder of the funding gap.

The Council is fully cognisant of the challenges faced, including uncertainty regarding future funding, but it is determined to continue to transform how it operates in order to reach a balanced budget position, whilst also delivering better services for residents.

Despite these challenges, the Council's focus remains on prioritising resources to achieve the strategic aims outlined in [Everyone's Essex](#) whilst achieving a balanced budget position.

Further details of the Council's revenue investment plans are included in the [Essex County Council Annual Plan 2023/24](#), which is available on the Council's website.

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Capital investment

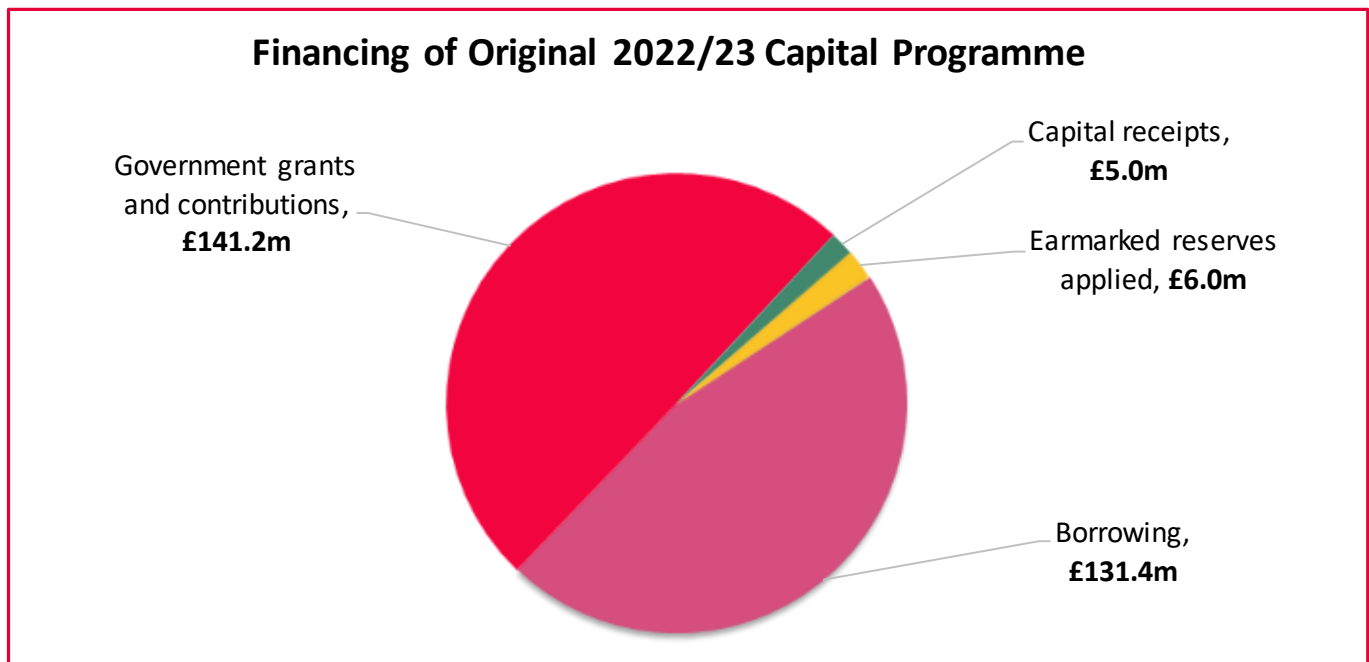
Background to the 2022/23 Capital Programme

The Capital Programme for 2022/23 was originally set at **£283.6m** and comprised a diverse portfolio of activity, with elements that generate income and growth, drive savings and ensure the quality of infrastructure, for the benefit of Essex residents:

- **Invest to maintain** (31%) – projects intended to maintain and extend the life of our assets, including highways and the flood management programme.
- **Invest to save / generate return** (16%) – schemes that generate a return or saving, including accommodation for older people with disabilities, LED street lighting and the Essex Housing Programme.
- **Invest to Grow** (53%) – including areas where the Council is expanding its capacity, such as economic growth schemes in infrastructure and highways, the creation of new school places to meet additional demand from demographic changes and new housing developments and enhancing skills in key growth areas.

The Programme was aligned to the Council’s Cabinet Members, according to their specific responsibilities for discharging the functions for the Cabinet.

It was intended to finance the 2022/23 Capital Programme from the following sources.



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2022/23 Outturn position

The 2022/23 Capital Programme was revised during the year to allow for revisions to project delivery plans. The final approved capital payments budget amounted to **£240.1m**.

In comparison with the final approved budget, actual expenditure amounted to **£224.9m**. This was **£15.2m** (6.3%) lower than budgeted. The end of year position is set out in the following table:

	Original approved expenditure	Final approved expenditure	Actual Capital Payments	Variance from approved expenditure over / (under)
	£000	£000	£000	£000
Capital payments				
Adult Social Care and Health	910	726	144	(582)
Children's Services and Early Years	2,014	2,555	1,478	(1,077)
Community, Equality, Partnerships and Performance	100	143	143	-
Devolution, the Arts, Heritage and Culture	121	188	31	(157)
Economic Renewal, Instructure and Planning	117,544	88,350	79,067	(9,283)
Education Excellence, Lifelong Learning and Employability	59,832	45,464	44,482	(982)
Finance, Resources and Corporate Affairs	5,845	11,952	11,436	(516)
Highways Maintenance and Sustainable Transport	96,977	89,103	87,365	(1,738)
Leader	280	1,621	735	(886)
Waste Reduction and Recycling	-	-	-	-
Total of capital payments financed	283,623	240,102	224,881	(15,221)
Financed by				
Borrowing	(131,363)	(111,626)	(85,917)	25,709
Government grants and contributions	(141,260)	(117,476)	(126,542)	(9,066)
Capital receipts	(5,000)	(5,000)	(6,422)	(1,422)
Earmarked reserves applied	(6,000)	(6,000)	(6,000)	-
Total financing	(283,623)	(240,102)	(224,881)	15,221

Footnote: The total of capital payments for the year, as shown above, is less than the total capital investment disclosed in Note 16 to the Statement of Accounts (on page 67) because that note includes increases for assets acquired under finance leases and for the Landfill aftercare provision (see note 25.1 on page 83).

During 2022/23, around **330** schemes were undertaken, including:

- Continuation of projects to deliver circa **800** new school places in the form of new schools, expansion of existing schools and temporary solutions, which are being delivered to net-zero standards where possible.
- Progression of significant packages of transport improvement work, such as the Beaulieu Park Station where works have now started on site, and the Chelmsford North-East Bypass where early works have commenced.
- Delivery of essential work to maintain a safe road network and contribute to longer-term economic growth and help deliver our vision for safer, greener and healthier travel.
- Commencement of work with our partners in Colchester, Harlow and Tendring District Councils to plan delivery of Levelling Up Regeneration that will catalyse the revival of these priority places.

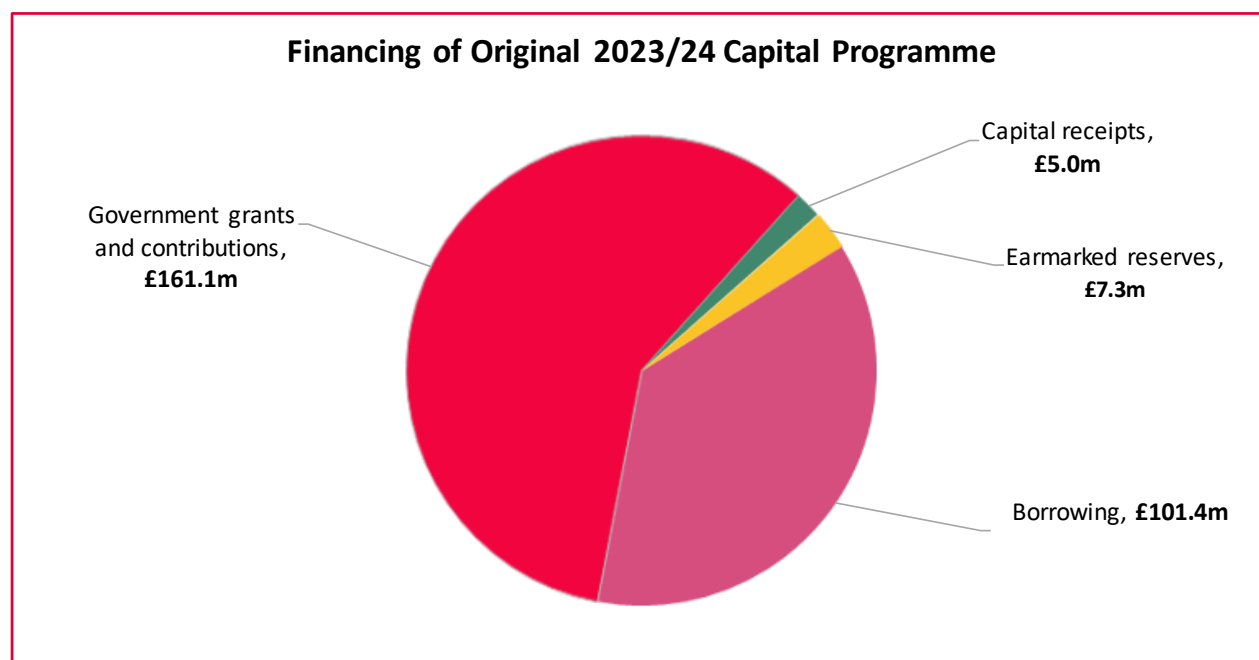
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- Continued delivery of local walking and cycling infrastructure projects to create high quality cycle networks and of flood management schemes to protect properties.
- Delivery of carbon reduction schemes, including replacing gas boilers, installing solar panels, insulation, window replacement and LED lighting across the Council's core office estate, libraries and school buildings and continuation of the programme to convert street lighting to new LED street lighting lanterns, thereby reducing energy usage and contributing to an environmental carbon saving.

Capital investment plans for 2023/24

The Council's capital programme aspirations remain significant into 2023/24, as the Council recognises that investment is essential to meet future needs, generate additional income and deliver revenue savings and cost reductions. There are risks to delivery of the programme in 2023/24 and beyond though, with inflation and supplies in the market creating the potential for significant cost escalation.

Overall, the Capital Programme has been set at **£274.8m** for the year. The Capital Programme will be financed from the following sources:



The Council's overall aim is to have a diverse but affordable portfolio of activity, prioritised in line with the [Everyone's Essex](#) strategic aims, ensuring the creation of new assets, whilst maintaining the quality of existing infrastructure for the benefit of our residents and businesses.

Over the last three years, the Council has invested over **£175m** in order to efficiently maintain the highways network for residents and users. Investment will continue in 2023/24, as the Council recognises the importance of economic growth in order to unlock land to develop homes. Having secured Housing Infrastructure Funding to support this ambition, schemes such as Beaulieu Station and

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Chelmsford North-East bypass are now nearing the end of the design phase or in the construction phase, and the A133-A120 Link Road and Colchester Rapid Transit System schemes will support delivery of the Tendring-Colchester Borders Garden Community.

Essex Housing, our development arm which works with public sector partners to help address the need for general, specialist and affordable housing, continues to bring forward private units which offset the costs of the affordable and specialist units. This helps to promote independence for some of the most vulnerable in the County, improve outcomes and reduce the costs of social care provision. The Council's ambition over the next four years is to progress the development of a further 598 units.

The Council also plans to deliver a range of other schemes to enhance, maintain and develop new assets and will continue the ambitions for the Essex Climate Action Commission by delivering buildings with a net-zero carbon operational design, by making our estate more energy efficient and by making Essex more resilient to climate impacts such as flooding. The Council also plans to deliver and maintain new and existing cycling infrastructure and replace streetlighting lanterns with LED units which result in a significant energy saving and carbon reduction.

Finally, the Council will continue its collaboration with Essex Schools to further increase special school places and focus on new schools and pupil referral units.

Further details of the Council's capital investment programme are included in the [Essex County Council Annual Plan 2023/24](#), which is available on the Council's website.

Revenue reserves and balances

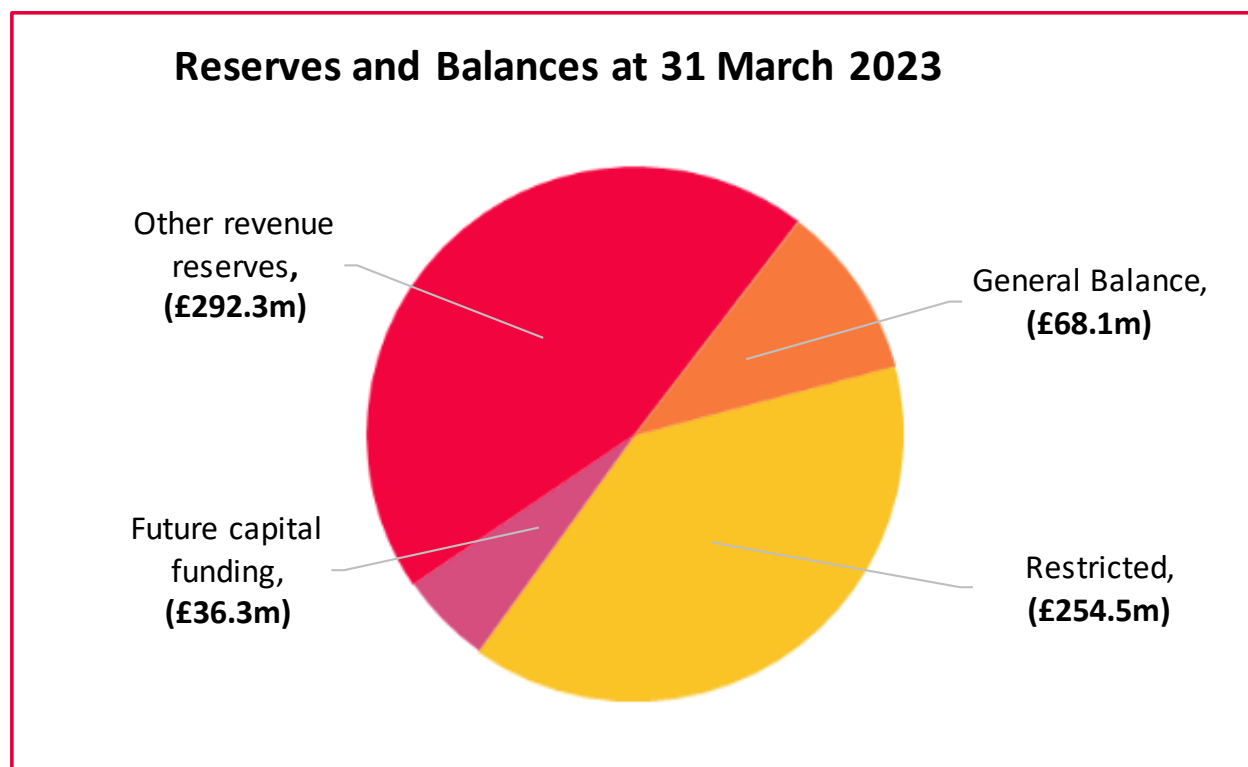
Our revenue reserves play an essential part in the financial strategy of the Council, by ensuring we have some resilience to cope with unpredictable financial pressures and long-term contractual commitments. The Council has built specific reserves to manage known financial liabilities and possible risks.

A substantial proportion of the Council's reserves are 'restricted' in use (**£254.5m**). This means they are ring-fenced to long-term contractual commitments, or they are funds held on behalf of others (including schools). These reserves are not available to address the general cost pressures facing the Council.

A further **£292.3m** of our reserves are funds set aside to enable the Council to mitigate against the significant risks the Council faces, or to enable the Council to change the way it delivers services to achieve future efficiencies.

A further **£36.3m** has been earmarked for funding future capital investment.

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The remainder (**£68.1m**) is the General Balance, which is not ring-fenced and provides a working balance to protect the Council against unexpected cost pressures. The current balance is enough to fund **21** days of operational expenditure.

The continued provision of adequate reserves is essential. Without these, it may be necessary to take remedial urgent action in-year to mitigate challenges that arise, which could lead to longer-term consequences.

Further details on the reserves held by the Council are provided within the Statement of Accounts (see page 55).

Cash flow management

The Council primarily undertakes external borrowing to manage the cash flow implications of incurring capital expenditure that it does not immediately fund from cash resources, and to manage fluctuations in its general cash flows. Separately, the Council has cash resources, which it has set aside for longer term purposes and working capital balances, that can either be invested or temporarily utilised to defer the need for external borrowing.

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The Council marginally reduced its overall reliance on external borrowing during 2022/23, largely because it was not necessary to replace loans repayable to the Public Works Loan Board in the year with new borrowing. Some short-term loans were secured during 2022/23 though, primarily in accordance with the Council's agreement to temporarily borrow the surplus cash balances of Essex Cares Ltd (which is a wholly owned subsidiary of the Council).

The cash balances held by the Council during 2022/23 were mainly invested for periods of less than one year with the UK Government, money market funds and bodies with high credit ratings. The Council also provided a working capital loan facility and development loan funding to the Essex Housing Development LLP (which is also a wholly owned subsidiary of the Council).

Further details are provided in the Statement of Accounts (see page 73).

Statement of Accounts

The Council is required by statute to prepare a Statement of Accounts in accordance with proper practices in relation to accounts, defined to include the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (i.e. the 'Code of Practice'). The Statement of Accounts for 2022/23 is presented within this document, commencing on page 19.

The key aim of the Statement of Accounts is to provide a 'true and fair' view of the Council's financial position at 31 March 2023 and of its income and expenditure for the 2022/23 financial year. The Statement of Accounts is therefore an essential feature of public accountability, reporting on the Council's use of funds raised from the public and provided by central government, and confirming the availability of reserves for future use.

The Financial Statements (shown on pages 23 to 29) summarise the financial effects of transactions and events that occurred during 2022/23. The primary financial statements comprise:

- **Comprehensive Income and Expenditure Statement** – presents information on resources generated and consumed during the year, based on generally accepted accounting practice.
- **Movement in Reserves Statement** – presents the financial resources available to the Council to support future service delivery and cope with unexpected events.
- **Balance Sheet** – summarises the financial position of the Council at 31 March 2023 including the net assets it has available after settling its liabilities, and its reserves.
- **Cash Flow Statement** – shows the changes in cash and cash equivalents during 2022/23.

Whilst the presentation of these financial statements is largely defined by the CIPFA Code of Practice and other proper practices, the service groupings in the Comprehensive Income and Expenditure Statement are those used by the Council for taking financial decisions and monitoring financial performance.

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The accounting cost in the year of providing services (as presented in the Comprehensive Income and Expenditure Statement) differs from the amount to be funded from taxation. For this reason, the Expenditure and Funding Analysis (shown on page 48) provides a reconciliation between the accounting cost of service provision and the amounts spent under the Council's rules for monitoring expenditure against the funding in the annual budget.

Accounting policies (see pages 30 to 43) explain how the financial effects of transactions and other events are reflected in the financial statements. The Council must make certain judgements about complex transactions or those involving uncertainty about future events when applying its accounting policies. Explanations are provided in notes 2 (page 43) and 3 (page 44) of the judgements and estimates made in 2022/23.

Other notes to the accounts (see pages 46 to 109) provide further information on the Council's financial performance and, where relevant, detailed analysis of the amounts provided in the primary financial statements. Information relating to transactions and events is included in these notes if it is material to the Council's financial statements. Information is considered material if omitting it or misstating it could influence decisions made based on the information presented.

Group accounts are presented in the Statement of Accounts in addition to the Council's own accounts. The Group accounts consolidate the Council's own accounts with those of its subsidiaries (Essex Cares Ltd and Essex Housing Development LLP) to provide a full picture of the Council's economic activities and financial position.

Annual Governance Statement

Our Annual Governance Statement (which commences on page 180 of this publication) summarises the outcome of our review of the Governance Framework that has been in place during 2022/23.

The Annual Governance Statement demonstrates that we have effective governance arrangements in place, and that we are satisfied that we have a robust system of internal control, which is a critical component of our overall governance arrangements.

Conclusion

Despite another exceptional and volatile year due to rising inflation and interest rates, and pent-up demand for social care and other services, the Council was able to close its 2022/23 Accounts showing a modest under spend. This has enabled the Council to set resources aside to provide some mitigation in the short-term against escalating costs and to set funds aside for one-off investment in our key priorities.

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The outlook for 2023/24 and beyond remains challenging though, as inflation currently shows no sign of abating, despite the Bank of England's assumption that it will fall dramatically during 2023/24. We also face growing demand pressures and have no clarity on funding beyond the next financial year.

We will nevertheless continue to plan, moving forward, to ensure we continue to spend within our means, and to prioritise our resources to achieve the [Everyone's Essex](#) strategic aims.

Nicole Wood
Executive Director, Corporate Services
Date of approval to be determined

Statement of Accounts 2022/23

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Introduction

Council's Financial Statements

The Council's financial statements for 2022/23 are set out on pages 23 to 29, and comprise:

- **Comprehensive Income and Expenditure Statement**
- **Movement in Reserves Statement**
- **Balance Sheet**
- **Cash Flow Statement**

Supplementary information is set out within notes to the accounts (see pages 30 to 109) to provide further detail on the financial performance of the Council during 2022/23. The notes to the accounts include the Council's **accounting policies** (commencing on page 30), which specify how the financial effects of transactions and other events are reflected in the financial statements.

Group Financial Statements

Group accounts are presented, in addition to the Council's single entity statements, to provide a full picture of the Council's economic activities and financial position. The Group Accounts comprise:

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

These statements, together with explanatory notes, are set out on pages 110 to 124.

Pension Fund

The Essex Pension Fund provides pensions and other benefits to employees of the Council, city, district, borough and unitary councils and other scheduled and admitted bodies. The financial statements of the Fund are included within this Statement of Accounts and comprise:

- **Fund Account**
- **Net Assets Statement**

The Pension Fund financial statements and explanatory notes are set out on pages 125 to 173.

Glossary of terms

A glossary of the terminology used throughout the Statement of Accounts is provided on pages 174 to 179.

Statement of Accounts

Council's responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has responsibility for the administration of those affairs. At Essex County Council that officer is the **Executive Director, Corporate Services**. The **Director, Finance** fulfils this role in the absence of the Executive Director, Corporate Services.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts. The Council has delegated this responsibility to the **Audit, Governance and Standards Committee**.

Executive Director, Corporate Services responsibilities

The Executive Director, Corporate Services is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out within the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the 'Code of Practice'). In preparing this Statement of Accounts, the Executive Director, Corporate Services has:

- Selected suitable accounting policies and applied them consistently.
- Made judgements and estimates which were reasonable and prudent.
- Complied with the Code of Practice.

The Executive Director, Corporate Services has also:

- Kept proper, up to date, accounting records.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Executive Director, Corporate Services certificate

I certify that this Statement of Accounts has been prepared in accordance with proper practices and presents a true and fair view of the financial position of the Council at 31 March 2023 and its expenditure and income for the year then ended.

Nicole Wood

Executive Director, Corporate Services

Date of approval to be determined

Statement of Accounts

Chairman of the Audit, Governance and Standards Committee's certificate

I confirm that this Statement of Accounts was considered and approved by the Audit, Governance and Standards Committee at its meeting on [date to be determined].

Cllr Anthony Hedley

Chairman of the Audit, Governance and Standards Committee

Date to be determined

Statement of Accounts

Council's Financial Statements

The financial statements comprise:

– **Comprehensive Income and Expenditure Statement (page 25)**

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. The Council raises 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 (page 26)**

This Statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable' reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and 'unusable' reserves.

The Statement shows how in-year movements of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices, and the statutory adjustments required to return to the amount chargeable to Council Tax for the year.

The 'Net (increase) / decrease before transfers to earmarked reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves are undertaken by the Council.

– **Balance Sheet (pages 27 and 28)**

The Balance Sheet shows the value of the assets and liabilities recognised by the Council.

The net assets of the Council are matched by the reserves held by the Council. Reserves are reported in two categories:

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

– **Cash Flow Statement (page 29)**

The Cash Flow Statement shows the changes, during the reporting period, in cash and cash equivalents of the Council, net of bank overdrafts. It shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

Statement of Accounts

– **Notes to the financial statements (pages 30 to 109)**

These present information about the basis of preparation of the financial statements and the specific accounting policies used. They also disclose information that is not presented within the financial statements but is relevant to an understanding of them.

The Expenditure and Funding Analysis, which is presented in note 5 (commencing on page 47) to the Accounts, provides a reconciliation between the accounting cost of providing services in accordance with generally accepted accounting practices (as presented in the Comprehensive Income and Expenditure Statement), and the amounts to be funded from taxation.

Comprehensive Income and Expenditure Statement

For year ended 31st March 2023

2021/22				Note		2022/23			
Gross expenditure	Government grants	Other income	Net expenditure			Gross expenditure	Government grants	Other income	Net expenditure
£000	£000	£000	£000			£000	£000	£000	£000
785,732	(164,213)	(165,197)	456,322		Adult Social Care and Health	785,089	(132,361)	(162,562)	490,166
86,158	(85,645)	(585)	(72)		Children's Services and Early Years				
202,717	(40,036)	(9,975)	152,706		Dedicated Schools Budget	87,081	(90,137)	2,652	(404)
15,108	(1,591)	(5,872)	7,645		Non Dedicated Schools Budget	227,908	(51,931)	(12,634)	163,343
41,572	(6,403)	(6,114)	29,055		Community, Equality, Partnerships and Performance	16,367	(257)	(7,705)	8,405
46,660	(20,355)	(7,748)	18,557		Devolution, the Arts, Heritage and Culture	45,129	(2,497)	(8,256)	34,376
489,930	(467,262)	(32,539)	(9,871)		Economic Renewal, Infrastructure and Planning	35,854	(19,544)	(6,664)	9,646
119,871	(24,675)	(35,208)	59,988		Education Excellence, Lifelong Learning and Employability				
6,669	(1,889)	(930)	3,850		Dedicated Schools Budget	529,125	(495,665)	(34,275)	(815)
171,800	(11,469)	(22,320)	138,011		Non Dedicated Schools Budget	127,415	(31,984)	(36,820)	58,611
5,322	(1,358)	92	4,056		Finance, Resources and Corporate Affairs	12,974	(1,186)	(1,069)	10,719
90,522	(436)	(3,199)	86,887		Highways Maintenance and Sustainable Transport	194,789	(11,790)	(27,581)	155,418
21,661	-	-	21,661		Leader	4,952	(957)	68	4,063
1,752	-	-	1,752		Waste Reduction and Recycling	89,203	(1,273)	(14,564)	73,366
109,661	-	-	109,661		Strategic Support Services				
2,926	-	-	2,926		Community, Equality, Partnerships and Performance	22,022	-	-	22,022
2,198,061	(825,332)	(289,595)	1,083,134		Economic Renewal, Infrastructure and Planning	1,348	-	-	1,348
3,575	-	-	3,575	9	Finance, Resources and Corporate Affairs	103,219	-	-	103,219
106,730	-	(53,868)	52,862	10	Leader	2,157	-	-	2,157
-	(404,130)	(762,765)	(1,166,895)	12	Cost of services - continuing operations	2,284,632	(839,582)	(309,410)	1,135,640
2,308,366	(1,229,462)	(1,106,228)	(27,324)		Other Operating Expenditure	21,327	-	-	21,327
			(89,479)	26.2	Financing and Investment Income and Expenditure	138,507	-	(89,433)	49,074
			(466,411)	26.4	Taxation and Non-Specific Grant Income	-	(368,601)	(813,069)	(1,181,670)
			(555,890)		(Surplus) / deficit on Provision of Services	2,444,466	(1,208,183)	(1,211,912)	24,371
			(583,214)		Surplus arising on revaluation of non-current assets				(56,524)
					Re-measurements of the net defined benefits pension asset / liability				(1,214,684)
					Other Comprehensive Income and Expenditure				(1,271,208)
					Total Comprehensive Income and Expenditure				(1,246,837)

Note: The service groupings shown above reflect the alignment of spending to Cabinet Members, according to their specific responsibilities for discharging the functions of the Cabinet during 2022/23; comparative figures for 2021/22 have been restated on a consistent basis.

Movement in Reserves Statement

For the years ended 31st March 2022 and 31st March 2023

	Notes	Usable Reserves					Total Unusable Reserves	Total Council Reserves
		Earmarked General Reserves	General Fund Balance	Usable Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves		
		£000	£000	£000	£000	£000		
Balance at 31 March 2021		(493,555)	(68,096)	(10,907)	(2,272)	(574,830)	(667,451)	(1,242,281)
Movement in Reserves during 2021/22								
Total Comprehensive Income and Expenditure		-	(27,324)	-	-	(27,324)	(555,890)	(583,214)
Adjustments between accounting basis and funding under regulations	7	-	(30,496)	(606)	(822)	(31,924)	31,924	-
Net (increase)/decrease before transfers to earmarked reserves		-	(57,820)	(606)	(822)	(59,248)	(523,966)	(583,214)
Transfers to Earmarked Reserves	8	(57,820)	57,820	-	-	-	-	-
(Increase) / decrease in 2021/22		(57,820)	-	(606)	(822)	(59,248)	(523,966)	(583,214)
Balance at 31 March 2022		(551,375)	(68,096)	(11,513)	(3,094)	(634,078)	(1,191,417)	(1,825,495)
Movement in Reserves during 2022/23								
Total Comprehensive Income and Expenditure		-	24,371	-	-	24,371	(1,271,208)	(1,246,837)
Adjustments between accounting basis and funding under regulations	7	-	(56,083)	(1,291)	590	(56,784)	56,784	-
Net (increase)/decrease before transfers to earmarked reserves		-	(31,712)	(1,291)	590	(32,413)	(1,214,424)	(1,246,837)
Transfers to Earmarked Reserves	8	(31,712)	31,712	-	-	-	-	-
(Increase) / decrease in 2022/23		(31,712)	-	(1,291)	590	(32,413)	(1,214,424)	(1,246,837)
Balance at 31 March 2023		(583,087)	(68,096)	(12,804)	(2,504)	(666,491)	(2,405,841)	(3,072,332)

Statement of Accounts

Balance Sheet as at 31st March 2023

31 March 2022 £000	Note		31 March 2023 £000
		Property, Plant and Equipment	
		Operational assets	
1,421,734		Land and buildings	1,440,104
5,522		Vehicles, plant and equipment	7,343
1,265,684		Infrastructure	1,371,632
3,924		Community assets	4,192
		Non operational assets	
200,447		Assets under construction	180,896
47,968		Surplus assets	55,023
2,945,279	15	Total Property, Plant and Equipment	3,059,190
14,711	15	Heritage assets	14,736
40,402	15	Investment property	38,963
2,118	15	Intangible assets	1,207
13,014	19	Long term investments	500
14,475	21	Long term debtors	15,237
-	31	Net Pensions Asset	434,878
3,029,999		Long term assets	3,129,833
14,998	19	Short term investments	10,478
12,453	15	Assets held for sale	6,088
4,725	20	Inventories	746
179,532	21	Short term debtors	198,155
589,860	22	Cash and cash equivalents	659,349
801,568		Current Assets	874,816
(27,516)	22	Bank overdraft	(33,588)
(23,402)	19	Short-term borrowing	(29,549)
(316,325)	23	Creditors (current)	(313,298)
(11,045)	25	Provisions (current)	(10,165)
(41,391)	24	Revenue grant receipts in advance	(81,817)
(85,912)	24	Capital grant receipts in advance (current)	(103,368)
(2,673)		Donated Inventories Account	-
(13,192)	17	Finance Lease obligations (current)	(14,486)
(521,456)		Current liabilities	(586,271)
(437)	23	Creditors (non-current)	(427)
(70,876)	24	Capital grant receipts in advance (non-current)	(96,580)
(42,051)	25	Provisions (non-current)	(26,272)
(582,194)	19	Long-term borrowing	(572,344)
(89,977)	17	Finance lease obligations (non-current)	(75,967)
(9,793)		Deferred credits	(9,334)
(689,288)	31	Net Pensions Liability	-
(1,484,616)		Long term liabilities	(780,924)
1,825,495		Net Assets	3,072,332

Statement of Accounts

Balance Sheet as at 31st March 2023

31 March 2022 £000	Note		31 March 2023 £000
		Usable reserves	
(551,375)	8	Earmarked reserves	(583,087)
(68,096)		General Fund Balance	(68,096)
(11,513)		Usable capital receipts reserve	(12,804)
(3,094)		Capital grants unapplied	(2,504)
(634,078)			(666,491)
		Unusable reserves	
(667,530)	26.2	Revaluation reserve	(700,032)
(1,233,399)	26.3	Capital Adjustments Account	(1,280,811)
10,768		Financial Instruments Adjustment Account	9,926
(2,414)		Pooled Investment Funds Adjustment Account	(367)
689,288	26.4	Pension reserve	(434,878)
(4,337)		Deferred capital receipts	(2,237)
(4,700)		Collection Fund Adjustment Account	(15,186)
20,907		Accumulated Absences Account	17,744
(1,191,417)			(2,405,841)
(1,825,495)		Total Reserves	(3,072,332)

I certify that these financial statements give a true and fair view of the Council's financial position and performance in advance of approval.

Nicole Wood
Executive Director, Corporate Services
Date of approval to be determined

Statement of Accounts

Cash Flow Statement

For year ended 31st March 2023

2021/22 £000	Notes		2022/23 £000
(99,881)	27	Operating activities	(123,833)
(19,891)	↓	Investing activities	21,102
27,487		Financing activities	39,314
(92,285)		Net increase in cash and cash equivalents	(63,417)
470,059	22	Cash and cash equivalents at 1 April	562,344
562,344	22	Cash and cash equivalents at 31 March	625,761

Note: 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 (see note 22, on page 82 for further details).

Statement of Accounts

Notes to the Council's Financial Statements

1. Accounting policies

1.1 Introduction

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year, and its position as at 31 March 2023. The accounting policies explain the basis for the recognition, measurement and disclosure of transactions and other events within the Statement of Accounts. The accounting policies adopted, that are material in the context of the Council's 2022/23 Statement of Accounts, are set out within the following paragraphs.

1.2 General principles

The Council's Statement of Accounts is prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, supported by International Financial Reporting Standards (IFRS) and statutory regulations.

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

1.3 Accruals of income and expenditure

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

Where income and expenditure have been recognised, but the cash has not been received or paid, a debtor or creditor for the relevant amount is recognised in the Balance Sheet.

Where it is doubtful that debts will be settled the balance of debtors is reduced, and a charge is made to the appropriate line in the Comprehensive Income and Expenditure Statement for the income that might not be recoverable.

1.4 Provisions and contingencies

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when 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 maintained at the best estimate of the expenditure required to settle the obligation, considering relevant risks and uncertainties.

Statement of Accounts

A contingent liability arises where:

- An event has taken place that gives the Council a possible obligation whose existence will only be confirmed by future events not wholly within the Council's control; or
- A provision would otherwise be made but it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the Council a possible asset, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events.

Contingencies are not recognised in the financial statements but are disclosed as a note to the accounts.

1.5 Earmarked revenue reserves

The Council sets aside specific amounts as reserves for future contingency or policy purposes. Reserves are created by transferring amounts out of the General Fund Balance.

When expenditure is incurred that is to be financed from a reserve, it is charged to the appropriate service revenue account in that year, to count against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. An amount is then released from the earmarked revenue reserve and transferred back into the General Fund Balance, so that there is no net charge against Council Tax for the expenditure.

1.6 Government grants and contributions

Government grants and third-party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- The Council will comply with any conditions attached to the payments; and
- The grants and contributions will be received.

Grants and contributions received, for which conditions have yet to be satisfied, are carried in the Balance Sheet as grant receipts in advance.

When the conditions have been satisfied, the grants and contributions are credited to the Comprehensive Income and Expenditure Statement (i.e. specific revenue grants and contributions are credited to the relevant service line in the Cost of Services, and capital grants and contributions and non ring-fenced grants are credited to Taxation and Non Specific Grant Income).

Where specific revenue grants and contributions are credited to the Comprehensive Income and Expenditure Statement, but the associated expenditure has not yet been incurred, the grant is

Statement of Accounts

set aside in an Earmarked Revenue Reserve (i.e. in accordance with note 1.5) so that it can be matched with the expenditure in a subsequent year.

Capital grants and contributions are reversed out of the General Fund Balance in the Movement in Reserves Statement and are transferred to the Capital Adjustment Account (if the grant eligible expenditure has been incurred), or to the Capital Grants Unapplied Account.

1.7 Council Tax and Non-domestic Rates

The Council Tax and Non-domestic Rates (NDR) income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, this differs from the amounts required by Regulation to be credited to the General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by Regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Council's Balance Sheet includes the Council's share of the end of year balances in respect of Council Tax and NDR related to arrears, allowances for doubtful debts, overpayments and prepayments and appeals.

1.8 Employee benefits

1.8.1 Benefits payable during employment

Short-term employee benefits (including salaries, paid annual leave, bonuses and non-monetary benefits) are recognised as an expense in the year in which employees render service to the Council.

An accrual is made for the cost of holiday entitlement earned but not taken before the year-end that employees can carry forward into the next financial year. This accrual is raised against services in the Surplus or Deficit on the Provision of Services and then reversed out through the Movement in Reserves Statement to the Accumulated Absences Account.

1.8.2 Termination benefits

Termination benefits are charged, on an accruals basis, to the relevant service line in the Comprehensive Income and Expenditure Statement 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.

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1.8.3 Post-employment (retirement) benefits

Employees of the Council may be a member of one of the following pension schemes:

- The Teachers' Pension Scheme administered by Teachers' Pensions on behalf of the Department for Education.
- The NHS Pension Scheme administered by NHS Pensions.
- The Local Government Pension Scheme (LGPS), administered by the Council.

The Teachers' and NHS Pension schemes provide defined benefits to members. However, the Schemes' arrangements mean that liabilities for these benefits cannot be identified specifically to the Council. The schemes are therefore accounted for as if they were defined contributions schemes – no liability for future payments of benefits is recognised in the Balance Sheet, and the employer's contributions payable to these schemes are charged to the relevant service lines within the Comprehensive Income and Expenditure Statement.

The Local Government Pension Scheme (LGPS) is accounted for as a defined benefits scheme. Hence:

- The liabilities of the LGPS attributable to the Council are included in the Balance Sheet on an actuarial basis, using the projected unit method.
- Liabilities are discounted to their value at current prices, using a discount rate based upon the indicative rate of return on a high-quality corporate bond of equivalent currency and term to the scheme's liabilities.
- The assets of the LGPS attributable to the Council are included in the Balance Sheet at their fair value.
- Changes in the net pensions asset / liability are analysed into the following components:
- **Service Costs**, comprising:
 - ~ **Current service cost** – charged to the Comprehensive Income and Expenditure Statement (i.e. to the services for which the employees worked).
 - ~ **Past service cost** - charged to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
 - ~ **Net interest on the net defined benefit asset / liability** – credited or charged to the 'Financing and Investment Income and Expenditure' line within the Comprehensive Income and Expenditure Statement.
- **Re-measurements of the net pension asset / liability** (comprising **Return on plan assets** and **Actuarial gains and losses**) – credited / charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Statement of Accounts

- **Contributions paid to the LGPS** – not accounted for as an expense within the Comprehensive Income and Expenditure Statement.
- The amount chargeable to the General Fund for providing pensions for employees is the amount payable for the year to the LGPS, as determined in accordance with the statutory requirements governing the Scheme. Where this amount does not match the net amount charged to the Surplus or Deficit on the Provision of Services, the difference is appropriated, in the Movement in Reserves Statement, to the Pensions Reserve.

1.8.4 Discretionary benefits

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

1.9 Overheads and support services

The Council's Strategic Support Services are shown as separate headings in the Comprehensive Income and Expenditure Statement, as part of the Cost of Services, reflecting the Council's arrangements for accountability and performance. Other overhead costs are recharged to those who benefit from the supply or service.

1.10 Value added tax (VAT)

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

1.11 Inventories

When acquired, inventories are recognised on the Balance Sheet at cost (comprising all costs of purchase and conversion, together with any costs incurred in bringing the inventories to their intended location and condition). Inventories are subsequently carried on the Balance Sheet at the lower of cost and net realisable value.

Inventories are recognised as an expense in the Comprehensive Income and Expenditure Statement when they are sold or consumed in the provision of services, or when they no longer provide economic benefits or service potential.

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1.12 Property, Plant and Equipment

1.12.1 Recognition of Property, Plant and Equipment

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis in the accounts, if it is probable that the future economic benefits or service potential associated with the item will flow to the Council over a period extending beyond one year, 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.

Expenditure on furniture and fittings is not capitalised.

1.12.2 Measurement

Items of Property, Plant and Equipment are initially measured at cost, comprising:

- the purchase price.
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended.

Borrowing costs incurred whilst items of Property, Plant and Equipment are under construction are not capitalised.

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

Asset category	Measurement basis
Land and buildings	Current value (existing use value or depreciated replacement cost).
Vehicles and equipment	Depreciated historical cost (as a proxy for current value).
Infrastructure	Modified depreciated historical cost.
Community assets	Depreciated historical cost.
Assets under construction	Historical cost.
Surplus assets	Fair value, estimated at highest and best use from a market participant's perspective.

Assets included in the Balance Sheet at current value are re-valued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but, as a minimum, at least once every five years.

Assets are also assessed at each year-end to determine whether there is any indication that an asset may be impaired. Where indications exist, and any possible differences are estimated to be material, an impairment loss is recognised.

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Where increases in value are identified, the gain is accounted for by crediting:

- The Revaluation Reserve to recognise the unrealised gain; or
- The Surplus or Deficit on the Provision of Services where it arises from the reversal of a loss previously charged to a service.

Where decreases in value are identified, the loss is accounted for by writing the carrying amount of the asset down against:

- Any accumulated gains for the asset in the Revaluation Reserve (i.e. up to the amount of the accumulated gains); or
- The Surplus or Deficit on the Provision of Services, where there is no or insufficient balance in the Revaluation Reserve for the asset.

The Revaluation Reserve only contains revaluation gains recognised since 1 April 2007. Gains arising prior to that were consolidated into the Capital Adjustment Account.

Infrastructure assets are measured at depreciated historical cost. However, the accounting rules that applied before 1 April 1994 mean that the carrying amount only includes expenditure on acquisition and enhancement incurred after this date. Expenditure incurred before this date is only included to the extent that it had not been financed on or before 31 March 1994.

1.12.3 Depreciation

Depreciation is provided 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 and assets that are not yet available for use.

Asset category	Depreciation basis	
Land	Land is not depreciated.	
Buildings	Buildings are depreciated, on a straight-line basis, over the useful economic life (UEL) of each asset (as assessed by the Council's Valuer). Each part of the Council's buildings with a cost that is significant in relation to the total cost of the item is depreciated separately over its UEL.	
	This means that the following components are depreciated separately:	
	▪ Structure	80 years
	▪ Roof	25 to 80 years
	▪ Plant and machinery	30 to 40 years
▪ External works	30 years	
Community assets	Depreciated over 60 years, on a straight-line basis.	
Vehicles and equipment	Depreciated on a straight-line basis, over an expected lifetime ranging between 2 and 30 years.	

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Asset category	Depreciation basis	
Infrastructure	Depreciation is provided on a straight-line basis over the following periods:	
	▪ Carriageways	30 years
	▪ Footways and cycletracks	20 years
	▪ Structures (e.g. bridges)	100 years
	▪ Off-highways drainage	100 years
	▪ Street lighting	40 years
	▪ Traffic management	25 years
	▪ Road signage	20 years
	▪ Other infrastructure	20 years
	▪ Additions prior to 2008/09	30 to 35 years
Assets under construction	Assets are re-categorised upon completion, from which point depreciation will be charged in accordance with the policies set out above.	

Depreciation charges commence in the first full year after assets become operational, except for vehicles, plant and equipment, where depreciation charges commence in the year of acquisition.

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

1.12.5 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, the asset is re-valued and is then classified as an asset 'Held for Sale' and carried at the lower of the revalued amount or the fair value less costs to sell the asset.

Once an asset is disposed of, the carrying amount of the asset and any receipts from its disposal are written-off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for disposals are categorised as capital receipts. These receipts are therefore appropriated, via the Movement in Reserves Statement, to the Capital Receipts Reserve. They can then only be applied for new capital investment, to reduce the Council's underlying need to borrow, or for specific purposes allowed for in regulations issued by the Secretary of State.

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

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1.13 Investment property

Investment properties are measured initially at cost and subsequently at fair value (i.e. at a price reflecting their highest and best use). Properties are not depreciated but are revalued annually, reflecting the market conditions at the year-end.

Gains and losses on revaluation and disposal are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. Revaluation and disposal gains and losses are then reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account or, for any sale proceeds, to the Capital Receipts Reserve.

Rentals received in relation to investment property are credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

1.14 Charges to revenue for non-current assets

All services are charged with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation and amortisations attributable to the assets held and/or occupied.
- Revaluation and impairment losses on the assets held or occupied (i.e. where there are no accumulated gains in the Revaluation Reserve against which the losses can be applied), and revaluation gains that reverse a revaluation loss previously recognised in the Comprehensive Income and Expenditure Statement.

The Council is not required to raise Council Tax to cover these charges. Instead, it is required to make a prudent annual provision to contribute towards the reduction in its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by a revenue provision in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

1.15 Revenue expenditure funded from capital under statute

Expenditure incurred during the year that may be capitalised under statutory provisions, but which does not result in the creation of a non-current asset, is 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 is made in the Movement in Reserves Statement to the Capital Adjustment Account to mitigate the impact on the General Fund Balance in the year.

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1.16 Private Finance Initiative and similar contracts

Where the Council is deemed to control the services that are provided under Private Finance Initiative (PFI) and similar contracts, and where ownership of the assets used under the contracts passes to the Council at the end of the contracts for no additional charge, the Council carries the assets in its own Balance Sheet as part of Property, Plant and Equipment (in accordance with accounting policies set out in note 1.12).

A PFI liability is also recognised on the Council's Balance Sheet for the amounts due to the scheme operator for the capital investment.

The amounts payable to PFI operators each year are analysed into the following elements:

Element of charge	Accounting treatment
Services received - Services that the operator must provide with the Property, Plant and Equipment.	Charged to the relevant service in the Comprehensive Income and Expenditure Statement.
Deferred income - Benefits that the Council is deemed to receive through its control of the services to be provided using the Property, Plant and Equipment.	Credited to the relevant service in the Comprehensive Income and Expenditure Statement.
Finance cost - Interest charge on the outstanding Balance Sheet liability.	Debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
Contingent rent - Increases in the amount to be paid for the property arising during the contract.	Debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
Payment towards liability - Obligation to pay the operator for the Property, Plant and Equipment.	Applied to write down the Balance Sheet liability towards the PFI operator.
Lifecycle replacement - The replacement of components of an asset as they wear out.	Posted to the Balance Sheet as a pre-payment and then recognised as an addition to Property, Plant and Equipment when the relevant works are eventually carried out.

1.17 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.

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

Property, plant and equipment held by the Council under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at 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. Premiums paid on entry into a lease are applied to writing down the lease liability. Subsequent payments are apportioned between:

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

Rentals paid by the Council under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting 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.

1.18 Cash and cash equivalents

Cash comprises cash in hand and deposits with financial institutions repayable on demand without penalty on the same working day, or with notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

Payments made by BACS transfer are treated as a cash outflow on the day a payment request is submitted into the BACS system, whereas BACS receipts are treated as a cash inflow to the Council on the day that the funds are settled.

1.19 Financial instruments

1.19.1 Financial liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially measured at fair value and are carried at their amortised cost.

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Interest is charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, based on the carrying amount of the liabilities, multiplied by the effective rate of interest for the instruments.

This means that:

- The amount included in the Balance Sheet is the outstanding principal repayable, plus accrued interest; and
- Interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

1.19.2 Financial Assets

Financial assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of the financial instrument.

Financial assets held at amortised cost are initially measured at fair value, and subsequently at their amortised cost.

Interest receivable is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, based on the carrying amount of the assets, multiplied by the effective rate of interest for the instruments. This means that:

- The amount included in the Balance Sheet is the outstanding principal receivable, plus accrued interest; and
- Interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year according to the loan agreement.

Any gains and losses that arise on the de-recognition of an asset are credited/debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Allowances for impairment losses are calculated for financial assets carried at amortised cost, applying the expected credit losses model, either on a 12 month or lifetime basis. 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. Changes in loss allowances, including balances outstanding at the date of derecognition of an asset, are debited / credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

1.20 Fair value measurement

The Council measures some of its non-financial assets (i.e. surplus and investment properties) and some of its financial instruments at fair value at each reporting date. Fair value is the price

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that would be received from the sale of an asset, or paid to transfer a liability, in an orderly transaction between market participants.

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 uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised as follows:

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

1.21 Joint operations

The activities undertaken by the Council in conjunction with other joint operators involve the use of the assets and resources of those joint operators.

In relation to its interest in a joint operation, the Council as a joint operator recognises:

- Its assets, including its share of any assets held jointly.
- Its liabilities, including its share of any liabilities incurred jointly.
- Its revenue from the sale of its share of the output arising from the joint operation.
- Its share of the revenue from the sale of the output by the joint operation.
- Its expenses, including its share of any expenses incurred jointly.

1.22 Schools

Whilst all locally maintained schools (i.e. community, foundation, voluntary aided, voluntary controlled, community special and foundation special schools) are deemed to be entities controlled by the Council, only the income, expenditure, assets, liabilities, reserves and cash flows that would be recognised by a 'school as an entity' are consolidated into the Council's financial statements.

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Land and buildings provided by religious bodies for use by voluntary controlled, voluntary aided and certain foundation schools without the right to continuing use, such that they can be taken back by the owners at any point, are not recognised in the Council's financial statements.

1.23 Events after the Reporting Period

Events after the reporting period are those events that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue.

The Statement of Accounts is only adjusted for events after the reporting period if they provide evidence of conditions that existed at the end of the reporting period.

Where they provide evidence of conditions that arose after the reporting period, the Statement of Accounts is not adjusted, but the event may be disclosed in the Statement of Accounts if it is expected to have a material effect.

2. Critical judgements in applying accounting policies

The Council must make judgements, when applying the accounting policies set out in note 1, about complex transactions and those involving uncertainty about future events. The critical judgements made in applying the accounting policies for 2022/23 that have the most significant effect on amounts recognised in the financial statements are as follows:

Private Finance Initiative (PFI) schemes

Where ownership of the Property, Plant and Equipment used to provide services under operational PFI arrangements passes to the Council at the end of the contracts for no additional charge, the Council considers that it controls the services that are provided, and the residual values of these assets and their facilities at the end of these agreements. Accordingly, it recognises the Property, Plant and Equipment assets in its own Balance Sheet (as detailed in note 18.3, on page 72).

Group entities

Whilst the Council is involved in several collaborative arrangements, it has concluded that it is only necessary to consolidate the accounts of **Essex Cares Ltd** and **Essex Housing Development LLP** into its Group Accounts (see Group Accounting note 1, on page 116 for further details). Consolidation of their financial results into the Council's Group Accounts is considered appropriate on qualitative grounds, to provide a full picture of the Council's economic activities and financial position.

South East Local Enterprise Partnership

The South East Local Enterprise Partnership (SELEP) has a range of members who collectively decide what the priorities should be for investing in roads, buildings and facilities in Essex, East Sussex, Kent, Medway, Southend and Thurrock, as part of an integrated approach to growth and infrastructure delivery.

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All funding allocated to the SELEP by the Government is transferred to the Council, and the Council is responsible for the disbursement of this funding in accordance with the funding decisions made by the SELEP's Accountability Board. The Council is not therefore able to direct the use of the SELEP's funding for its own, or any other purposes.

The Council has concluded that it acts as an agent for the SELEP, which means that the SELEP's transactions are not reflected within the Council's financial statements. However, the Council recognises a creditor in its Balance Sheet for the cash it holds on the SELEP's behalf. At 31 March 2023, this creditor amounted to **£19.943m** (2021/22: £34.801m).

Pooled budgets

Pooled budgets arise where several partners agree to set aside funds for a specific purpose that they will pursue jointly, usually because it enables them to address common objectives or realise benefits from working together.

The Council currently participates in, and hosts, three pooled budgets:

- **Better Care Fund**
- **Equipment Pool**
- **Transforming Care Partnership Pool**

Further details of these pooled budgets are provided in note 34, which commences on page 99.

The nature of these pooled budget arrangements implies an element of joint decision making over how the pooled funds are used. However, the precise accounting is determined by the terms of the agreements between the members of these partnership arrangements.

Whilst partners collectively agree the services to be provided, the agreed services are commissioned by the respective partners via their own contracts with end providers, with the commissioning entity holding end providers to account for the services they provide.

On this basis, the Council has determined that the transactions of these pools are not reflected in the Council's financial statements, except for expenditure incurred on agreed services commissioned by the Council via its own contracts with end providers, and the income it receives from the Pools to pay for these services.

3. Assumptions made about the future and 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 considering 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.

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The items in the Balance Sheet at **31 March 2023** for which there is a risk of material adjustment in the forthcoming financial year are set out in the following paragraphs.

Property, plant and equipment - Operational land and buildings

The Council operates a rolling programme of valuations which ensures that all operational land and buildings are valued by a Royal Institution of Chartered Surveyors (RICS) qualified property advisor at intervals of no greater than five years (see note 15.5 on page 66 for details). The valuations are compiled using recognised measurement techniques and in compliance with professional guidance. The underlying data is considered to be reliable and the scope to use judgement and change assumptions is limited.

The predominant asset classes held by the Council, in terms of number and value, comprise operational schools, operational libraries and operational non-specialised commercial property, such as offices.

Operational schools and libraries comprise specialised properties valued on a depreciated replacement cost basis, where the primary factors affecting value are build costs and land values. Operational non-specialised commercial properties are valued using a market / comparable method where change in value is reflective of the general commercial property market in the relevant localities.

At each year-end, a review is undertaken by the Council's property advisor to determine whether the carrying amount of the specialised and non-specialised land and building assets is consistent with their current value. Using indices provided by the Council's property advisor, it was estimated that the carrying amounts of the following assets would be under stated as at 31 March 2023 as follows:

- Specialised - **£39.646m**
- Non specialised - **£480,000**

The carrying amounts were therefore increased for these estimates.

Whilst application of indices is inherently less accurate than a full valuation carried out by the Council's valuer, the Council is satisfied, on the basis of the advice provided by its valuer, that application of these indices results in materially correct carrying values at the balance sheet date.

However, had the build cost and land value indices been **1%** higher than those assumed by the Council's Valuer, the carrying amount of operational land and buildings would have needed to be increased by the following additional amounts as at 31 March 2023:

- Specialised - **£13.467m**
- Non specialised - **£793,000**

If it is subsequently necessary to reduce the gross book values, this would result in a corresponding reduction to the Revaluation Reserve and / or a loss being recorded in the

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Comprehensive Income and Expenditure Statement. Conversely, a further increase in values would increase the Revaluation Reserve and / or reverse any downward revaluations previously charged to the Comprehensive Income and Expenditure Statement.

Net Pensions asset / liability

Estimation of the net pension asset / liability to pay pensions depends on several complex judgements. A firm of actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.

Changes to these underlying assumptions can result in significant variances in the calculated asset / liability. To illustrate this point, the net pension asset of **£434.878m** at 31 March 2023 compares with a net pension liability at 31 March 2022 of **£689.288m**.

The assumptions and complex judgements applied by the Actuary include the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. The effect on the net pensions asset / liability as a result of changes in individual assumptions is detailed within note 31.4 which commences on page 95.

4. Accounting Standards issued but not yet adopted

The Council is required to disclose information relating to the impact on its financial statements of an accounting change that will be required by a new standard that has been issued but has not yet been adopted by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the 'Code').

Several accounting changes are being adopted by the Code in 2023/24, but none will have a material impact on the Council's financial statements.

The International Accounting Standards Board (IASB) has issued International Financial Reporting Standard 16 Leases (IFRS 16) which, when adopted, will require the Council to recognise most of the assets it has secured the use of through a lease arrangement on its Balance Sheet as 'right of use' assets, together with the corresponding lease liabilities. This differs from the current practice of only recognising the assets and liabilities associated with finance leases on the Balance Sheet. Details of the operating lease arrangements the Council has entered, which will need to be recognised on the Balance Sheet when IFRS 16 is adopted, are set out in note 17, which commences on page 68.

It had originally been anticipated that IFRS 16 would be adopted in the 2020/21 financial year, but mandatory adoption has since been deferred until the 2024/25 financial year. The Council does not currently anticipate implementing the standard in the 2023/24 financial year.

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5. Expenditure and Funding Analysis

5.1 Introduction

The Expenditure and Funding Analysis (see note 5.2) shows, for each of the Council's portfolios and strategic support services:

- **Net expenditure chargeable to the General Fund** (i.e. the amount spent under the Council's rules for monitoring expenditure against the funding in the annual budget for the General Fund); and
- **Net expenditure in the Comprehensive Income and Expenditure Statement** (the resources consumed in the year, as measured by proper accounting practices).

The reasons for the differences between the two amounts for each portfolio / strategic support service are explained in note 5.3 (see page 49).

The service groupings in the Comprehensive Income and Expenditure Statement, and hence in the Expenditure and Funding Analysis, reflect the Council's political leadership (Cabinet) structure. This reporting format is the one most used by the Council for allocating resources and for assessing financial performance.

5.2 Expenditure and Funding Analysis

2021/22				2022/23		
Net expenditure chargeable to General Fund	Adjustments between the Funding and Accounting basis	Net expenditure in the Comprehensive Income and Expenditure Statement		Net expenditure chargeable to General Fund	Adjustments between the Funding and Accounting basis	Net expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
440,295	16,027	456,322	Adult Social Care and Health	479,355	10,811	490,166
(75)	3	(72)	Children's Services and Early Years			
135,244	17,462	152,706	Dedicated Schools Budget	(401)	(3)	(404)
4,700	2,945	7,645	Non Dedicated Schools Budget	150,189	13,154	163,343
22,703	6,352	29,055	Community, Equality, Partnerships and Performance	5,962	2,443	8,405
19,824	(1,267)	18,557	Devolution, the Arts, Heritage and Culture	27,159	7,217	34,376
			Economic Renewal, Infrastructure and Planning	9,883	(237)	9,646
			Education Excellence, Lifelong Learning and Employability			
(8,577)	(1,294)	(9,871)	Dedicated Schools Budget	3,582	(4,397)	(815)
19,914	40,074	59,988	Non Dedicated Schools Budget	21,811	36,800	58,611
5,770	(1,920)	3,850	Finance, Resources and Corporate Affairs	11,536	(817)	10,719
102,128	35,883	138,011	Highways Maintenance and Sustainable Transport	117,027	38,391	155,418
2,736	1,320	4,056	Leader	4,199	(136)	4,063
81,801	5,086	86,887	Waste Reduction and Recycling	81,903	(8,537)	73,366
			Strategic Support Services			
17,471	4,190	21,661	Community, Equality, Partnerships and Performance	18,872	3,150	22,022
1,125	627	1,752	Economic Renewal, Infrastructure and Planning	998	350	1,348
84,601	25,060	109,661	Finance, Resources and Corporate Affairs	84,742	18,477	103,219
2,606	320	2,926	Leader	1,948	209	2,157
932,266	150,868	1,083,134	Cost of services - continuing operations	1,018,765	116,875	1,135,640
(990,086)	(120,372)	(1,110,458)	Other income and expenditure not charged to services	(1,050,477)	(60,792)	(1,111,269)
(57,820)	30,496	(27,324)	Surplus on Provision of Services	(31,712)	56,083	24,371
			General Fund Balance			
(68,096)			Balance as at 1 April	(68,096)		
(57,820)			Surplus on Provision of Services	(31,712)		
57,820			Transfers to Earmarked Revenue Reserves	31,712		
(68,096)			Balance as at 31 March	(68,096)		

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Note: The service groupings shown above reflect the alignment of spending to Cabinet Members, according to their specific responsibilities for discharging the functions of the Cabinet during 2022/23; comparative figures for 2021/22 have been restated on a consistent basis.

5.3 Notes to Expenditure and Funding Analysis

5.3.1 Adjustments between Funding and Accounting basis

The following analysis provides an explanation of the 'adjustments between the Funding and Accounting basis' column in the Expenditure and Funding Analysis.

2021/22	Adjustments for capital purposes Note 5.3.2 £000	Net change for Pension Adjustments Note 5.3.3 £000	Other adjustments between funding and accounting Note 5.3.4 £000	Other differences Note 5.3.5 £000	Adjustments between the Funding and Accounting basis £000
Adult Social Care and Health	2,623	13,370	34	-	16,027
Children's Services and Early Years					
Dedicated Schools Budget	-	-	3	-	3
Non Dedicated Schools Budget	1,884	15,268	310	-	17,462
Community, Equality, Partnerships and Performance	1,468	1,460	17	-	2,945
Devolution, the Arts, Heritage and Culture	2,275	4,096	(19)	-	6,352
Economic Renewal, Infrastructure and Planning	(3,185)	1,900	18	-	(1,267)
Education Excellence, Lifelong Learning and Employability					
Dedicated Schools Budget	-	-	4,485	(5,779)	(1,294)
Non Dedicated Schools Budget	16,143	31,607	13	(7,689)	40,074
Finance, Resources and Corporate Affairs	(2,405)	385	1	99	(1,920)
Highways Maintenance and Sustainable Transport	46,084	2,704	(93)	(12,812)	35,883
Leader	(289)	82	62	1,465	1,320
Waste Reduction and Recycling	4,262	781	60	(17)	5,086
Strategic Support Services					
Community, Equality, Partnerships and Performance	-	4,100	90	-	4,190
Economic Renewal, Infrastructure and Planning	-	674	29	(76)	627
Finance, Resources and Corporate Affairs	12,405	12,513	142	-	25,060
Leader	-	340	(20)	-	320
Cost of services - continuing operations	81,265	89,280	5,132	(24,809)	150,868
Other income and expenditure not charged to services	(143,012)	23,743	(25,912)	24,809	(120,372)
Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(61,747)	113,023	(20,780)	-	30,496

2022/23	Adjustments for capital purposes Note 5.3.2 £000	Net change for Pension Adjustments Note 5.3.3 £000	Other adjustments between funding and accounting Note 5.3.4 £000	Other differences Note 5.3.5 £000	Adjustments between the Funding and Accounting basis £000
Adult Social Care and Health	1,137	10,654	(980)	-	10,811
Children and Families					
Dedicated Schools Budget	-	-	(3)	-	(3)
Non Dedicated Schools Budget	1,505	12,147	(498)	-	13,154
Community, Equality, Partnerships and Performance	1,427	1,117	(101)	-	2,443
Devolution, the Arts, Heritage and Culture	3,883	3,457	(123)	-	7,217
Economic Renewal, Infrastructure and Planning	(1,864)	1,643	(16)	-	(237)
Education Excellence, Lifelong Learning and Employability					
Dedicated Schools Budget	-	-	(593)	(3,804)	(4,397)
Non Dedicated Schools Budget	20,954	23,734	(72)	(7,816)	36,800
Finance, Resources and Corporate Affairs	2,380	1,339	(9)	(4,527)	(817)
Highways Maintenance and Sustainable Transport	48,840	2,075	(55)	(12,469)	38,391
Leader	(816)	(380)	-	1,060	(136)
Waste Reduction and Recycling	(9,843)	1,407	(75)	(26)	(8,537)
Strategic Support Services					
Community, Equality, Partnerships and Performance	-	3,212	(62)	-	3,150
Economic Renewal, Infrastructure and Planning	-	484	(63)	(71)	350
Finance, Resources and Corporate Affairs	9,465	9,497	(485)	-	18,477
Leader	-	215	(6)	-	209
Cost of services - continuing operations	77,068	70,601	(3,141)	(27,653)	116,875
Other income and expenditure not charged to services	(99,059)	19,917	(9,303)	27,653	(60,792)
Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(21,991)	90,518	(12,444)	-	56,083

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5.3.2 Adjustments for capital purposes

This column adds the following amounts into service lines:

- Depreciation and impairments of non-current assets.
- Amortisation of intangible assets.
- Revenue expenditure funded from capital under statute.
- Capital grants receivable in the year without conditions, or for which conditions were satisfied in the year, and applied to finance revenue expenditure funded from capital under statute.

For other income and expenditure not charged to services, this column adjusts for:

- The value of Property, Plant and Equipment disposed of in the year, together with the sale proceeds from these disposals.
- The statutory charges for capital financing (i.e. minimum revenue provision and other revenue contributions).
- Capital grants receivable in the year.

5.3.3 Net change for Pensions Adjustments

The net change for Pension adjustments comprises:

- For services, the removal of the employer pension contributions by the Council as allowed by statute, and the replacement with current service costs and past service costs.
- For other income and expenditure not chargeable to services, the addition of the net interest on the defined benefit liability.

5.3.4 Other adjustments between funding and accounting

The other adjustments between the amounts debited / credited to the Comprehensive Income and Expenditure Statement and the amounts payable / receivable to be recognised under statute comprise:

- The amount by which officers' remuneration charged to the Comprehensive Income and Expenditure Statement differs from remuneration chargeable in accordance with statutory regulations.
- The difference between what is chargeable under statutory regulations for Council Tax and Non-Domestic Rates and what was projected to be received at the start of the year and the income recognised under generally accepted accounting practices.
- The amount by which finance costs charged to the Comprehensive Income and Expenditure Statement differ from costs chargeable in accordance with statutory requirements.

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5.3.5 Other differences

The other differences column shows the reclassification of amounts included in the 'cost of services' for 'Cabinet' reporting that are required to be classified as 'other income and expenditure not charged to services' in the Comprehensive Income and Expenditure Statement.

6. Expenditure and income analysed by nature

The Council's expenditure and income is analysed as follows:

2021/22		2022/23
£000		£000
	Expenditure	
609,904	Employee expenses	630,080
1,490,784	Other service expenditure	1,565,157
97,373	Depreciation, amortisation and impairment	89,395
38,790	Interest payable and similar charges	39,957
3,439	Precepts and levies	3,511
136	(Gain) / loss on disposal of fixed assets	17,816
67,940	Corporate amounts	98,550
2,308,366	Total expenditure	2,444,466
	Income	
(289,595)	Fees, charges and other service income	(309,410)
(2,917)	Interest and investment income	(8,994)
(50,951)	Corporate amounts	(80,439)
(762,765)	Income from council tax and non domestic rates	(813,069)
(1,229,462)	Government grants and contributions	(1,208,183)
(2,335,690)	Total income	(2,420,095)
(27,324)	(Surplus) / deficit on Provision of Services	24,371

7. Adjustments between Accounting Basis and Funding under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year, in accordance with proper accounting practice, to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

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2021/22	Notes	Usable Reserves				
		Earmarked General Reserves	General Fund Balance	Usable Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves
		£000	£000	£000	£000	£000
Adjustments involving the Capital Adjustment Account (CAA)	26.3					
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u>						
Depreciation and impairment of non current assets		-	(94,055)	-	-	(94,055)
Amortisation of intangible assets		-	(3,318)	-	-	(3,318)
Impairment of assets held for sale		-	-	-	-	-
Movement in market value of investment properties		-	3,751	-	-	3,751
Capital grants and contributions applied		-	150,563	-	-	150,563
Revenue expenditure funded from capital under statute		-	(49,051)	-	-	(49,051)
Value of assets disposed of during the year		-	(8,905)	-	-	(8,905)
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</u>						
Statutory provision for the financing of capital investment		-	45,953	-	-	45,953
Capital expenditure charged against the General Fund		-	7,000	-	-	7,000
Adjustments involving the Capital Adjustment Account		-	51,938	-	-	51,938
Adjustments involving the Capital Grants Unapplied Account						
Grants applied to financing (transferred to the CAA)		-	-	-	142	142
Grants and contributions unapplied		-	964	-	(964)	-
Adjustments involving the Capital Grants Unapplied Account		-	964	-	(822)	142
Adjustments involving the Capital Receipts Reserve						
Sale proceeds (part of gain/loss on disposal)		-	8,845	(4,579)	-	4,266
Loan repayments - loans awarded for capital purposes		-	-	(1,350)	-	(1,350)
Use of reserve to finance new capital expenditure		-	-	1,300	-	1,300
Use of capital receipts to repay debt		-	-	4,023	-	4,023
Use of capital receipts for administrative costs of non current asset disposal		-	-	-	-	-
Adjustments involving the Capital Receipts Reserve		-	8,845	(606)	-	8,239
Adjustments involving the Financial Instruments Adjustment Account						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement differ from costs chargeable in accordance with statutory requirements		-	842	-	-	842
Adjustments involving the Financial Instruments Adjustment Account		-	842	-	-	842
Adjustments involving the Pooled Investment Funds Adjustment Account						
Gain or loss on the valuation of pooled investment funds		-	1,854	-	-	1,854
Adjustments involving the Pooled Invest Funds Adjustment Account		-	1,854	-	-	1,854
Adjustments involving the Pensions Reserve	26.4					
Reversal of items debited/credited to the CIES		-	(174,357)	-	-	(174,357)
Employers' pension contributions payable in the year		-	61,334	-	-	61,334
Adjustments involving the Pensions Reserve		-	(113,023)	-	-	(113,023)
Adjustments involving the Collection Fund Adjustment Account						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement differs from Council Tax income calculated in accordance with statutory requirements		-	23,241	-	-	23,241
Adjustments involving the Collection Fund Adj Account		-	23,241	-	-	23,241
Adjustments involving the Accumulated Absences Account						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement differs from remuneration chargeable in accordance with statutory requirements		-	(5,157)	-	-	(5,157)
Adjustments involving the Accumulated Absences Account		-	(5,157)	-	-	(5,157)
Total adjustments		-	(30,496)	(606)	(822)	(31,924)

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2022/23	Notes	Usable Reserves				
		Earmarked General Reserves	General Fund Balance	Usable Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves
		£000	£000	£000	£000	£000
Adjustments involving the Capital Adjustment Account (CAA)	26.3					
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u>						
Depreciation and impairment of non current assets		-	(88,484)	-	-	(88,484)
Amortisation of intangible assets		-	(911)	-	-	(911)
Impairment of assets held for sale		-	(300)	-	-	(300)
Movement in market value of investment properties		-	(1,439)	-	-	(1,439)
Capital grants and contributions applied		-	125,875	-	-	125,875
Revenue expenditure funded from capital under statute		-	(50,684)	-	-	(50,684)
Value of assets disposed of during the year		-	(22,286)	-	-	(22,286)
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</u>						
Statutory provision for the financing of capital investment		-	49,302	-	-	49,302
Capital expenditure charged against the General Fund		-	6,000	-	-	6,000
Adjustments involving the Capital Adjustment Account		-	17,073	-	-	17,073
Adjustments involving the Capital Grants Unapplied Account						
Grants applied to financing (transferred to the CAA)		-	-	-	667	667
Grants and contributions unapplied		-	77	-	(77)	-
Adjustments involving the Capital Grants Unapplied Account		-	77	-	590	667
Adjustments involving the Capital Receipts Reserve						
Sale proceeds (part of gain/loss on disposal)		-	4,841	(4,841)	-	-
Loan repayments - loans awarded for capital purposes		-	-	(3,522)	-	(3,522)
Transfer from Deferred Capital Receipts Reserve		-	-	(2,100)	-	(2,100)
Use of reserve to finance new capital expenditure		-	-	6,422	-	6,422
Use of capital receipts to repay debt		-	-	2,750	-	2,750
Adjustments involving the Capital Receipts Reserve		-	4,841	(1,291)	-	3,550
Adjustments involving the Financial Instruments Adjustment Account						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement differ from costs chargeable in accordance with statutory requirements		-	842	-	-	842
Adjustments involving the Financial Instruments Adjustment Account		-	842	-	-	842
Adjustments involving the Pooled Investment Funds Adjustment Account						
Gain or loss on the valuation of pooled investment funds		-	(2,047)	-	-	(2,047)
Adjustments involving Pooled Investment Funds Adjustment Account		-	(2,047)	-	-	(2,047)
Adjustments involving the Pensions Reserve	26.4					
Reversal of items debited/credited to the CIES		-	(155,170)	-	-	(155,170)
Employers' pension contributions payable in the year		-	64,652	-	-	64,652
Adjustments involving the Pensions Reserve		-	(90,518)	-	-	(90,518)
Adjustments involving the Collection Fund Adjustment Account						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement differs from council tax income calculated in accordance with statutory requirements		-	10,486	-	-	10,486
Adjustments involving the Collection Fund Adj Account		-	10,486	-	-	10,486
Adjustments involving the Accumulated Absences Account						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement differs from remuneration chargeable in accordance with statutory requirements		-	3,163	-	-	3,163
Adjustments involving the Accumulated Absences Account		-	3,163	-	-	3,163
Total adjustments		-	(56,083)	(1,291)	590	(56,784)

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8. Earmarked revenue reserves

The Council maintains earmarked revenue reserves to manage known financial liabilities and possible risks. These reserves are categorised as follows:

- **Restricted use** – reserves for known contractual liabilities and potential risks beyond the control of the Council and balances held on behalf of others (including schools).
- **Future capital funding** – comprise revenue contributions to be used to supplement the resources available to finance future capital expenditure.
- **Other** – reserves for general purposes and used to fund revenue investment, investment in new ways of working and reserves to respond to short term budget pressures.

Details of the restricted use and the most significant of the other reserves are as follows:

	Reserves	Purpose and usage
RESTRICTED USE RESERVES	Grant equalisation	Equalise the timing differences between the recognition of grant income in the Comprehensive Income and Expenditure Statement and incurring the grant eligible expenditure.
	COVID-19 equalisation	Government funding set aside for exceptional one-off costs related to the COVID-19 pandemic.
	PFI equalisation	Used to equalise the impact of expenditure and government grant over the life of the PFI contracts.
	Waste	To smooth the effects of future increases in the costs of waste disposal.
	Partnerships	To retain unspent contributions from partners and to apply them in subsequent years.
	Schools	Schools are permitted to retain unspent resources which are held in the Schools Reserves. The statutory authority to commit these reserves rests with school governing bodies.
	Trading activities	Surpluses generated by the Council's internal trading activities, to be applied by these activities in subsequent years.
OTHER RESERVES	Adults' risk	To manage commercial price pressures related to adult social care provision.
	Adults' transformation	Set up to support delivery of ongoing future sustainability work in relation to Adult Social Care.
	Ambition Fund	To support investment that will deliver service improvements.
	Capital receipts pump priming	To meet costs associated with bringing properties into readiness for disposal.
	Carry forwards	Used to carry under spends in the year of account forward to support expenditure plans in the forthcoming financial year.
	Children's risk	To help manage potential price and volume pressures that may arise in relation to the provision of Children's services.
	Children's transformation	Set up to support transformation capability in relation to the Children's sustainability programme.

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	Reserves	Purpose and usage
OTHER RESERVES	Collection Fund investment risk	Established to mitigate the risks of falling collection rates for Council Tax and Non-domestic Rates.
	Commercial investment in Essex places	Established to fund commercial investment in Essex places that aligns to the Council's housing growth and town centre agendas.
	EES pension risk	To be used to meet future pension liabilities arising in relation to the staff who transferred to the new owner of EES for Schools.
	Emergency	Established as funding to address emerging budget pressures.
	Essex climate change commission	To be used to reduce carbon emissions and promote green infrastructure initiatives.
	Everyone's Essex	To support the delivery of the Everyone's Essex strategy for levelling up the County and improving lives and opportunities for all our residents.
	General risk	To support against inflationary risk for future years.
	Health and safety	Used to meet the costs of undertaking asbestos, legionella and disability discrimination act surveys.
	Highways	To support one off investment in Highways.
	Insurance	Provides for future potential and contingent liabilities for insurance claims.
	Property Fund	To mitigate against future losses of income related to the Council's investment properties.
	Renewal Fund	To support COVID-19 recovery activity.
	Technology and digitisation	Established to meet the future cost of replacing key Council technology systems.
	Transformation	Used to meet costs associated with project and change management aspects of the Council's ambitious programme of transformation.

Unless otherwise stated, there are no time constraints placed upon usage of the Council's earmarked revenue reserves.

A summary of the balances on the Earmarked Reserves is provided overleaf.

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	Balance	2021/22 movements		Balance	2022/23 movements		Balance
	1 April	Contributions	Withdrawals	31 March	Contributions	Withdrawals	31 March
	2021			2022			2023
	£000	£000	£000	£000	£000	£000	£000
Restricted use							
Grant equalisation reserve	(50,409)	(11,607)	25,177	(36,839)	(11,790)	4,696	(43,933)
COVID-19 equalisation	(37,496)	(32,489)	29,216	(40,769)	-	14,495	(26,274)
PFI equalisation reserves	(38,975)	(2,766)	9,619	(32,122)	(1,848)	11,961	(22,009)
Waste reserve	(116,850)	(7,178)	9,159	(114,869)	-	281	(114,588)
Partnership reserves	(1,764)	(637)	25	(2,376)	(539)	648	(2,267)
Schools	(43,601)	(9,045)	3,435	(49,211)	(3,053)	8,560	(43,704)
Trading activities	(1,341)	(173)	-	(1,514)	(215)	-	(1,729)
Total restricted reserves	(290,436)	(63,895)	76,631	(277,700)	(17,445)	40,641	(254,504)
Reserves earmarked for future use							
Future capital funding	(9,847)	(11,590)	7,000	(14,437)	(27,858)	6,000	(36,295)
Other reserves							
Adults' risk	-	(14,259)	38	(14,221)	-	1,660	(12,561)
Adults' transformation	(3,500)	(9,218)	-	(12,718)	-	2,916	(9,802)
Ambition Fund	(16,578)	(6,598)	16,652	(6,524)	(8,800)	4,773	(10,551)
Capital receipts pump priming	(4,204)	-	170	(4,034)	(6,000)	-	(10,034)
Carry forwards	(21,273)	(24,704)	21,233	(24,744)	(11,917)	21,622	(15,039)
Children's risk	-	-	-	-	(2,500)	2,500	-
Children's transformation	(1,314)	(6,019)	146	(7,187)	-	1,177	(6,010)
Collection Fund investment risk	(4,029)	(13,843)	10,286	(7,586)	(9,498)	-	(17,084)
Commercial investment in Essex places	(12,583)	(3,094)	18	(15,659)	-	190	(15,469)
EES pension risk reserve	(4,000)	-	-	(4,000)	-	-	(4,000)
Emergency	(12,564)	(5,000)	-	(17,564)	(9,094)	3,431	(23,227)
Essex Climate Change Commission	(5,000)	(53)	722	(4,331)	-	1,264	(3,067)
Everyone's Essex	-	(47,600)	328	(47,272)	(1,000)	3,286	(44,986)
General risk	-	(13,859)	-	(13,859)	(5,671)	4,689	(14,841)
Health and safety	(2,812)	(2,579)	735	(4,656)	-	7	(4,649)
Highways	-	-	-	-	(3,000)	-	(3,000)
Insurance	(7,498)	-	1,238	(6,260)	(4,865)	-	(11,125)
Property Fund	(977)	(325)	-	(1,302)	-	340	(962)
Renewal Fund	(27,900)	(273)	25,650	(2,523)	-	96	(2,427)
Technology and digitisation	(8,749)	(13,034)	10,142	(11,641)	(11,777)	3,299	(20,119)
Transformation	(54,686)	(5,538)	11,719	(48,505)	(15,635)	5,260	(58,880)
Other reserves	(5,605)	(11,385)	12,338	(4,652)	(852)	1,049	(4,455)
Total other reserves	(193,272)	(177,381)	111,415	(259,238)	(90,609)	57,559	(292,288)
Total earmarked revenue reserves	(493,555)	(252,866)	195,046	(551,375)	(135,912)	104,200	(583,087)

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9. Other operating expenditure

Other operating expenditure is comprised of the following:

2021/22 £000		2022/23 £000
	(Gains)/losses on the disposal of non current assets	
(8,845)	Disposal proceeds	(4,841)
8,905	Carrying value of assets and inventory disposed of during the year	22,286
-	Impairment of Assets Held for Sale	300
76	Disposal costs	71
136	Total losses on the disposal of non current assets	17,816
	Precepts and levies	
1,288	Lee Valley Regional Park	1,289
1,761	Environment Agency	1,810
390	Kent and Essex Inshore Fisheries and Conservation Authority	412
3,439	Precepts and levies	3,511
3,575	Total Other Operating Expenditure	21,327

The losses on the disposal of non-current assets primarily results from removing locally maintained schools from the Council's Balance Sheet that obtained academy status during the financial year. However, the Council entered into multiple transactions with the Essex Housing Developments LLP, which it owns, and one of the transactions was for the disposal of land at marginally less than market value.

10. Financing and investment income and expenditure

Financing and investment income and expenditure is comprised of the following:

2021/22 £000		2022/23 £000
	Net interest on the net defined benefit asset / liability	
71,432	Interest cost	96,972
(48,695)	Interest on assets	(78,125)
22,737		18,847
38,790	Interest payable and similar charges	39,957
(2,917)	Interest receivable and similar income	(8,994)
	Income and expenditure related to investment properties	
(5,174)	and changes in their value	(182)
555	Net deficit on trading activities	529
(1,129)	Other investment income (Dividends receivable)	(1,083)
52,862	Financing and Investment income and expenditure	49,074

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11. Trading operations

The Council's trading activities are required to balance their budgets by generating sufficient income from other parts of the Council and other organisations to cover their costs. The net surplus or deficit on these trading activities is included in the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement.

	Music Services £000	Place Services £000	Total £000
1 April 2021	(228)	(1,113)	(1,341)
Income	(4,135)	(3,557)	(7,692)
Expenditure	4,545	3,702	8,247
Net (surplus)/ deficit	410	145	555
Appropriations	(443)	(285)	(728)
31 March 2022	(261)	(1,253)	(1,514)
Income	(4,495)	(4,494)	(8,989)
Expenditure	5,058	4,460	9,518
Net (surplus)/ deficit	563	(34)	529
Appropriations	(587)	(157)	(744)
31 March 2023	(285)	(1,444)	(1,729)

The Music Services trading activity delivers music services to schools, and the Place Services trading activity provides environmental planning support and arboriculture services.

12. Taxation and non-specific grant income

Taxation and non-specific grant income are as follows:

2021/22 £000		2022/23 £000
	Taxation	
(726,416)	Council tax	(772,491)
(36,349)	Non domestic rates	(40,578)
(404,130)	Non specific grant income	(368,601)
(1,166,895)	Taxation and non specific grant income	(1,181,670)

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The following non-specific grants have been credited to Taxation and Non-Specific Grant income:

2021/22 £000		2022/23 £000
	Non ring-fenced grants	
(135,918)	Non Domestic Rates (Top up grant and Safety net / levy)	(135,705)
(38,236)	Social Care grant	(53,235)
(33,291)	Business Rates (Section 31 grants)	(38,884)
(28,808)	COVID-19 Emergency Funding	-
(22,982)	Private Finance Initiative grants	(22,982)
(18,701)	Revenue Support grant	(19,295)
-	Services grant	(12,177)
(3,640)	New Homes Bonus / New Homes Bonus Adjustment grant	(3,432)
(5,089)	Independent Living Fund grant	(5,089)
(10,292)	Local Council Tax Support grant	-
(3,388)	Other non ring-fenced grants	(1,690)
(300,345)		(292,489)
	Capital grants and contributions	
(3,989)	Department for Energy Security and Net Zero	(4,749)
(13,814)	Department for Education grants	(12,622)
	Department for Transport grants	
(12,764)	Direct funding	(12,750)
(8,328)	Integrated transport grant	(8,322)
(37,583)	Other	(19,097)
(11,626)	Homes England - Housing Infrastructure Fund	(7,121)
(3,495)	Other local authorities - Housing Investment grant	(3,163)
	South East Local Enterprise Partnership (Local Growth & Get Building	
(2,666)	funding)	(2,436)
(9,520)	Other grants and contributions	(5,852)
(103,785)		(76,112)
-	Donated assets - recognition of new assets	-
(404,130)	Total non-specific grant income	(368,601)

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13. Specific revenue and capital grants

The following grants have been credited to the Net Cost of Services within the Comprehensive Income and Expenditure Statement:

2021/22				2022/23		
Capital grants	Specific revenue grants	Total		Capital grants	Specific revenue grants	Total
£000	£000	£000		£000	£000	£000
			Department for Education (incl. Education and Skills Funding Agency)			
(12,831)	(15,310)	(28,141)	Department for Education grants	(18,029)	(15,006)	(33,035)
			Education and Skills Funding Agency grants			
-	(516,129)	(516,129)	Dedicated Schools grant	-	(540,825)	(540,825)
-	(16,619)	(16,619)	Pupil Premium grant	-	(17,811)	(17,811)
-	(8,110)	(8,110)	Universal Infants Free School Meals	-	(8,289)	(8,289)
-	(7,992)	(7,992)	Adult Community Learning	-	(8,718)	(8,718)
-	-	-	Schools supplementary grant	-	(7,752)	(7,752)
-	(7,761)	(7,761)	Other grants	-	(9,244)	(9,244)
(12,831)	(571,921)	(584,752)		(18,029)	(607,645)	(625,674)
			Department of Health and Social Care			
-	(63,627)	(63,627)	Public Health grant	-	(65,420)	(65,420)
			COVID-19			
-	(19,483)	(19,483)	Infection Control grant	-	-	-
-	(7,434)	(7,434)	Contain Outbreak Management Fund	-	-	-
-	(12,640)	(12,640)	Other COVID-19 related grants	-	(12)	(12)
-	(11,408)	(11,408)	Workforce recruitment and retention	-	-	-
-	(5,659)	(5,659)	Other grants	-	(9,382)	(9,382)
-	(120,251)	(120,251)		-	(74,814)	(74,814)
			Department for Levelling Up, Housing and Communities			
-	(39,325)	(39,325)	Additional Better Care Fund grant	-	(46,152)	(46,152)
-	-	-	Ukraine Refugee grants	-	(4,923)	(4,923)
(68)	(11,596)	(11,664)	Other grants	-	(16,994)	(16,994)
(68)	(50,921)	(50,989)		-	(68,069)	(68,069)
			Department for Work and Pensions			
-	(9,437)	(9,437)	Household support fund	-	(18,818)	(18,818)
-	(3,704)	(3,704)	Other grants	-	(517)	(517)
-	(13,141)	(13,141)		-	(19,335)	(19,335)
			Grants awarded by other bodies			
(4,283)	(8,716)	(12,999)	Department for Transport	(4,297)	(4,933)	(9,230)
-	-	-	Homes England - Housing Infrastructure Fund		-	-
-	(9,002)	(9,002)	Home Office		(12,195)	(12,195)
(15,249)	(519)	(15,768)	South East Local Enterprise Partnership	(10,325)	(475)	(10,800)
(4,904)	(13,526)	(18,430)	Other grants	(6,561)	(12,904)	(19,465)
(24,436)	(31,763)	(56,199)		(21,183)	(30,507)	(51,690)
(37,335)	(787,997)	(825,332)		(39,212)	(800,370)	(839,582)

Note: Comparative figures for the prior year have been grouped on a basis consistent with 2022/23.

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14. Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by a grant awarded by the Education and Skills Funding Agency; the Dedicated Schools Grant (DSG). An element of the DSG is recouped by the Education and Skills Funding Agency to fund academy schools in the Council's area.

DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools' Budget, as defined in the School Finance and Early Years (England) Regulations 2022.

The Schools' Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2022/23 are provided in the following table.

2021/22		2022/23	Deployment in 2022/23	
			Central Expenditure	Individual Schools Budget
£000		£000	£000	£000
(1,264,878)	Final DSG for the year (before Academy recoupment)	(1,332,635)		
743,206	Academy and other recoupments	775,531		
(521,672)	Total DSG after Academy and other recoupment	(557,104)		
(1,708)	Brought forward from previous year	(6,747)		
(523,380)	Agreed initial budgeted distribution	(563,851)	(117,893)	(445,958)
504	In year adjustments	(1,305)	1,348	(2,653)
(522,876)	Final budgeted distribution	(565,156)	(116,545)	(448,611)
516,129	Actual central expenditure / ISB deployed	540,825	92,214	448,611
(6,747)	Surplus carried forward to next year	(24,331)	(24,331)	-

15. Property, plant, equipment and similar assets

15.1 Movement in balances – 2021/22

	Property, plant and equipment						Intangible Assets	Investment Property	Heritage Assets	Assets held for sale
	Land and buildings	Vehicles and equipment	Infra-structure Assets	Community Assets	Assets under construction	Surplus Assets				
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Gross Book Value										
As at 1 April 2021	1,364,981	52,535		4,041	162,180	54,352	19,901	38,446	14,721	6,438
Additions	4,158	746	-	-	166,778	-	-	-	-	-
Revaluation increases / (decreases) recognised in:										
Revaluation Reserve	59,976	-	-	-	-	6,554	-	-	-	-
Surplus/Deficit on the provision of services	(10,038)	-	-	-	-	(689)	-	3,751	-	-
Derecognition - disposals	(932)	(1,045)	-	-	-	(651)	-	-	-	(4,850)
Reclassifications to / (from) other categories	2,227	-	121	-	-	(11,418)	-	(1,795)	-	10,865
Transfers from assets under construction	23,712	470	103,862	340	(128,511)	90	-	-	37	-
As at 31 March 2022	1,444,084	52,706		4,381	200,447	48,238	19,901	40,402	14,758	12,453
Depreciation / Amortisation										
As at 1 April 2021	(21,408)	(45,218)		(370)	-	(480)	(14,465)	-	(43)	-
Depreciation / amortisation for the year	(27,536)	(2,908)	(56,622)	(87)	-	(408)	(3,318)	-	(4)	-
Revaluations and restatements written out to:										
Revaluation Reserve	22,377	-	-	-	-	572	-	-	-	-
Surplus/Deficit on the provision of services	4,196	-	-	-	-	41	-	-	-	-
Derecognition - disposals	21	942	-	-	-	5	-	-	-	-
As at 31 March 2022	(22,350)	(47,184)		(457)	-	(270)	(17,783)	-	(47)	-
Net Book Value at 31 March 2021	1,343,573	7,317	1,218,323	3,671	162,180	53,872	5,436	38,446	14,678	6,438
Net Book Value at 31 March 2022	1,421,734	5,522	1,265,684	3,924	200,447	47,968	2,118	40,402	14,711	12,453
Movement in Net Book Value in 2021/22	78,161	(1,795)	47,361	253	38,267	(5,904)	(3,318)	1,956	33	6,015
Analysis of movements in Net Book Value in 2021/22										
Additions	4,158	746	-	-	166,778	-	-	-	-	-
Revaluation increases / (decreases) recognised in:										
Revaluation Reserve	82,353	-	-	-	-	7,126	-	-	-	-
Surplus/Deficit on the provision of services	(5,842)	-	-	-	-	(648)	-	3,751	-	-
Derecognition - disposals	(911)	(103)	-	-	-	(646)	-	-	-	(4,850)
Reclassifications to / (from) other categories	2,227	-	121	-	-	(11,418)	-	(1,795)	-	10,865
Transfers from assets under construction	23,712	470	103,862	340	(128,511)	90	-	-	37	-
Depreciation / amortisation for the year	(27,536)	(2,908)	(56,622)	(87)	-	(408)	(3,318)	-	(4)	-
Total movements in Net Book Value	78,161	(1,795)	47,361	253	38,267	(5,904)	(3,318)	1,956	33	6,015

15.2 Movement in balances – 2022/23

	Property, plant and equipment						Intangible Assets	Investment Property	Heritage Assets	Assets held for sale
	Land and buildings	Vehicles and equipment	Infra-structure Assets	Community Assets	Assets under construction	Surplus Assets				
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Gross Book Value										
As at 1 April 2022	1,444,084	52,706		4,381	200,447	48,238	19,901	40,402	14,758	12,453
Additions	(10,017)	3,769	-	-	167,595	-	-	-	-	-
Revaluation increases / (decreases) recognised in:										
Revaluation Reserve	33,772	-	-	-	-	655	-	-	-	-
Surplus/Deficit on the provision of services	(780)	-	-	-	-	272	-	(1,439)	-	(300)
Derecognition - disposals	(18,137)	(17,328)	(59)	-	-	(96)	(1,702)	-	-	(3,190)
Reclassifications to / (from) other categories	(3,191)	-	2	-	-	6,064	-	-	-	(2,875)
Transfers from assets under construction	20,330	192	166,094	364	(187,146)	136	-	-	30	-
As at 31 March 2023	1,466,061	39,339		4,745	180,896	55,269	18,199	38,963	14,788	6,088
Depreciation / Amortisation										
As at 1 April 2022	(22,350)	(47,184)		(457)	-	(270)	(17,783)	-	(47)	-
Depreciation / amortisation for the year	(28,756)	(1,788)	(60,148)	(96)	-	(465)	(911)	-	(5)	-
Revaluations and restatements written out to:										
Revaluation Reserve	21,675	-	-	-	-	422	-	-	-	-
Surplus/Deficit on the provision of services	3,215	-	-	-	-	67	-	-	-	-
Derecognition - disposals	259	16,976	59	-	-	-	1,702	-	-	-
As at 31 March 2023	(25,957)	(31,996)		(553)	-	(246)	(16,992)	-	(52)	-
Net Book Value at 31 March 2022	1,421,734	5,522	1,265,684	3,924	200,447	47,968	2,118	40,402	14,711	12,453
Net Book Value at 31 March 2023	1,440,104	7,343	1,371,632	4,192	180,896	55,023	1,207	38,963	14,736	6,088
Movement in Net Book Value in 2022/23	18,370	1,821	105,948	268	(19,551)	7,055	(911)	(1,439)	25	(6,365)
Analysis of movements in Net Book Value in 2022/23										
Additions	(10,017)	3,769	-	-	167,595	-	-	-	-	-
Revaluation increases / (decreases) recognised in:										
Revaluation Reserve	55,447	-	-	-	-	1,077	-	-	-	-
Surplus/Deficit on the provision of services	2,435	-	-	-	-	339	-	(1,439)	-	(300)
Derecognition - disposals	(17,878)	(352)	-	-	-	(96)	-	-	-	(3,190)
Reclassifications to / (from) other categories	(3,191)	-	2	-	-	6,064	-	-	-	(2,875)
Transfers from assets under construction	20,330	192	166,094	364	(187,146)	136	-	-	30	-
Depreciation / amortisation for the year	(28,756)	(1,788)	(60,148)	(96)	-	(465)	(911)	-	(5)	-
Total movements in Net Book Value	18,370	1,821	105,948	268	(19,551)	7,055	(911)	(1,439)	25	(6,365)

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In accordance with the temporary relief offered by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom, the above tables do not include disclosure of gross cost and accumulated depreciation for infrastructure assets. This is because historical reporting practices and resultant information deficits mean that inclusion of this information would not faithfully represent the asset position it purports to represent.

The Council has also determined, in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England and Wales) (Amendment) Regulation 2022, that the carrying amounts to be derecognised for infrastructure assets where there is replacement expenditure will be nil. This is consistent with the Council's economic model of not replacing parts of the highways network until it is no longer possible to defer maintenance activity, and of prioritising preventative maintenance to prolong service lives.

15.3 Fair value measurement

The Council measures its surplus assets and investment property at fair value. The fair values of these assets as at 31 March 2023 are as follows:

31 March 2022 Fair value Level 2 <i>Other significant observable inputs</i> £000		31 March 2023 Fair value Level 2 <i>Other significant observable inputs</i> £000
	Surplus properties	
27,215	Former school sites	27,243
10,536	Land	12,288
10,487	Other	15,738
48,238		55,269
	Investment properties	
10,475	Retail Park	10,475
9,650	Office Block	8,650
7,580	Industrial Unit	6,200
11,596	Agricultural tenancies	12,305
1,101	Other	1,333
40,402		38,963

The fair values have been derived by determining a general tone of values for an asset class and/or geographical location and by considering transactional evidence for the sale of comparable assets (interpreted as being a **Level 2** input).

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use. For surplus properties, the highest and best use is assessed by considering if there is an alternative use to that applied by the Council when the properties were used for operational purposes that would maximise their value.

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15.4 Capital commitments

At 31 March 2023, the Council had entered contracts for the construction or enhancement of Property, Plant and Equipment. These commitments are as follows:

31 March 2022 £000		31 March 2023 £000
19,539	Highways and Transportation	48,387
23,987	Education (schools)	22,717
13,843	Information Services	5,410
11,453	Other	16,444
68,822		92,958

15.5 Revaluations

The Council ensures that all Property, Plant and Equipment required to be measured at current value is re-valued, under a rolling five-year programme, by the Council's property advisor Lambert Smith Hampton. All valuations are undertaken in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS). The timing and amounts of the valuations are summarised in the following table:

	Held at historical value £000	Valued as at					Total cost or valuation £000
		1 April 2018 £000	1 April 2019 £000	1 April 2020 £000	1 April 2021 £000	1 April 2022 £000	
Operational Assets							
Land and buildings	-	59,214	201,503	301,317	348,470	555,557	1,466,061
Vehicles, plant & equipment	39,339	-	-	-	-	-	39,339
Infrastructure	1,996,073	-	-	-	-	-	1,996,073
Community Assets	4,745	-	-	-	-	-	4,745
Non-Operational Assets							
Surplus assets	-	16,423	5,350	15,890	5,375	12,231	55,269
Assets under construction	180,896	-	-	-	-	-	180,896
Gross book value	2,221,053	75,637	206,853	317,207	353,845	567,788	3,742,383

The timing of the valuation of land and buildings (as reflected in the above table) is based on when the assets were last formally valued by the Council's property advisor.

In addition to these formal valuations, a review is undertaken by the Council's property advisor at each year-end, to determine whether the carrying amount of land and buildings in the year of account is consistent with their current value as at 31 March. Where this review indicates that the carrying amounts are inconsistent with their current value, the carrying amounts are adjusted by indices advised by the Valuer.

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Operational land and buildings are either valued at their 'existing use value' (EUUV) or at 'depreciated replacement cost' (DRC). Where there is no active market for the land and buildings, because of their specialist nature, DRC is used as an estimate of current value (**95%** of the Council's land and buildings are estimated using DRC).

Depreciated historical cost (DHC) is used as a proxy for current value for assets which:

- Have low values and/or short lives (vehicles, plant and equipment).
- Are not used up as they provide services (community assets).
- Can only be used for the purpose originally constructed (infrastructure assets).
- Are still being constructed (assets under construction).

The current value measurement for surplus assets is 'fair value', estimated at highest and best use from a market participants perspective (see note 0, on page 65, for further details).

16. Capital expenditure and capital financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance lease and PFI contracts), together with the resources that have been used to finance it.

The Capital Financing Requirement provides a measure of the capital expenditure incurred by the Council that has yet to be financed. The movement in the Capital Financing Requirement is analysed in the second part of this note.

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2021/22 £000		2022/23 £000
1,106,237	Opening Capital Financing Requirement	1,122,808
	Capital investment	
171,683	Property, plant and equipment	160,457
545	Inventories	399
49,051	Revenue expenditure funded from capital under statute	50,684
4,273	Loans awarded for capital purposes	4,103
225,552	Total capital investment	215,643
	Sources of finance	
(5,323)	Capital receipts	(9,172)
(150,705)	Government grants and contributions	(126,542)
(7,000)	Earmarked revenue reserves applied	(6,000)
(45,953)	Revenue provision for the repayment of debt	(49,302)
(208,981)	Total sources of finance	(191,016)
16,571	Increase in the Capital Financing Requirement	24,627
1,122,808	Closing Capital Financing Requirement	1,147,435
	Explanation of movements in year	
16,395	Increase in underlying need to borrow	23,848
176	Increase for assets acquired under finance lease	779
16,571	Increase in the Capital Financing Requirement	24,627

17. Leases

17.1 Council as Lessee – Finance leases

The following table summarises the Council's finance lease obligations:

31 March 2022			31 March 2023	
Short Term	Long Term		Short Term	Long Term
£000	£000		£000	£000
4	380	Property	4	376
680	2,434	Vehicles, plant and equipment	745	2,165
12,508	87,163	Private Finance Initiatives	13,737	73,426
13,192	89,977		14,486	75,967

Further detail on the liabilities related to Private Finance Initiative schemes is provided in note 18, which commences on page 70.

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17.2 Council as Lessee – Operating leases

The Council has also acquired the use of Property, Plant and Equipment by entering into leases classified as operating leases. The future minimum lease payments due under the non-cancellable terms of these leases are as follows:

31 March 2022				31 March 2023		
Property £000	Other £000	Total £000		Property £000	Other £000	Total £000
2,793	726	3,519	One year	2,401	1,012	3,413
8,098	1,119	9,217	Two to five years	7,362	1,176	8,538
43,666	2	43,668	Over five years	41,868	-	41,868
54,557	1,847	56,404	Total rentals	51,631	2,188	53,819

17.3 Council as Lessor

The Council has granted leases for several of its properties under the terms of a finance lease. The Council has a gross investment in these leases of **£65,000** as at 31 March 2023 (31 March 2022: £65,000), made up of the minimum lease payments expected to be received over the remaining term of the leases.

The Council has also granted leases for a number of its properties under the terms of an operating lease. The properties leased under the terms of an operating lease are those within its Investment Property portfolio (as detailed in note 15.3 on page 65), and properties for the provision of community and voluntary services.

The future minimum lease payments receivable under non-cancellable leases in future years are as follows:

31 March 2022 £000		31 March 2023 £000
2,441	Not later than one year	2,155
3,881	Later than one year and not later than five years	4,554
2,190	Later than five years	2,107
8,512	Total	8,816

The future minimum lease payments receivable as at 31 March 2023 reflect the amounts receivable up to the earliest date that the lessees can exit from the arrangements without penalty.

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18. Private Finance Initiative (PFI) contracts

18.1 Nature and significant terms

The nature and significant terms of these arrangements are as follows:

Scheme	Nature and significant terms
A130 Bypass	<p>This contract was entered into in October 1999 for the design, construction and maintenance of the A130 Bypass and associated off-site facilities. Construction was completed in two phases; the Northern section was completed in 2002 and the Southern section in 2003. No payments were made until construction of the road was complete. Construction and land costs were estimated at £80m.</p> <p>Payments are made to the Contractor for the provision of the road surface and are based upon the availability and usage of the road. Deductions can be made if the road is closed or if traffic flow is affected by road works.</p> <p>The road will be passed to the Council in a repaired/neutral state at the end of the arrangements in 2030.</p>
Debden Park School	<p>Under this arrangement, the Operator was firstly responsible for construction of the school and subsequently for the running of it. Initial construction costs were in the region of £15m.</p> <p>The contractor is operating and maintaining the school facilities for a contract term of 25 years (i.e. until 2026).</p> <p>The amounts paid to the Contractor vary according to inflation, the proportion of time that the facilities are made available to the school, and the achievement of performance goals.</p>
Clacton Secondary Schools	<p>This contract was entered into in 2003/04 for the construction of a new secondary school and the expansion and refurbishment of a further two secondary schools, all within the Clacton area. Total construction costs were in the region of £34m.</p> <p>The contract also provides for a full facilities management service for all sites for the contract term of 30 years (i.e. from 2005 until 2035).</p> <p>The annual unitary charge varies according to inflation, the proportion of the time that the facilities are made available to the schools, and the extent to which the Operator meets agreed performance goals.</p>
Castleview, Cornelius Vermuyden and Columbus Schools	<p>This contract was entered into in April 2010 for the provision of three schools under one project agreement, with one unitary payment. The contract includes buildings and grounds maintenance, security, caretaking and cleaning. The operational term for the PFI contract, which commenced in January 2012, is 25 years.</p> <p>At financial close of this contract, two of the schools were foundation schools and one was a community school. All three of the schools have subsequently converted to academy status.</p> <p>These schools' governing bodies consent to the Council acting on their behalf and they accept the arrangements included within the PFI project agreement.</p>

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Scheme	Nature and significant terms
	<p>Payment arrangements between the Council and these schools reflect those agreed in the project agreement.</p> <p>The Council carries the PFI liability in its own Balance Sheet for the Columbus School, as this was a community school at financial close of the contract. The construction costs of this school amounted to £22.3m.</p>
Woodlands School	<p>The contract includes buildings and grounds maintenance, security, caretaking and cleaning. The operational term for the PFI contract is 23 years (excluding the construction period).</p> <p>Construction costs for this school amounted to £27m. The school became operational in January 2014. It converted to academy status on 1 April 2015. Annual unitary payments include payment for services provided, financing charges and repayment of this liability.</p>

18.2 Details of payments to be made under PFI contracts

The Council makes agreed payments under the schemes detailed in note 18.1 each year, which are increased by inflation, and can be reduced if the contractor fails to meet availability and performance standards, but which are otherwise fixed. Payments remaining to be made by the Council under the operational phase of its PFI contracts (*excluding any estimation of inflation and availability / performance deductions*) are as follows:

	Estimated timing of payments to PFI/PPP operators					Total £000
	Within one year £000	2 - 5 years £000	6 - 10 years £000	11 - 15 years £000		
Service charges	7,942	32,585	37,480	22,659	100,666	
Interest and similar charges	18,912	43,215	20,441	9,711	92,279	
Repayment of liability	13,737	29,938	20,749	22,739	87,163	
Lifecycle replacement	2,477	10,194	16,256	3,504	32,431	
Total	43,068	115,932	94,926	58,613	312,539	

Under existing legislation, the Council expects to continue to receive additional government grant that will broadly cover the capital elements of the payments to contractors.

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18.3 Property, plant and equipment used to provide services

The assets recognised on the Council's Balance Sheet that are used to provide services in respect of the above schemes are as follows:

31 March 2022 £000		31 March 2023 £000
	Gross Book Value	
103,861	As at 1 April	104,882
	Revaluation increases / (decreases) recognised in:	
3,466	Revaluation Reserve	2,507
(2,445)	Surplus/Deficit on the provision of services	(321)
104,882	As at 31 March	107,068
	Depreciation / Amortisation	
(39,337)	As at 1 April	(40,355)
1,455	Revaluations and restatements	842
(2,473)	Depreciation / amortisation for the year	(2,502)
(40,355)	As at 31 March	(42,015)
64,524	Net book value at 1 April	64,527
64,527	Net book value at 31 March	65,053

18.4 Value of PFI liabilities for capital expenditure

The following liability is outstanding to pay the PFI contractors for capital expenditure:

2021/22 £000		2022/23 £000
(111,287)	Balance as at 1 April	(99,671)
11,616	Liabilities repaid	12,508
(99,671)	Balance as at 31 March	(87,163)

19. Financial instruments

19.1 Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

31 March 2022				31 March 2023		
Long term £000	Short term £000	Total £000		Long term £000	Short term £000	Total £000
			Financial assets			
			Investments			
13,014	-	13,014	Fair value through Profit or Loss	500	10,478	10,978
-	14,998	14,998	Amortised cost	-	-	-
13,014	14,998	28,012		500	10,478	10,978
4,440	111,475	115,915	Debtors (contractual)	5,547	111,404	116,951
-	589,860	589,860	Cash and cash equivalents	-	659,349	659,349
17,454	716,333	733,787	Total	6,047	781,231	787,278
			Financial liabilities (amortised cost)			
(582,194)	(23,402)	(605,596)	Borrowing	(572,344)	(29,549)	(601,893)
(89,977)	(13,192)	(103,169)	PFI / Finance lease liabilities	(75,967)	(14,486)	(90,453)
(437)	(271,276)	(271,713)	Creditors (contractual)	(427)	(266,913)	(267,340)
-	(27,516)	(27,516)	Bank overdraft	-	(33,588)	(33,588)
(672,608)	(335,386)	(1,007,994)	Total	(648,738)	(344,536)	(993,274)

The above totals for debtors and creditors differ from the figures shown in the Balance Sheet because amounts related to statutory debts (e.g. such as Council Tax and Non-Domestic Rates) are not classified as financial instruments.

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19.2 Income, expense, gains and losses

Items included within the Surplus / Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement in relation to income, expense and gains and losses on financial instruments are as follows:

2021/22 £000		2022/23 £000
	Net (gains) / losses	
(1,854)	Financial assets classified as Fair Value through Profit or Loss	2,046
(1,854)		2,046
	Interest revenue	
(403)	Financial assets classified as Fair value through profit or loss	(441)
(660)	Financial assets classified as amortised cost	(10,599)
(1,063)		(11,040)
38,790	Interest expense	39,957
35,873	Net (gain) / loss for the year	30,963

19.3 Fair values of financial assets carried at fair value

The financial assets classified as 'Fair Value through Profit and Loss' in note 19.1 comprise an investment in a pooled Property Fund and an equity investment in Medtech Accelerator Ltd, a company supporting the development of new medical technologies to create new employment opportunities in the region.

The pooled Property Fund is measured at fair value on a recurring basis, using input **Level 1** in the fair value hierarchy. This means that fair value is based on the quoted price in an active market for identical shares. The pooled Property Fund investment has been reclassified from a long term to short term investment in 2022/23, as the Council gave notice to exit from the Fund on 31 March 2023.

The equity investment in Medtech Accelerator Ltd is held at amortised cost, as a proxy for fair value.

19.4 Fair values for financial assets and liabilities not measured at fair value

Other than the financial assets described in note 19.3, all financial assets and all financial liabilities are carried in the Balance Sheet at amortised cost.

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The following table compares, for all financial assets and liabilities held at amortised cost, the carrying and fair values:

31 March 2022			31 March 2023	
Carrying amount £000	Fair Value £000		Carrying amount £000	Fair Value £000
		Financial liabilities		
		Borrowing		
(511,290)	(596,965)	Public Works Loans Board	(502,227)	(462,168)
(77,928)	(119,985)	Money Market loans	(77,928)	(74,147)
(16,378)	(15,558)	Other	(21,738)	(20,006)
(605,596)	(732,508)	Total borrowing	(601,893)	(556,321)
(103,169)	(150,819)	PFI / finance lease liabilities	(90,453)	(117,297)
(27,516)	(27,516)	Bank overdraft	(33,588)	(33,588)
(271,713)	(271,713)	Creditors (contractual)	(267,340)	(267,340)
(1,007,994)	(1,182,556)	Total financial liabilities	(993,274)	(974,546)
		Financial assets		
14,998	15,006	Investments at amortised cost	-	-
589,860	589,860	Cash and cash equivalents	659,349	659,349
115,915	115,915	Debtors (contractual)	116,951	116,951
720,773	720,781	Total financial assets	776,300	776,300

Financial liabilities

The fair value of Public Works Loan Board (PWLB) loans measures the economic effect of terms agreed with the PWLB compared with the estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date, which has been assumed to be the PWLB 'new loan' rate. The difference between the carrying amount (£502.227m) and the fair value of the PWLB loans (£462.168m) therefore measures the additional interest the Council will pay over the remaining term of the loans, against what would be paid if the loans were at prevailing 'new loan' rates. However, the Council would not simply be able to swap its existing loans for equivalent loans at the 'new loan' rate because the PWLB would raise a penalty charge for early redemption of £10.428m for the additional interest that would now not be paid. The exit price for the PWLB loans, including this penalty charge, would therefore be £512.655m.

Investments and cash

Where an instrument will mature within the next 12 months, the carrying amount is assumed to approximate to fair value.

Other

The fair value of trade creditors, debtors and PFI liabilities is taken to be the invoiced or billed amount.

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19.5 Fair value hierarchy for financial assets and liabilities not measured at fair value

The fair values for borrowing and investments that are not carried in the Balance Sheet at fair value have all been derived at **level 2** of the fair value hierarchy (i.e. using inputs other than quoted prices that are observable for the financial asset / liability). The fair value of the remainder of financial liabilities and assets that are not carried in the Balance Sheet at fair value have been derived at **level 3** of the fair value hierarchy.

The fair value for financial liabilities and financial assets that are not measured at fair value has been assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

Financial Assets

- No early repayments or impairment is recognised.
- The estimated rate of interest at 31 March 2023 of **4.1%** for loans receivable, based on new lending rates for the remaining period of the deposits at that date.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Financial liabilities

- No early repayment is recognised.
- Estimated ranges of interest rates at 31 March 2023 of **4.23%** to **4.98%** for loans payable based on new lending rates for equivalent loans at that date.
- The fair value of trade and other payables is taken to be the invoiced or billed amount.

19.6 Nature and extent of risks arising from financial instruments

One of the main ways in which the Council is exposed to financial risks from financial instruments is as a consequence of depositing its funds with banks and financial institutions. These financial risks include:

- **Credit risk** – the possibility that other parties might fail to pay amounts due to the Council.
- **Liquidity risk** – the possibility that the Council might not have funds available to meet its commitments to make payments.
- **Market risk** – the possibility that financial loss might arise for the Council because of changes in such measures as interest rates.

The Council's overall treasury risk management framework focuses on the unpredictability of financial markets and arrangements for minimising these risks in relation to depositing funds with banks and other financial institutions.

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This framework includes:

- Compliance with statutory regulations and the CIPFA Treasury Management Code of Practice (i.e. the CIPFA Treasury Management in the Public Services Code of Practice and Cross Sectoral guidance notes).
- Approving annual limits on the overall level of borrowing, exposure to fixed and variable interest rates, maturity structure of debt and amounts that can be invested beyond one year.
- Approving an annual investment strategy that establishes criteria for both investing and selecting counterparties in compliance with government guidance.
- Written principles for overall risk management and policies covering specific areas such as interest rate risk, credit risk and the investment of surplus cash.

The Council is also exposed to financial risks by virtue of its transactions with its customers and suppliers. It seeks to mitigate these risks by collecting income in advance of providing services, and by not paying suppliers in advance of goods and services being received, wherever this is possible.

Credit risk

The Council sought to minimise the credit risks associated with depositing funds with banks and financial institutions by only placing funds with those counterparties that satisfied the credit rating criteria set out within its investment strategy. This strategy sought to provide a sound approach to investing in normal market circumstances.

UK banks and building societies, and non-UK banks domiciled in a country with a minimum sovereign rating of 'AA-', were eligible for inclusion on the Council's lending list during 2022/23 if they had acceptable credit ratings in both of the following categories:

- **Short-term rating** – provides an indication of the capacity of the financial institution to meet its financial commitments in the short term.
- **Long-term rating** – provides an indication of the capacity of the financial institution to meet its financial commitments over the longer-term.

Nationalised / part-nationalised financial institutions were also included on the Council's lending list, together with low volatility net asset value Money Market Funds that were denominated in 'sterling' and regulated within the EU and had an 'AAA' credit rating.

Application of the credit rating criteria set out within the Annual Investment Strategy meant that the maximum amount invested in 2022/23 by the Council with any financial institution, at any point in time, ranged between **£15m** and **£75m** (i.e. the limit varied within this range, depending on the relative strength of financial institutions' credit ratings within the acceptable range).

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Surplus cash balances were predominantly invested on a short-term basis (*i.e. for periods of up to 364 days*) until the funds were next required. Funds invested on this basis were either placed 'on-call' or in short-term 'fixed-term' deposits. Because of the short-term nature of these investments, the Council was able to respond quickly to changes in credit risk.

The Council's Investment Strategy also allowed for underlying cash balances to be invested on a longer-term basis (*i.e. for periods beyond 364 days*). Because it is not possible to respond to changes in credit risk as quickly, a limit was set within the annual treasury management strategy, upon the total amount that could be invested for periods beyond 364 days. For 2022/23, this limit was **£50m** (2021/22: £50m). No new longer term investments were made during 2022/23 though.

The Council did not experience any losses from non-performance by any of its counterparties in relation to the deposits it placed with them.

In relation to credit exposure associated with the Council's customers, the Council raises invoices for all work done, goods supplied and services rendered or other amounts due, to ensure that such amounts are properly recorded as due to the Council. The Council's Income Collection Team is then responsible for the recovery and enforcement of these debts, which it does in compliance with the Council's Debt Recovery Strategy to ensure that payment is secured within the agreed terms and to minimise the incidence of bad debts.

Liquidity risk

There are no significant risks that the Council will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The Council seeks to mitigate against this risk by ensuring a relatively even debt maturity profile.

The maturity analysis of existing financial liabilities (principal and interest) is as follows:

31 March 2022				Repayment period	31 March 2023			
PWLB	Money Market	Other	Total		PWLB	Money Market	Other	Total
£000	£000	£000	£000		£000	£000	£000	£000
25,798	3,162	9,220	38,180	Less than one year	26,209	3,162	14,686	44,057
25,798	3,162	9,220	38,180	Short term borrowing	26,209	3,162	14,686	44,057
26,209	3,162	1,875	31,246	Between 1 and 2 years	31,960	3,162	1,483	36,605
98,680	9,487	5,061	113,228	Between 2 - 5 years	100,876	9,487	5,569	115,932
169,342	15,812	222	185,376	Between 5 - 10 years	167,848	15,811	-	183,659
299,936	47,434	-	347,370	Between 10 - 25 years	276,880	47,435	-	324,315
240,718	47,435	-	288,153	Between 25 - 40 years	231,112	47,435	-	278,547
-	31,623	-	31,623	Between 40 - 50 years	-	31,623	-	31,623
-	91,930	-	91,930	Over 50 years	-	88,767	-	88,767
834,885	246,883	7,158	1,088,926	Long term borrowing	808,676	243,720	7,052	1,059,448
860,683	250,045	16,378	1,127,106	Total borrowing	834,885	246,882	21,738	1,103,505

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Market Risk

A rise in interest rates could impact the Council in the following ways:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise.
- Borrowings at fixed rates – the fair value of borrowings will fall.
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise.
- Investments at fixed rates – the fair value of the assets will fall.

Because the Council only carries a small proportion of its investments at fair value, and none of its borrowings, nominal gains and losses on fixed rate borrowing and investments would not impact on the Surplus or Deficit on the Provision of Services. However, changes in interest payable and receivable on variable rate borrowings and investments will impact on the amount charged / credited to the Surplus or Deficit on the Provision of Services pound for pound.

The Council has several strategies for managing interest rate risk, including limiting exposure to variable rate borrowing to a maximum of **30%** of total borrowing (2021/22: 30%).

If interest rates had been **1%** higher throughout 2022/23 (with all other variables held constant) the Council's net interest burden would have been lower than that shown in note 19.2, as follows:

2021/22 £000		2022/23 £000
	Impact on the Comprehensive Income and Expenditure Statement	
415	Interest payable on variable rate borrowing	483
(1,760)	Interest receivable on variable rate investments	(1,987)
(1,345)	Net (gain) / loss	(1,504)

19.7 Credit risk management practices

The following arrangements were in place for managing credit risk in relation to financial assets, and for estimating the impairment loss allowances that would reflect the Council's exposure to this risk:

Asset type	Credit risk management practices	Estimation of impairment loss allowances
Loans to other local authorities	Investments guaranteed by statute – no credit risk.	No allowance required.

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Asset type	Credit risk management practices	Estimation of impairment loss allowances
Deposits with banks and building societies	Deposits are restricted by the Council's Treasury Management Strategy (as noted above).	Expected credit losses are calculated by applying historical experience of default factors supplied by the Council's Treasury Management Advisor.
Other debtors	Debtors are not subject to internal credit rating; they are instead grouped by their credit risk characteristics for the purposes of calculating expected credit losses.	Expected credit losses are calculated using provision matrices based on historical data for defaults, overlaid by consideration of factors impacting upon debtors' ability to settle their obligations.

The following table summarises the Council's potential credit risk exposure:

	Credit risk rating	Gross carrying amount
	Low £000	£000
Deposits with banks and other financial institutions	598,100	598,100
Working capital loan facility - Essex Housing Development LLP	2,458	2,458
	600,558	600,558
Other debtors (contractual) - not subject to credit rating		116,951
Total amount exposed to credit risk		717,509

The following movements in the impairment loss allowances for financial assets took place in 2022/23:

	Cash and cash equivalents £000	Investments at amortised cost £000	Other debtors (contractual) £000	Total £000
Allowance at 1 April 2021	90	8	16,103	16,201
Assets derecognised	-	-	(1,290)	(1,290)
Assets recognised	9	-	-	9
Allowance at 31 March 2022	99	8	14,813	14,920
Assets derecognised	(7)	(8)	-	(15)
Assets recognised	-	-	503	503
Allowance at 31 March 2023	92	-	15,316	15,408

The total credit loss allowance for contractual debtors, at **£15.316m**, equates to **13.1%** of the debt outstanding at 31 March 2023 (31 March 2022: £14.813m, equating to 12.8% of the debt outstanding).

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20. Inventories

The following table provides an analysis of the inventories held:

	Property acquired or constructed for sale £000	Personal Protective Equipment £000	Consumable Stores £000	Total £000
Balance as at 1 April 2021	3,852	2,534	49	6,435
Purchases	545	-	4	549
Donations	-	975	-	975
Recognised as an expense in the year	(2,395)	(836)	(3)	(3,234)
Balance as at 1 April 2022	2,002	2,673	50	4,725
Purchases	399	-	2	401
Reclassification to Property, Plant and Equipment	(890)	-	-	(890)
Recognised as an expense in the year	(770)	(2,673)	(47)	(3,490)
Balance as at 31 March 2023	741	-	5	746

21. Debtors

The following table analyses short and long-term debtors:

31 March 2022				31 March 2023		
Short term £000	Long term £000	Total £000		Short term £000	Long term £000	Total £000
91,100	-	91,100	Trade debtors	94,618	-	94,618
17,412	-	17,412	Recoverable Value Added Tax	10,546	-	10,546
			Council Tax and Non Domestic Rates			
5,720	-	5,720	Billing authorities	10,323	-	10,323
77,712	-	77,712	Taxpayers	85,780	-	85,780
21,231	394	21,625	Prepayments	29,055	474	29,529
14,081	-	14,081	Grants and accrued income	16,269	-	16,269
2,963	14,081	17,044	Other debtors	6,241	14,763	21,004
230,219	14,475	244,694		252,832	15,237	268,069
			Credit loss allowances			
(14,813)	-	(14,813)	Sundry debtors	(15,316)	-	(15,316)
(35,874)	-	(35,874)	Council Tax and Non Domestic Rates	(39,361)	-	(39,361)
179,532	14,475	194,007	Total	198,155	15,237	213,392

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22. Cash and cash equivalents

The following table shows the balance of cash and cash equivalents at 31 March.

31 March 2022				31 March 2023		
Assets £000	Liabilities £000	Net total £000		Assets £000	Liabilities £000	Net total £000
			Amounts that are an integral part of the Council's cash management			
191,146	-	191,146	Cash repayable on demand	173,169	-	173,169
338,869	-	338,869	Cash equivalents	428,614	-	428,614
-	(27,639)	(27,639)	Bank overdraft	-	(33,826)	(33,826)
-	123	123	Petty cash balances	-	238	238
530,015	(27,516)	502,499		601,783	(33,588)	568,195
59,845	-	59,845	Cash held by schools	57,566	-	57,566
589,860	(27,516)	562,344	Total of cash and cash equivalents	659,349	(33,588)	625,761

The Council holds several bank accounts which can fluctuate significantly depending on cash receipts and payments and may become overdrawn. However, the Council's banking arrangements mean that agreed overdraft charges are only incurred by the Council where the aggregate balance on all accounts is in an overdraft position.

23. Creditors

The following table analyses short and long-term creditors:

31 March 2022				31 March 2023		
Short term £000	Long term £000	Total £000		Short term £000	Long term £000	Total £000
(172,325)	-	(172,325)	Trade creditors	(187,663)	-	(187,663)
(52,513)	-	(52,513)	Cash held on behalf of partnerships	(30,397)	-	(30,397)
			Council Tax and Non Domestic Rates			
(18,851)	-	(18,851)	Billing authorities	(17,865)	-	(17,865)
(18,230)	-	(18,230)	Taxpayers	(19,076)	-	(19,076)
(33,000)	-	(33,000)	Employee related creditors	(30,709)	-	(30,709)
(13,438)	-	(13,438)	Other creditors	(18,143)	-	(18,143)
(7,968)	(437)	(8,405)	Receipts in advance	(9,445)	(427)	(9,872)
(316,325)	(437)	(316,762)	Total	(313,298)	(427)	(313,725)

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24. Grant receipts in advance

Where grants or contributions have been received, but the conditions attached to the funding are not yet satisfied, the amount is carried in the Balance Sheet as a receipt in advance. An analysis of the amounts carried in the Balance Sheet as a receipt in advance is as follows:

31 March 2022				31 March 2023		
Revenue	Capital			Revenue	Capital	
Short term £000	Short term £000	Long term £000		Short term £000	Short term £000	Long term £000
(1,304)	(6,655)	(3,006)	Dept for Education and related			
(7,824)	-	-	Department for Education grants	(2,460)	(16,870)	(19,390)
			Education and Skills Funding Agency	(28,965)	-	-
(9,128)	(6,655)	(3,006)		(31,425)	(16,870)	(19,390)
			Dept for Levelling Up, Housing and Communities			
(17,819)	-	-	Improved Better Care Fund	(18,048)	-	-
-	-	-	Ukraine refugee funding	(18,159)	-	-
(6,027)	-	-	Other	(2,516)	(3,566)	(146)
(23,846)	-	-		(38,723)	(3,566)	(146)
			Other grants			
(5,751)	(18,097)	(3,424)	Department for Transport	(7,216)	(18,984)	(3,493)
(1,354)	-	-	Department of Health and Social Care	(533)	-	-
-	(2,011)	-	Dept for Energy Security and Net Zero	-	(885)	-
-	(10,470)	(12,000)	South East Local Enterprise Partnership	-	(1,886)	(13,190)
(1,298)	(1,074)	(1,586)	Other	(3,905)	(1,866)	-
(8,403)	(31,652)	(17,010)		(11,654)	(23,621)	(16,683)
(41,377)	(38,307)	(20,016)	Total of grant receipts in advance	(81,802)	(44,057)	(36,219)
(14)	(47,605)	(50,860)	Developer contributions (S106)	(15)	(59,311)	(60,361)
(41,391)	(85,912)	(70,876)	Total	(81,817)	(103,368)	(96,580)

25. Provisions and contingencies

25.1 Provisions

The Council has set funds aside as provisions to meet obligations related to events that have taken place which probably require settlement by the transfer of economic benefits.

Provisions are split on the Council's Balance Sheet between current (amounts expected to be settled within 12 months) and non-current (those expected to be settled beyond the next 12 months).

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An analysis of the current and non-current provisions is provided in the following table.

	Insurance Provision	Landfill aftercare	Non-domestic rating appeals	Other provisions	Total
	£000	£000	£000	£000	£000
Current provisions					
Balance at 31 March 2022	(4,000)	(670)	(5,777)	(598)	(11,045)
Amounts arising	-	-	(919)	(514)	(1,433)
Provisions reversed	1,463	-	637	103	2,203
Provisions utilised	3,956	482	1,443	17	5,898
Unwinding of discount	-	(26)	-	-	(26)
Amounts reclassified as (current) / non current	(5,419)	(343)	-	-	(5,762)
Balance at 31 March 2023	(4,000)	(557)	(4,616)	(992)	(10,165)
Non-current provisions					
Balance at 31 March 2022	(20,072)	(21,979)	-	-	(42,051)
Amounts arising	-	-	-	-	-
Provisions reversed	-	10,017	-	-	10,017
Provisions utilised	-	-	-	-	-
Amounts reclassified as current / (non current)	5,419	343	-	-	5,762
Balance at 31 March 2023	(14,653)	(11,619)	-	-	(26,272)
Total current and non-current provisions					
31 March 2022	(24,072)	(22,649)	(5,777)	(598)	(53,096)
31 March 2023	(18,653)	(12,176)	(4,616)	(992)	(36,437)

An explanation of each provision is as follows:

Provision	Purpose
Insurance	<p>The Insurance Provision represents the estimated outstanding liabilities of the Council that are likely to be paid over a number of years. They arise due to the self-insured elements of the Council's Insurance programme.</p> <p>An earmarked revenue reserve is maintained alongside the Insurance Provision and provides for future potential and contingent liabilities for insurance claims (see note 8, which commences on page 55).</p>
Landfill aftercare	<p>The Council has responsibility for the aftercare of twelve former landfill sites. Restoration work was undertaken at all sites during the 1990's, when the sites were closed. However, the Council continues to monitor each site, and to operate and maintain pollution control infrastructure, to ensure that these sites do not bring harm to human health, property and the environment. The Council will have this obligation until the sites become inert.</p> <p>As the Council expects to discharge its environmental monitoring liabilities over a prolonged period, the provision has been discounted to the present value of the expenditures expected to be required to settle the obligation.</p>
Non-domestic rating appeals	<p>Under the legislative framework for the Collection Fund, billing and precepting authorities share proportionately the risks that the amount of non-domestic rates collectable could be affected by the requirement to make backdated refunds to non-domestic ratepayers who lodge appeals against the Valuation Rating Lists. For this reason, the Council's Balance Sheet includes an attributable share of the provisions raised by the billing authorities for non-</p>

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Provision	Purpose
	domestic rating appeals.
Other	Various provisions have been established in respect of legal claims and constructive obligations.

25.2 Contingencies

The Care and Support (Charging and Assessment of Resources) Regulations 2014 make provision for financial assessments and how income is to be calculated for the purposes of charging for care services, including income that must be disregarded.

The Council may need to reassess financial assessments for social care service users who lack mental capacity and have a court-appointed professional deputy to manage their financial affairs. It is possible that the reassessments that are deemed necessary may conclude that some service users incurred higher care costs than they should have. However, it is not yet possible to quantify how many care packages will need to be reassessed, or what the financial impacts of carrying out these reassessments will be.

26. Unusable reserves

26.1 Introduction

The Council maintains several unusable reserves which are held for statutory reasons or to comply with proper accounting practice. The Council is not able to use these reserves to provide services. Notes 26.2 to 26.4 explain the purpose of the most significant of these unusable reserves and the movements in these reserves during the year.

26.2 Revaluation Reserve

This reserve records the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- Re-valued downwards or impaired and the gains are lost;
- Used in the provision of services and the gains are consumed through depreciation; or
- Disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was established. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

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The following table provides an analysis of the movements on the Revaluation Reserve:

2021/22 £000		2022/23 £000
(596,239)	Balance as at 1 April	(667,530)
(106,256)	Revaluation of non current assets (increases)	(76,970)
16,777	Revaluation of non current assets (subsequent decreases)	20,446
(89,479)	Surplus on revaluations	(56,524)
15,326	Depreciation on revaluation gains	15,378
2,862	Accumulated gains on assets sold or scrapped	8,644
18,188	Amounts written off to the Capital Adjustment Account	24,022
(667,530)	Balance as at 31 March	(700,032)

26.3 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets, and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The following table provides an analysis of the movements on the Capital Adjustment Account.

2021/22 £000		2022/23 £000
(1,159,158)	Balance as at 1 April	(1,233,399)
	Reversal of items related to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	
90,883	Depreciation	92,169
6,490	Impairment of non-current assets	(2,774)
-	Impairment of assets held for sale	300
49,051	Revenue expenditure financed from capital under statute	50,684
8,905	Cost / value of assets disposed of during the year	22,286
155,329		162,665
	Adjusting amounts written out of the Revaluation Reserve	
(15,326)	Difference between fair value and historical cost depreciation	(15,378)
(2,862)	Revaluation gains outstanding for assets upon disposal	(8,644)
(18,188)		(24,022)
137,141	Net written out amount of the cost of non current assets consumed in the year	138,643
	Capital financing applied in the year	
(7,000)	Revenue reserves applied	(6,000)
(45,953)	Statutory provision for the financing of capital investment	(49,302)
(5,323)	Capital receipts applied	(9,172)
	Capital grants and contributions applied to finance:	
(102,821)	Capital Expenditure	(76,035)
(47,742)	Revenue expenditure funded from capital	(49,840)
(142)	Application of grants from the Capital Grants Unapplied Account	(667)
(208,981)		(191,016)
1,350	Repayment of loans awarded for capital purposes	3,522
(3,751)	Movement in market value of investment properties	1,439
(1,233,399)	Balance as at 31 March	(1,280,811)

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26.4 Pension Reserve

The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require the Council to finance benefits earned as it makes employer's contributions to pension funds, or eventually pays any pensions for which it is directly responsible.

The Pension Reserve therefore absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions.

The balance on the Pensions Reserve shows the substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. Statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2021/22				2022/23		
LGPS £000	Teachers £000	Total £000		LGPS £000	Teachers £000	Total £000
1,017,034	25,642	1,042,676	Balance as at 1 April	666,071	23,217	689,288
			Pension Reserve appropriation to / (from) the General Fund for:			
			Reversal of items relating to retirement benefits debited or credited to the surplus / deficit on the Provision of Services in the Other Comprehensive Income			
173,942	415	174,357	Expenditure line of the Comprehensive Income and Expenditure Statement	154,598	572	155,170
(58,874)	(2,460)	(61,334)	Council contributions to the schemes	(62,205)	(2,447)	(64,652)
115,068	(2,045)	113,023	Total appropriation from Pension Reserve	92,393	(1,875)	90,518
(466,031)	(380)	(466,411)	Remeasurements of the net pension asset / liability	(1,211,385)	(3,299)	(1,214,684)
666,071	23,217	689,288	Balance as at 31 March	(452,921)	18,043	(434,878)

27. Cash Flows from operating, investing and financing activities

The cash flows from operating, investing and financing activities include the items shown overleaf.

The amount of net cash flows arising from **operating activities** is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council.

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council'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 Council.

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2021/22 £000		2022/23 £000
	Cash flows from operating activities	
	Cash inflows	
(739,524)	Taxation	(802,583)
(1,138,606)	Grants	(1,169,480)
(286,342)	Sales of goods and rendering of services	(314,637)
(1,147)	Interest received	(13,753)
(1,129)	Dividends received	(1,083)
(2,166,748)		(2,301,536)
	Cash outflows	
470,172	Cash paid to and on behalf of employees	519,144
40,405	Interest paid	40,486
1,383,527	Cash paid to suppliers of goods and services	1,430,473
49,051	Revenue expenditure funded from capital under statute	50,684
123,712	Other payments for operating activities	136,916
2,066,867		2,177,703
(99,881)	Net inflow of cash from operating activities	(123,833)
	Cash flows from investing activities	
	Cash inflows	
(4,579)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(6,941)
(116,600)	Proceeds from short and long term investments	(15,000)
(102,414)	Other receipts from investing activities	(127,987)
(223,593)		(149,928)
	Cash outflows	
168,127	Purchase of property, plant and equipment, investment property and intangible assets	166,307
35,000	Purchase of short and long term investments	-
575	Other payments for investing activities	4,723
203,702		171,030
(19,891)	Net (inflow) / outflow of cash from investing activities	21,102
	Cash flows generated from financing activities	
	Cash inflows	
(7,065)	Cash receipts of short and long term borrowing	(7,211)
(6,727)	Other receipts from financing activities	-
(13,792)		(7,211)
	Cash outflows	
12,708	Cash payments for the reduction of liabilities related to Finance Leases (incl. PFI contracts)	13,495
28,571	Repayment of short and long term borrowing	10,914
-	Other payments for financing activities	22,116
41,279		46,525
27,487	Net outflow of cash from financing activities	39,314
(92,285)	Net increase in cash and cash equivalents	(63,417)

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28. Changes in liabilities arising from financing activities

	Long term borrowing £000	Short term borrowing £000	Lease liabilities £000	Total £000
Balance at 1 April 2021	(586,398)	(40,704)	(115,701)	(742,803)
Cash flows	4,204	17,302	12,708	34,214
Non cash adjustments	-	-	(176)	(176)
Balance at 31 March 2022	(582,194)	(23,402)	(103,169)	(708,765)
Cash flows	9,850	(6,147)	13,495	17,198
Non cash adjustments	-	-	(779)	(779)
Balance at 31 March 2023	(572,344)	(29,549)	(90,453)	(692,346)

29. Termination benefits

The Council has recognised liabilities in the Cost of Services, in the Comprehensive Income and Expenditure Statement, arising as a consequence of ending the contracts of employment for a number of employees during the year:

2021/22 £000		2022/23 £000
15	Children's Services and Early Years	85
(152)	Community, Equality, Partnerships and Performance	-
(102)	Devolution, the Arts, Heritage and Culture	-
-	Economic Renewal, Infrastructure and Planning	22
384	Education Excellence, Lifelong Learning and Employability	418
110	Highways Maintenance and Sustainable Transport	-
	Strategic Support Services	
-	Community, Equality, Partnerships and Performance	49
56	Finance, Resources and Corporate Affairs	45
36	Traded Services	-
347	Total	619

Notes: The above figures include movements in provisions for termination benefits, which are recognised on the basis of the best estimate of costs when formal plans for the restructuring of services are announced. Increases in provisions arise when actual exit packages have yet to be agreed as at 31 March and decreases arise where actual costs arising in the year differ from the estimates made for those packages in the prior year.

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The numbers of exit packages agreed in each year are set out in the table below:

2021/22				Value of exit packages	2022/23			
No. of agreed packages			Cost of packages £000		No. of agreed packages			Cost of packages £000
Compulsory	Other	Total			Compulsory	Other	Total	
41	27	68	276	Less than £20,000	14	16	30	178
7	4	11	444	More than £20,000	6	4	10	403
48	31	79	720	Total no. of agreed packages	20	20	40	581
			(373)	Other termination benefits				38
			347					619

The exit packages include all redundancy costs, pension contributions in respect of added years, ex gratia payments and other departure costs.

The Council is required to recognise the costs of termination benefits within the Comprehensive Income and Expenditure Statement when it can no longer withdraw the offer of those benefits, even if individual exit packages have yet to be agreed. For this reason, the total cost of packages agreed may differ from the amounts charged to the Comprehensive Income and Expenditure Statement in each year; the 'other termination benefits' line provides a reconciliation between the total cost of packages agreed and the amounts charged to the Comprehensive Income and Expenditure Statement.

30. Pension Schemes accounted for as Defined Contribution Schemes

The Council has two pension schemes which are accounted for as defined contribution schemes:

- **Teachers' Pension Scheme**

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by Capita on behalf of the Department for Education. The scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. The Teachers' Pension Scheme has in excess of **12,200** participating employers.

- **NHS Pension Scheme**

Staff performing public health functions who were compulsorily transferred from a local primary care trust to the Council, and who had access to the NHS Pension Scheme on 31 March 2013, retained access to that Scheme on transfer to the Council on 1 April 2013.

The NHS Pension Scheme provides these employees with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on contribution rates set by the Secretary of State. The NHS Pension Scheme has **8,000** participating employers.

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These schemes are defined benefit schemes. They are unfunded and the Scheme Administrators use notional funds as the basis for calculating the employer's contribution rates to be paid by the participating employers.

Due to the number of participating employers within the schemes, the Council is not able to identify its share of the underlying financial position and performance of the Schemes with enough reliability for accounting purposes. For the purposes of this Statement of Accounts, both schemes are accounted for on the same basis as a defined contribution scheme.

The following table shows the amounts the Council paid for pension costs in relation to these schemes:

2021/22				2022/23		
Teachers £000	NHS £000	Total £000		Teachers £000	NHS £000	Total £000
31,643	115	31,758	Employer's contributions	32,527	118	32,645
12,222	78	12,300	Employee contributions	12,488	106	12,594
43,865	193	44,058	Total	45,015	224	45,239

The Council's contributions are set in relation to the current service period only. As such, the Council is not entitled to, or liable for, any of the underlying assets or liabilities of the schemes.

The amounts in the above table reflect:

	Teachers		NHS	
	2021/22	2022/23	2021/22	2022/23
Employer's contribution rate	23.68%	23.68%	16.88%	16.88%
Employee contribution rate	7.4% to 11.7%	7.4% to 11.7%	5.0% to 14.5%	5.0% to 14.5%

As at 31 March 2023, no contributions remained payable for the Teachers' pension scheme but **£8,000** was outstanding for the NHS pension scheme (31 March 2022: £16,000 for the NHS pension scheme).

The employer's contributions due to be paid in 2023/24 are estimated to be **£33.2m** for the teachers' pension scheme and **£120,000** for the NHS pension scheme.

The Council is responsible for all pension payments relating to added years that it has awarded to teachers, together with the related increases. These costs are accounted for on a defined benefit basis and are detailed in note 31 below.

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31. Defined Benefit Pension Schemes

31.1 Participation in Pension Schemes

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

The Council participates in two schemes:

- **The Local Government Pension Scheme (LGPS)**

The LGPS is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme Regulations 2013, and currently provides benefits based on career average revalued earnings.

The Administering Authority for the Fund is Essex County Council. The Essex Pension Fund Committee oversee the management of the Fund.

As administering authority to the Fund, Essex County Council, after consultation with the Fund Actuary and other relevant parties, is responsible for the preparation and maintenance of the Funding Strategy Statement.

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

In general, participating in a defined benefit pension scheme means that the Council is exposed to a number of risks:

- ~ **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 the liabilities. 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.

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

All of these risks may also benefit the Council (*e.g. higher than expected investment returns or employers leaving the Fund with excess assets which eventually get inherited by the remaining employers*). However, these risks are also mitigated, to a certain extent, by the statutory requirements to charge to the General Fund the amounts required by statute as described in note 1.8 (page 33).

- **Discretionary post-retirement benefits upon early retirement in relation to the teachers' pension scheme**

This is an unfunded defined benefits arrangement, under which the liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities, and cash must be generated to meet the actual pension payments as they eventually fall due.

31.2 Transactions relating to post-employment benefits

The Council recognises the cost of retirement benefits in the Comprehensive Income and Expenditure Statement (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 in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

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

2021/22				2022/23		
LGPS £000	Teachers £000	Total £000		LGPS £000	Teachers £000	Total £000
Comprehensive Income and Expenditure Statement						
Cost of Services						
152,014	-	152,014	Current service cost	137,144	-	137,144
184	-	184	Past service cost	737	-	737
(578)	-	(578)	(Gain) / loss on settlement	(1,558)	-	(1,558)
151,620	-	151,620		136,323	-	136,323
Financing and Investment Income and Expenditure						
22,322	415	22,737	Net interest expense	18,275	572	18,847
173,942	415	174,357	Total charged to the Surplus / Deficit on Provision of Services	154,598	572	155,170
Re-measurements of the net pensions liability						
(215,958)	-	(215,958)	Return on scheme assets	69,080	-	69,080
Actuarial (gains) / losses arising from changes in:						
(174,077)	(449)	(174,526)	Financial assumptions	(1,597,373)	(4,039)	(1,601,412)
(73,264)	-	(73,264)	Demographic assumptions	-	(728)	(728)
14,476	69	14,545	Experience (gain) / loss on defined benefit obligation	316,908	1,468	318,376
(17,208)	-	(17,208)	Other	-	-	-
(466,031)	(380)	(466,411)	Total charged to Other Comprehensive Income and Expenditure	(1,211,385)	(3,299)	(1,214,684)
(292,089)	35	(292,054)	Total charged to Comprehensive Income and Expenditure Statement	(1,056,787)	(2,727)	(1,059,514)
Movement in Reserves Statement						
(173,942)	(415)	(174,357)	Reversal of net charges made to the Surplus / Deficit on the Provision of Services	(154,598)	(572)	(155,170)
58,874	2,460	61,334	Actual amount charged against the General Fund Balance for pensions in the year	62,205	2,447	64,652
(115,068)	2,045	(113,023)		(92,393)	1,875	(90,518)

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31.3 Pensions assets and liabilities recognised in the Balance Sheet

The amount included within the Balance Sheet arising from the Council's obligation in respect of its defined benefit pension plans is:

2021/22				2022/23		
LGPS £000	Teachers £000	Total £000		LGPS £000	Teachers £000	Total £000
3,747,314	23,217	3,770,531	Present value of the defined benefit obligation	2,621,898	18,043	2,639,941
(3,081,243)	-	(3,081,243)	Fair value of plan assets	(3,074,819)	-	(3,074,819)
666,071	23,217	689,288	Net (asset) / liability arising from defined benefit obligations	(452,921)	18,043	(434,878)

The net asset / liability shows the underlying commitments that the Council has in the long run to pay retirement benefits. The current total net surplus of the two Schemes of **£434.878m** (2021/22: deficit of £689.288m) has a substantial impact on the net worth of the Council, as recorded in the Balance Sheet. However, statutory arrangements for funding mean that:

- The Council will continue to pay into the Local Government Pension Scheme a contribution rate based on the benefits of combined membership of the Scheme; and
- Finance is only required to be raised to cover teachers' unfunded added years when the pensions are actually paid.

Scheme Liabilities

The following table provides a reconciliation of the present value of scheme liabilities:

2021/22				2022/23		
LGPS £000	Teachers £000	Total £000		LGPS £000	Teachers £000	Total £000
3,831,331	25,642	3,856,973	Balance as at 1 April	3,747,314	23,217	3,770,531
152,014	-	152,014	Current service cost	137,144	-	137,144
71,017	415	71,432	Interest cost	96,400	572	96,972
19,516	-	19,516	Contributions by scheme participants	20,202	-	20,202
(73,264)	-	(73,264)	Remeasurement (gains)/losses arising from:			
(174,077)	(449)	(174,526)	Changes in demographic assumptions	-	(728)	(728)
14,476	69	14,545	Changes in financial assumptions	(1,597,373)	(4,039)	(1,601,412)
184	-	184	Other	316,908	1,468	318,376
(93,630)	(2,460)	(96,090)	Past service costs	737	-	737
(253)	-	(253)	Benefits paid	(95,874)	(2,447)	(98,321)
			Liabilities extinguished on settlements	(3,560)	-	(3,560)
3,747,314	23,217	3,770,531	Balance as at 31 March	2,621,898	18,043	2,639,941

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Scheme Assets

The following table provides a reconciliation of the fair value of scheme assets:

2021/22				2022/23		
LGPS £000	Teachers £000	Total £000		LGPS £000	Teachers £000	Total £000
2,814,297	-	2,814,297	Balance as at 1 April	3,081,243	-	3,081,243
48,695	-	48,695	Interest income	78,125	-	78,125
			Remeasurement gain/(loss)			
			Return on plan assets (excl. amount incl in net interest expense)	(69,080)	-	(69,080)
215,958	-	215,958	Other	-	-	-
17,208	-	17,208				
58,874	2,460	61,334	Contributions by the Council	62,205	2,447	64,652
19,516	-	19,516	Contributions from employees into the scheme	20,202	-	20,202
(93,630)	(2,460)	(96,090)	Benefits paid	(95,874)	(2,447)	(98,321)
325	-	325	Amounts made for settlements	(2,002)	-	(2,002)
3,081,243	-	3,081,243	Balance as at 31 March	3,074,819	-	3,074,819

Local Government Pension Scheme assets comprised:

31 March 2022			31 March 2023	
£000	%		£000	%
1,828,569	59.3%	Equities	1,771,153	57.6%
74,559	2.4%	Gilts	44,969	1.5%
133,796	4.3%	Other bonds	-	0.0%
263,177	8.6%	Property	251,830	8.2%
87,217	2.8%	Cash and cash equivalents	99,142	3.2%
388,357	12.7%	Alternative assets	486,647	15.8%
305,568	9.9%	Other managed funds	421,078	13.7%
3,081,243	100.0%	Total assets	3,074,819	100.0%

The percentages of the total Fund held in each asset class were as follows:

31 March 2022						31 March 2023				
UK		Overseas		Total		UK		Overseas		Total
Quoted	Unquoted	Quoted	Unquoted			Quoted	Unquoted	Quoted	Unquoted	
5.2%	-	49.1%	5.0%	59.3%	Equities	-	-	52.6%	5.0%	57.6%
2.4%	-	-	-	2.4%	Gilts	1.5%	-	-	-	1.5%
4.3%	-	-	-	4.3%	Other bonds	-	-	-	-	-
2.4%	6.2%	-	-	8.6%	Property	1.9%	6.3%	-	-	8.2%
-	2.8%	-	-	2.8%	Cash and cash equivalents	-	3.2%	-	-	3.2%
-	0.4%	-	12.3%	12.7%	Alternative assets	-	0.7%	-	15.1%	15.8%
-	9.9%	-	-	9.9%	Other managed funds	-	13.7%	-	-	13.7%
14.3%	19.3%	49.1%	17.3%	100.0%	Total assets	3.4%	23.9%	52.6%	20.1%	100.0%

31.4 Basis for estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis to estimate the pensions that will be payable in future years. The liabilities have been assessed using the projected unit credit method, which is dependent on assumptions about mortality rates, salary levels etc. The Pension Fund liabilities have been assessed by **Barnett Waddingham LLP**, an independent firm of actuaries. The liabilities have been

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estimated, based upon the results of the valuation as at **31 March 2022** which was carried out for funding purposes.

The significant assumptions used by the Actuary for the Local Government Pension Scheme were as follows:

Assumptions	2021/22	2022/23
Rate of inflation		
▪ RPI	3.55%	3.25%
▪ CPI	3.20%	3.00%
Rate of increase in salaries	4.20%	3.90%
Rate of increase in pensions	3.20%	2.90%
Discount rate	2.60%	4.80%
Mortality assumptions for members retiring in normal health:		
▪ Life expectancy for future pensioners retiring in 20 years' time at 65:		
- Male	22.3 years	22.3 years
- Female	24.9 years	25.0 years
▪ Life expectancy of current pensioners retiring today aged 65:		
- Male	21.0 years	21.1 years
- Female	23.5 years	23.5 years
Expected rate of return on assets in the scheme	9.48%	0.35%

The actuarial assumptions used in the calculation of the liabilities for Teachers' additional unfunded pensions were those shown on page 96 for the Local Government Pension Scheme, with the following exceptions:

Assumptions	2021/22	2022/23
Rate of increase in pensions	3.55%	2.80%
Discount rate	2.60%	4.80%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions used.

Sensitivity analysis has been undertaken, based on reasonably possible changes of the assumptions occurring at the end of the reporting period. This assumes, for each change, that the assumption analysed changes, whilst all the other assumptions remain constant. In practice, changes in some of the assumptions may be inter-related.

The estimations in the sensitivity analysis have followed the accounting policies for the scheme (i.e. on an actuarial basis using the projected unit credit method).

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Local Government Pension Scheme	Effect of change in assumptions				
	£000	£000	£000	£000	£000
Adjustment to discount rate	+ 0.5%	+ 0.1%	0.0%	- 0.1%	- 0.5%
Present value of total obligation	2,427,837	2,581,089	2,621,898	2,663,772	2,842,622
Projected Service Cost	52,607	60,930	63,194	65,538	75,777
Adjustment to long term salary increase	+ 0.5%	+ 0.1%	0.0%	- 0.1%	- 0.5%
Present value of total obligation	2,634,966	2,624,469	2,621,898	2,619,348	2,609,353
Projected Service Cost	63,403	63,236	63,194	63,152	62,985
Adjustment to pension increases and deferred revaluation	+ 0.5%	+ 0.1%	0.0%	- 0.1%	- 0.5%
Present value of total obligation	2,832,788	2,661,943	2,621,898	2,582,856	2,436,119
Projected Service Cost	76,104	65,568	63,194	60,900	52,295
Adjustment to life expectancy assumptions		+ 1 year	None	- 1 year	
Present value of total obligation		2,725,780	2,621,898	2,522,474	
Projected Service Cost		65,423	63,194	61,021	

Unfunded Teachers' Pensions	Effect of change in assumptions		
	£000	£000	£000
Adjustment to discount rate	+ 0.1%	0.0%	- 0.1%
Present value of total obligation	17,937	18,043	18,150
Adjustment to pension increases	+ 0.1%	0.0%	- 0.1%
Present value of total obligation	18,152	18,043	17,935
Adjustment to life expectancy assumptions	+ 1 year	None	- 1 year
Present value of total obligation	18,747	18,043	17,365

The methods and types of assumptions used in preparing the sensitivity analysis did not change from those used in the previous period.

31.5 Impact on the Council's Cash Flows

The objectives of the LGPS are to keep employers' contributions at as constant a rate as possible. There are no minimum funding requirements in the LGPS, but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions. Funding levels are monitored on an annual basis.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2024 is **£70.700m**. Although there are not expected to be any contributions with respect to active members, the total unfunded pensions in respect of teachers are estimated to be **£808,000** as at 31 March 2024.

The weighted average duration of the pension obligation for the Local Government Pension Scheme members is **17** years. For the Teachers additional unfunded pensions, it is **6** years.

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32. Audit costs

The costs of audit and non-audit services provided by the Council's External Auditor are as follows:

2021/22 Estimate £000		2022/23 Estimate £000
	Audit fees payable to the appointed auditor	
169	External audit services carried out by appointed auditor	209
15	Other services carried out by appointed auditor	15
184		224
	Rebates received in respect of fees paid in previous years	
(25)	Rebates received from Public Sector Auditor Appointments (PSAA)	-
159	Net total	224

The fee for 'other services carried out by the appointed auditor' relates to the certification of the Teachers Pensions return, which is not covered by the Public Sector Auditor Appointments (PSAA) certification arrangements, but external audit certification is nevertheless required by the grant awarding body.

33. Members' allowances and expenses

The total of allowances and expenses paid to Members of the Council during the year amounted to:

2021/22 £000		2022/23 £000
	Members allowances	
896	Basic allowances	912
644	Special responsibility allowances	675
1,540		1,587
18	Members expenses	28
1,558		1,615

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34. Pooled budgets

The Council participates in three pooled budget arrangements:

- **Better Care Fund**

This arrangement began the financial year comprised of six pooled funds: a countywide pool, comprised of NHS contributions to social care (including reablement) and the Improved Better Care Fund and five other pools, comprised of the Disabled Facilities Grant, carers' breaks funding and Clinical Commissioning Group (CCG) contributions to community health services.

CCGs were abolished on 1 July 2022 with the introduction of NHS Integrated Care Boards (ICBs) and the pooled fund arrangements novated to the new organisations. This resulted in a reduction from five CCG partners to three ICB partners, reducing the number of pooled funds from six to four.

The Adult Social Care Discharge Fund was introduced in November 2022 to reduce pressure on acute hospitals caused by delays in the discharge process by increasing social care capacity. This has been incorporated into the countywide pool.

Each pool is governed by a Section 75 Agreement, with an overarching collaboration agreement signed by the Council and each of the ICBs. For each service included within the Section 75 agreements, either the Council or an ICB is solely responsible for the delivery of the service.

Whilst the Better Care Fund was established as a pooled budget, the operation of the pool can involve the members ceding control of funds to a lead commissioner / principal or the arrangement being a joint operation.

- **Equipment Pool**

The purpose of this arrangement is to source, deliver, fit and refurbish equipment, adaptations and aids to daily living in service users' homes as part of an integrated community equipment service. Partners contribute based on their assumed activity levels.

- **Transforming Care Partnership Pool**

The aim of this arrangement is to ensure that people with learning disabilities, autism, or both can live in the community, with the right support, thereby reducing their need for in-patient services and improving their quality of life.

All the current releasable funding for the hospital placements is paid into the pool, to fund commissioned hospital placements and community placements when people are discharged from hospital. If there is insufficient funding within the pool to fund all the community placements, the deficit is met by the local authority partner in whose administrative area the deficit occurs.

The contributions and expenses of the Better Care Fund Pool for 2022/23 were as follows:

2021/22						2022/23				
Mid and South Essex	Suffolk and NE Essex	Hertfordshire & West Essex	Central Pool	Total		Mid and South Essex	Suffolk and NE Essex	Hertfordshire & West Essex	Central Pool	Total
£000	£000	£000	£000	£000		£000	£000	£000	£000	£000
Contributions										
(58,879)	-	-	-	(58,879)	Integrated Care Boards					
-	(25,876)	-	-	(25,876)	Mid and South Essex	(63,667)	-	-	-	(63,667)
-	-	(22,165)	-	(22,165)	Suffolk and North East Essex	-	(26,113)	-	-	(26,113)
-	-	-	(57,947)	(57,947)	Hertfordshire and West Essex	-	-	(23,666)	-	(23,666)
-	-	-	-	-	Essex County Council	-	-	-	(59,155)	(59,155)
-	-	-	-	-	Discharge Fund	(1,148)	(1,270)	(1,622)	-	(4,040)
(58,879)	(25,876)	(22,165)	(57,947)	(164,867)	Total Contributions	(64,815)	(27,383)	(25,288)	(59,155)	(176,641)
Expenditure										
35,712	-	-	-	35,712	Integrated Care Boards					
-	16,271	-	-	16,271	Mid Essex	38,483	-	-	-	38,483
-	-	13,738	-	13,738	Suffolk and North East Essex	-	16,379	-	-	16,379
23,167	9,605	8,427	57,947	99,146	Hertfordshire and West Essex	-	-	14,597	-	14,597
-	-	-	-	-	Essex County Council	25,184	9,734	9,069	59,155	103,142
-	-	-	-	-	Discharge Fund	1,148	1,270	1,622	-	4,040
58,879	25,876	22,165	57,947	164,867	Total Expenditure	64,815	27,383	25,288	59,155	176,641
-	-	-	-	-	Net (surplus) / deficit	-	-	-	-	-

Prior year figures for the Better Care Fund have been aligned to the new Integrated Care Boards for comparative purposes.

The contributions and expenses of the two other pooled budget arrangements were as follows:

2021/22					2022/23			
Equipment		Transforming Care			Equipment		Transforming Care	
Contributions	Expenditure	Contributions	Expenditure	Contributions	Expenditure	Contributions	Expenditure	
£000	£000	£000	£000		£000	£000	£000	
Local authorities								
(10,544)	10,544	(1,185)	5,696	Essex County Council	(10,777)	10,777	(1,124)	7,071
-	-	(137)	417	Southend Council	-	-	(310)	513
(1,464)	1,464	(137)	429	Thurrock Council	(1,430)	1,430	(310)	527
Integrated Care Boards								
(1,040)	1,040	(6,630)	2,342	Mid and South Essex	(1,231)	1,231	(8,049)	2,823
-	-	(1,235)	693	Suffolk and North East Essex	-	-	(1,474)	737
-	-	(840)	587	Hertfordshire and West Essex	-	-	(1,050)	646
NHS Trusts								
(1,218)	1,218	-	-	East Suffolk and North Essex NHS Foundation Trust	(1,094)	1,094	-	-
(59)	59	-	-	Mid Essex Hospital Service NHS Trust	(63)	63	-	-
(325)	325	-	-	Essex Partnership University NHS Foundation Trust	(356)	356	-	-
(709)	709	-	-	North East London Foundation Trust	(798)	798	-	-
(15,359)	15,359	(10,164)	10,164	Total	(15,749)	15,749	(12,317)	12,317

35. Officers' remuneration

Officers' remuneration includes all sums paid to or receivable by employees, expense allowances chargeable to tax and the money value of benefits. Remuneration relates to payments to individuals, so part-year employment can produce distortions in the presentation. Pension payments made, whether from a funded or unfunded scheme, do not count as remuneration for this purpose. The numbers of officers whose remuneration amounted to £50,000 or more, grouped in rising bands of £5,000, are shown below.

2021/22			Remuneration band			2022/23		
Non-schools	Schools	Total				Non-schools	Schools	Total
216	135	351	£50,000	to	£54,999	283	116	399
175	82	257	£55,000	to	£59,999	172	90	262
160	68	228	£60,000	to	£64,999	177	57	234
46	60	106	£65,000	to	£69,999	88	58	146
21	40	61	£70,000	to	£74,999	34	39	73
43	20	63	£75,000	to	£79,999	35	29	64
32	15	47	£80,000	to	£84,999	38	16	54
15	7	22	£85,000	to	£89,999	24	10	34
4	5	9	£90,000	to	£94,999	9	8	17
18	3	21	£95,000	to	£99,999	21	2	23
4	3	7	£100,000	to	£104,999	3	2	5
4	-	4	£105,000	to	£109,999	4	1	5
3	1	4	£110,000	to	£114,999	7	2	9
17	-	17	£115,000	to	£119,999	12	1	13
4	-	4	£120,000	to	£124,999	4	-	4
-	-	-	£125,000	to	£129,999	2	-	2
-	-	-	£130,000	to	£134,999	-	-	-
3	-	3	£135,000	to	£139,999	2	-	2
-	-	-	£140,000	to	£144,999	1	-	1
765	439	1,204	Total			916	431	1,347

Note: Senior officers whose individual remuneration is disclosed in note 36 (page 102) are excluded from the remuneration bandings shown in the above analysis.

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36. Senior officers' remuneration

36.1 Senior officers

Senior officers include all members of the Council's Corporate Leadership Team and other statutory officers.

36.2 Disclosure of senior officers' remuneration

Senior Officers' remuneration is disclosed overleaf.

Where a senior officer's annual salary is **£50,000** or more, but less than **£150,000**, remuneration is disclosed individually by way of job title. For those senior officers whose salary is **£150,000** or more, their name is also disclosed.

The employers' contribution to pensions are not amounts paid to individual members of staff, rather they reflect amounts paid by the Council into the Pension Fund; these contributions have been made at the level determined at the last actuarial valuation as necessary to meet the cost of the future pension accrual.

Bonus payments have been disclosed in the year of payment but relate to performance in the preceding financial year.

36.3 Fees paid in respect of individuals engaged on an interim basis

The Council also secured services from various other individuals on an interim basis during 2022/23. The fees payable by the Council in respect of some of these individuals amounted to **£150,000** or more in 2022/23, as follows:

2021/22 £	Position	2022/23 £
96,574	Programme Director (Graham Bright)	208,776
45,347	Project Manager (Imran Amin)	160,049

The amounts disclosed in respect of these individuals are the costs incurred by the Council to secure their services. The amounts received by these individuals will have been lower.

2021/22	Notes	Remuneration				
		Salaries, fees and allowances £	Expense allowances / benefits £	Total remuneration Excl pension contributions £	Employer's contribution to pension £	Total remuneration Incl. pension contributions £
Chief Executive - Mr Gavin Jones	(i)	201,600	14,054	215,654	38,799	254,453
Executive Director, Adult Social Care - Mr Nicholas Presmeg	(ii)	167,196	-	167,196	31,559	198,755
Executive Director, Children and Families and Education - Ms Helen Lincoln	(iii)	162,605	7,508	170,113	31,559	201,672
Executive Director, Corporate and Customer Services - Mrs Margaret Lee	(iv)	111,217	391	111,608	-	111,608
Executive Director, Corporate Services - Miss Nicole Wood	(v)	165,897	1,245	167,142	31,563	198,705
Executive Director, Place and Public Health - Mr Mark Carroll	(vi)	97,740	614	98,354	17,013	115,367
Executive Director, People and Transformation - Ms Pam Parkes		161,738	1,660	163,398	30,705	194,103
Director, Wellbeing, Public Health and Communities - Dr Michael Gogarty	(vii)	170,889	-	170,889	33,173	204,062
Director, Legal and Assurance	(viii)	136,987	-	136,987	26,494	163,481
Director of Policy		127,922	1,660	129,582	24,708	154,290

Notes

(i) The Chief Executive was appointed, on a part time basis, as a commissioner at Slough Borough Council with effect from 12 January 2022 , by the Secretary of State for Levelling Up, Housing and Communities. The Chief Executive does not receive payment for the role at Slough Borough Council, but the Council is remunerated for the time he spends there; the Council received £26,400 as reimbursement in 2021/22.	(ii) The Executive Director, Adult Social Care fulfils the statutory role of Director for Adult Social Services (DASS).
	(iii) The Executive Director, Children and Families fulfils the statutory role of Director of Children's Services, appointed under Section 18 of the Children Act 2004.
(iv) The Executive Director, Corporate and Customer Services left the Council on 30 June 2021 . The salaries, fees and allowances shown in the above analysis includes £69,418 for annual leave entitlement accrued but not taken and payment in lieu of notice.	(v) The Executive Director, Corporate Services , fulfils the statutory role of Chief Finance Officer under Section 151 of the Local Government Act 1972.
	(vi) The Executive Director, Place and Public Health left the Council on 3 October 2021 .
(vii) The Director, Wellbeing, Public Health and Communities , who fulfilled the statutory role of Director of Public Health, left the Council on 31 March 2022 .	(viii) The Council's Director, Legal and Assurance fulfils the statutory role of Monitoring Officer.

2022/23	Notes	Remuneration				
		Salaries, fees and allowances £	Expense allowances / benefits £	Total remuneration Excl pension contributions £	Employer's contribution to pension £	Total remuneration Incl. pension contributions £
Chief Executive - Mr Gavin Jones	(i)	198,875	12,999	211,874	39,178	251,052
Executive Director, Adult Social Care - Mr Nicholas Presmeg	(ii)	169,715	-	169,715	32,055	201,770
Executive Director, Children and Families and Education - Ms Helen Lincoln	(iii)	162,715	8,162	170,877	32,055	202,932
Executive Director, Climate, Environment & Customer Services - Mr Mark Ash	(iv)	168,261	-	168,261	31,780	200,041
Executive Director, Corporate Services - Miss Nicole Wood	(v)	168,355	1,046	169,401	32,047	201,448
Executive Director, Economy, Investment & Public Health - Mr Tom Walker	(vi)	168,261	-	168,261	31,780	200,041
Executive Director, People and Transformation - Ms Pam Parkes		169,675	1,394	171,069	32,047	203,116
Director, Wellbeing, Public Health and Communities	(vii)	147,857	-	147,857	20,264	168,121
Director, Legal and Assurance	(viii)	139,005	-	139,005	26,892	165,897
Director of Policy		139,005	1,046	140,051	26,892	166,943

Notes

(i) The Chief Executive was appointed, on a part time basis, as a commissioner at Slough Borough Council with effect from 12 January 2022 , by the Secretary of State for Levelling Up, Housing and Communities. The Chief Executive does not receive payment for the role at Slough Borough Council, but the Council is remunerated for the time he spends there; the Council received £54,800 as reimbursement in 2022/23.	(ii) The Executive Director, Adult Social Care fulfils the statutory role of Director for Adult Social Services (DASS).
	(iii) The Executive Director, Children and Families fulfils the statutory role of Director of Children's Services, appointed under Section 18 of the Children Act 2004.
	(iv) The Executive Director, Climate, Environment and Customer Services was appointed with effect from 4 April 2022 .
(v) The Executive Director, Corporate Services , fulfils the statutory role of Chief Finance Officer under Section 151 of the Local Government Act 1972.	(vi) The Executive Director, Economy, Investment and Public Health was appointed with effect from 4 April 2022 .
(vii) The Director, Wellbeing, Public Health and Communities , who fulfils the statutory role of Director of Public Health, joined the Council on 4 April 2022 .	(viii) The Council's Director, Legal and Assurance fulfils the statutory role of Monitoring Officer.

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37. Related parties

The Council is required to disclose material transactions with bodies or individuals that have the potential to control or influence the Council, or to be controlled or influenced by the Council. The intention, in making this disclosure, is to make explicit 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.

Related party	Declaration
UK Government	The UK Government has effective control over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides a significant proportion of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties. Grants received from government departments are detailed in notes 12 (page 59) and 13 (page 61).
Elected members	Members of the Council have direct control over the Council's financial and operating policies. The Council's <u>Constitution</u> requires members to declare their pecuniary interests and any other interests that could reasonably be regarded as likely to prejudice their judgement of the public interest in a <u>Register of Interests</u> and at relevant meetings. The Register of Interests is published on the Council's website. In addition, members are asked to declare separately any related party transactions with the Authority. Based on these declarations, the following matters are disclosed for transparency purposes:
	Abberton Rural Training (ART) ART supports people living in rural locations to access jobs, further education and training. The Council paid £656,000 to ART during 2022/23 to deliver training (2021/22: £186,000). Cllr Lewis Barber was appointed as a trustee in October 2022.
	Active Essex Foundation The Active Essex Foundation supports the most deprived communities across Essex through the promotion of physical activity and sport. The Council paid grants of £70,000 to the Foundation during 2022/23 (2021/22: Nil). Cllr Ray Gooding is a trustee of the Active Essex Foundation.
	Community360 Community360 is a charitable infrastructure organisation whose aim is to inspire local groups to become more enterprising and sustainable. The Council paid £1.616m to this charity in 2022/23 (2021/22: £1.953m). Cllr David King was a director of the company until 19 November 2022.

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Related party	Declaration
<p>Elected Members</p>	<p>Essex Cares Ltd Essex Cares Ltd is a wholly owned subsidiary of the Council (see page 107 for further details). Cllr Ian Grundy is a non-executive director of Essex Cares. He received an allowance of £12,000 from Essex Cares in respect of this role in 2022/23 (2021/22: £9,659).</p>
	<p>Essex Recovery Foundation This charity is focussed on revolutionising recovery from drug addiction. The Council paid £260,000 to this charity in 2022/23 (2021/22: £60,000). Cllr Andrew Sheldon is a trustee of this charity.</p>
	<p>Firstsite Limited This charity is focussed on the provision of visual art activities. The Council contributed £100,000 to the charity in 2022/23 (2021/22: £100,000). Cllr Mark Durham is a trustee of the charity.</p>
	<p>Playout Group A group of companies providing a range of childcare and education services for children from 0 to 14 years. During 2022/23, the Council made payments to these companies amounting to £70,000 (2021/22: £94,000). Cllr Derek Louis is a director of the group of companies.</p>
	<p>Provide Community Interest Company The principal activities of the company are the provision of integrated health and social care. The Council made payments totalling £35.466m to this organisation in 2022/23 (including £16.564m via the Better Care Fund) (2021/22: £33.990m, including £13.888m via the Better Care Fund). Cllr Derrick Louis is a Director and the Chairman of Provide.</p>
	<p>Rayleigh, Rochford and District Association Voluntary Services (RAVS) The RRAVS is an umbrella organisation representing the interests of all voluntary and charitable groups in the area. The Council provided £50,000 to this organisation during 2022/23 (2021/22: £94,000). Cllr June Lumley is a trustee of this charity.</p>
	<p>Rural Community Council of Essex (RCCE) The RCCE is a registered charity that works with local community groups in villages and market towns across the County. The Council provided £386,000 to the charity during 2022/23 (2021/22: £2.178m). Cllr Graham Butland is a trustee of the charity.</p>

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Related party	Declaration
Elected Members	<p>Tendring Eldercare</p> <p>This is a charity which seeks to relieve elderly people in Tendring who are in need, and to preserve and protect the health of those caring for elderly people by offering a respite service. The Council provided £53,000 to this charity in 2022/23 (2021/22: £50,000). Cllr Mark Platt is a trustee of this charity.</p>
	<p>Wyvern Community Transport</p> <p>This charity provides transport to people who find mainstream public transport difficult to access. The Council provided £126,000 to this charity in 2022/23 (2021/22: £126,000). Cllr June Lumley is a trustee of this charity.</p>
	<p>The total of members' allowances paid is shown in note 33 (page 98).</p>
Officers	<p>Members of the Council's Corporate Leadership Team, and other officers with independent statutory powers, can influence significantly the policies of the authority. However, officers are bound by a <u>Code of Conduct</u> which seeks to prevent related parties exerting undue influence over the Council. In addition, they are required to declare any transactions with the Council.</p>
Essex Pension Fund	<p>The Council administers the Essex Pension Fund on behalf of its employees and those of the Essex district councils and other admitted bodies.</p> <p>The Council charged £3.930m for administering the Fund during 2022/23, of which £321,000 was outstanding at 31 March 2023 (2021/22: £3.589m, of which £351,000 was outstanding at 31 March 2022).</p>
Essex Cares Ltd	<p>Essex Cares Ltd is a wholly owned subsidiary of the Council. It provides services for people requiring care, support and assistance living in the community. Essex Cares' transactions are consolidated fully within the Council's Group Accounts, which are set out on pages 110 to 124.</p> <p>The Council commissioned services from Essex Cares Ltd to the value of £49.415m in 2022/23 (2021/22: £42.355m).</p> <p>The Council provided financial, internal audit and other support services to Essex Cares Ltd during 2022/23; the value of these services in 2022/23 was £131,200 (2021/22: £93,400).</p> <p>The Council also provided cash management support to Essex Cares Ltd. The Council paid interest of £226,700 on the amounts it borrowed from Essex Cares Ltd during 2022/23 (2021/22: no interest paid).</p> <p>As noted on page 106, Cllr Ian Grundy held a position on the Essex Cares' Board of Directors during 2022/23.</p>
Essex Housing Development LLP	<p>The Council is a member and designated member of the Essex Housing Development LLP. It is a subsidiary of the Council for accounting purposes, meaning that the LLP's transactions are consolidated within the Council's Group Accounts, which are set out on pages 110 to 124.</p>

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Related party	Declaration
	<p>The Council provided financial and other support services to the Essex Housing Development LLP during 2022/23. The LLP also purchased staff services from the Council to enable it to offer its services. The value of these support and other services in 2022/23 was £1.548m, of which £73,000 was outstanding at 31 March 2023 (2021/22: £1.388m, all of which was outstanding at 31 March 2022).</p> <p>The Council also provided development and working capital loan funding to the LLP in 2022/23 of £7.312m (2021/22: £5.295m). The Council charged interest of £219,000 on the sums loaned, all of which was outstanding as at 31 March 2023 (2021/22: £156,000, all of which was outstanding at 31 March 2022).</p>
<p>Thurrock Council</p>	<p>In September 2022, the Government appointed Essex County Council as 'Best Value Commissioner' and 'Best Value Inspector' for Thurrock Council. This intervention was in response to concerns about levels of financial risk and debt, and clear 'Best Value' failure in relation to Thurrock Council's financial functions.</p> <p>As Commissioner, Essex County Council has full control of the financial functions of Thurrock Council and powers to assess what action may be needed to limit any risks to their services.</p> <p>The Secretary of State for Levelling Up, Housing and Communities has determined that Essex County Council can receive reasonable expenses and fees to cover the costs incurred in undertaking the roles of Best Value Commissioner and Best Value Inspector.</p> <p>Essex County Council charged Thurrock Council a total of £396,000 in 2022/23 in relation to its Best Value Commissioner and Best Value Inspector roles. Of this overall amount, £199,000 was outstanding at 31 March 2023.</p>

38. Accounting for schools

All locally maintained schools are deemed to be entities controlled by the Council, which means their transactions, unspent resources and current assets and liabilities are consolidated into the Council's single entity accounts.

With regard to Property, Plant and Equipment, the Council only recognises the assets of its Community and Foundation Schools (other than those owned by religious bodies), and the playing fields for all categories of local maintained schools, in its Balance Sheet. It does not recognise the school building assets of the other categories of local maintained school, as there is no evidence that the rights of ownership for these buildings have been assigned either to the school governing bodies or to the Council, and it is therefore assumed that the Trustees have retained their substantive rights to take back the school property without causal action by the schools. However, the Trustees are, by Regulation, required to give a minimum of two years' notice of their intention to terminate a school's occupancy of a site, to allow the Council and/or school governing body time to make alternative arrangements for the pupils.

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The number of locally maintained schools deemed to be controlled by the Council is as follows:

2021/22						2022/23				
Nursery schools	Primary Schools	Secondary schools	Special schools	Total		Nursery schools	Primary Schools	Secondary schools	Special schools	Total
2	110	-	6	118	Community schools	2	109	-	5	116
-	27	1	1	29	Foundation schools	-	27	1	1	29
-	4	-	-	4	Foundation schools (C of E)	-	4	-	-	4
-	40	-	-	40	Voluntary controlled schools	-	40	-	-	40
-	41	3	-	44	Voluntary aided schools	-	40	3	-	43
2	222	4	7	235	Total	2	220	4	6	232

The financial relationship between the Council and the schools it maintains is set out in a 'Scheme for Financing Schools'. The Scheme is produced in line with statutory requirements and is subject to approval by members of the local Schools' Forum representing maintained schools. It deals with financial management issues, and sets out the approach to, and existence of, surplus and deficit balances in schools.

The Scheme allows schools to carry forward from one financial year to the next any shortfall in expenditure relative to the school's budget share for the year, plus/minus any balance brought forward from the previous year. The scheme also contains a provision which has the effect of carrying forward deficit balances but providing for deficits to be deducted from the following year's budget share. The scheme makes it clear that the Council cannot write off the deficit balance of any school. The Council can only give assistance towards elimination of a deficit balance from the Council's own schools budget (budget held centrally) where this has been agreed by the Secretary of State.

Note 14 on the Dedicated Schools Grant (see page 62) shows the total of the Individual Schools budget, which is divided into a budget share for each maintained school.

39. Events after the Reporting Date

The Statement of Accounts was certified by the Executive Director, Corporate Services on [***Date of approval to be determined***]. Events taking place after this date were not reflected in the financial statements or notes.

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Group Financial Statements

In order to provide a full picture of the Council's economic activities and financial position, the accounting statements of the Council, Essex Cares Ltd and Essex Housing Development LLP have been consolidated. The Group Accounts are presented in addition to the Council's 'single entity' financial statements and comprise:

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

These statements (*the purposes of which are explained on page 23*), together with those explanatory notes that are considered necessary in addition to those accompanying the Council's 'single entity' accounts, and accounting policies, are set out in the following pages.

Group Comprehensive Income and Expenditure Statement

For the year ended 31st March 2023

2021/22					2022/23			
Gross expenditure £000	Government grants £000	Other Income £000	Net expenditure £000		Gross expenditure £000	Government grants £000	Other income £000	Net expenditure £000
791,042	(164,213)	(173,548)	453,281	Adult Social Care and Health	793,627	(132,361)	(171,969)	489,297
				Children's Services and Early Years				
86,158	(85,645)	(585)	(72)	Dedicated Schools Budget	87,081	(90,137)	2,652	(404)
202,717	(40,036)	(9,975)	152,706	Non Dedicated Schools Budget	227,908	(51,931)	(12,634)	163,343
15,108	(1,591)	(5,872)	7,645	Community, Equality, Partnerships and Performance	16,367	(257)	(7,705)	8,405
41,572	(6,403)	(6,114)	29,055	Devolution, the Arts, Heritage and Culture	45,129	(2,497)	(8,256)	34,376
46,780	(20,355)	(6,158)	20,267	Economic Renewal, Infrastructure and Planning	34,613	(19,544)	(5,134)	9,935
				Education Excellence, Lifelong Learning and Employability				
489,930	(467,262)	(32,539)	(9,871)	Dedicated Schools Budget	529,125	(495,665)	(34,275)	(815)
119,871	(24,675)	(35,208)	59,988	Non Dedicated Schools Budget	127,415	(31,984)	(36,820)	58,611
6,669	(1,889)	(930)	3,850	Finance, Resources and Corporate Affairs	12,974	(1,186)	(1,069)	10,719
171,800	(11,469)	(22,320)	138,011	Highways Maintenance and Sustainable Transport	194,789	(11,790)	(27,581)	155,418
5,322	(1,358)	92	4,056	Leader	4,952	(957)	68	4,063
90,522	(436)	(3,199)	86,887	Waste Reduction and Recycling	89,203	(1,273)	(14,564)	73,366
				Strategic Support Services				
21,661	-	-	21,661	Community, Equality, Partnerships and Performance	22,022	-	-	22,022
1,752	-	-	1,752	Economic Renewal, Infrastructure and Planning	1,348	-	-	1,348
109,661	-	-	109,661	Finance, Resources and Corporate Affairs	103,219	-	-	103,219
2,926	-	-	2,926	Leader	2,157	-	-	2,157
2,203,491	(825,332)	(296,356)	1,081,803	Cost of services - continuing operations	2,291,929	(839,582)	(317,287)	1,135,060
6,122	-	(3,562)	2,560	Other Operating Expenditure	20,472	-	226	20,698
106,641	-	(52,584)	54,057	Financing and Investment Income and Expenditure	138,053	-	(88,011)	50,042
-	(404,181)	(762,765)	(1,166,946)	Taxation and non specific grant income	-	(370,271)	(813,069)	(1,183,340)
2,316,254	(1,229,513)	(1,115,267)	(28,526)	(Surplus) / deficit on Provision of Services	2,450,454	(1,209,853)	(1,218,141)	22,460
			(89,479)	Surplus arising on revaluation of non-current assets				(56,524)
			(480,013)	Re-measurements of the net defined benefits pension liability				(1,238,783)
			(569,492)	Other Comprehensive Income and Expenditure				(1,295,307)
			(598,018)	Total Comprehensive Income and Expenditure				(1,272,847)

Note: The service groupings shown above reflect the alignment of spending to Cabinet Members, according to their specific responsibilities for discharging the functions of the Cabinet during 2022/23; comparative figures for 2021/22 have been restated on a consistent basis.

Group Movement in Reserves Statement

For the years ended 31st March 2022 and 31st March 2023

	Usable Reserves							Total Unusable Reserves	Total Reserves	Analysis of Reserves	
	Earmarked General Reserves	General Fund Balance	Authority share of Profit and Loss Reserve of Subsidiary	Authority share of Pension Reserve of Subsidiary	Usable Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves			Total Authority Reserves	Authority Share of Reserves of Subsidiary
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2021	(493,555)	(68,096)	(6,251)	(10,943)	(10,907)	(2,272)	(592,024)	(667,451)	(1,259,475)	(1,242,281)	(17,194)
Movement in Reserves during 2021/22											
Total Comprehensive Expenditure and Income	-	(27,324)	(1,202)	(13,602)	-	-	(42,128)	(555,890)	(598,018)	(583,214)	(14,804)
Adjustments between accounting basis and funding under regulations	-	(30,496)	-	-	(606)	(822)	(31,924)	31,924	-	-	-
Net (increase)/decrease before transfers to earmarked reserves	-	(57,820)	(1,202)	(13,602)	(606)	(822)	(74,052)	(523,966)	(598,018)	(583,214)	(14,804)
Transfers to Earmarked Reserves	(57,820)	57,820	-	-	-	-	-	-	-	-	-
(Increase) / decrease in 2021/22	(57,820)	-	(1,202)	(13,602)	(606)	(822)	(74,052)	(523,966)	(598,018)	(583,214)	(14,804)
Balance at 31 March 2022	(551,375)	(68,096)	(7,453)	(24,545)	(11,513)	(3,094)	(666,076)	(1,191,417)	(1,857,493)	(1,825,495)	(31,998)
Movement in Reserves during 2022/23											
Total Comprehensive Expenditure and Income	-	22,839	(379)	(24,099)	-	-	(1,639)	(1,271,208)	(1,272,847)	(1,248,369)	(24,478)
Adjustments between accounting basis and funding under regulations	-	(54,551)	-	-	(318)	590	(54,279)	54,279	-	-	-
Net (increase)/decrease before transfers to earmarked reserves	-	(31,712)	(379)	(24,099)	(318)	590	(55,918)	(1,216,929)	(1,272,847)	(1,248,369)	(24,478)
Transfers to Earmarked Reserves	(31,712)	31,712	-	-	-	-	-	-	-	-	-
(Increase) / decrease in 2022/23	(31,712)	-	(379)	(24,099)	(318)	590	(55,918)	(1,216,929)	(1,272,847)	(1,248,369)	(24,478)
Balance at 31 March 2023	(583,087)	(68,096)	(7,832)	(48,644)	(11,831)	(2,504)	(721,994)	(2,408,346)	(3,130,340)	(3,073,864)	(56,476)

Statement of Accounts

Group Balance Sheet as at 31st March 2023

31 March 2022	Note		31 March 2023
£000			£000
		Property, Plant and Equipment	
		Operational assets	
1,422,743		Land and buildings	1,441,396
6,241		Vehicles, plant and equipment	8,017
1,265,684		Infrastructure	1,371,632
3,924		Community assets	4,192
		Non operational assets	
200,447		Assets under construction	180,896
47,968		Surplus assets held pending disposal	55,023
2,947,007		Total Property, Plant and Equipment	3,061,156
14,711		Heritage assets	14,736
40,402		Investment property	38,963
2,501		Intangible assets	1,364
13,014		Long term investments	500
12,302		Long term debtors	13,989
-	7	Net Pensions asset	477,771
3,029,937		Long term assets	3,130,708
14,998		Short term investments	10,478
7,873	5	Inventories	5,430
179,791	6	Short term debtors	195,732
589,248		Cash and cash equivalents	657,161
16,725		Assets held for sale	12,865
808,635		Current assets	881,666
(27,524)		Bank overdraft	(33,660)
(16,246)		Short-term borrowing	(19,272)
(317,779)	6	Creditors (current)	(313,717)
(41,391)		Revenue grant receipts in advance	(81,817)
(85,912)		Capital grant receipts in advance	(103,368)
(2,673)		Donated assets account	-
(11,282)		Provisions (current)	(10,389)
(13,192)		Finance lease obligations (current)	(14,486)
(515,999)		Current liabilities	(576,709)
(437)		Creditors (non-current)	(427)
(70,876)		Capital grant receipts in advance (non-current)	(96,580)
(42,051)		Provisions (non-current)	(26,272)
(582,194)		Long term borrowing	(574,516)
(89,977)		Finance lease obligations (non-current)	(75,967)
(9,793)		Deferred credits	(9,334)
(669,752)	7	Net Pensions liability	-
(1,465,080)		Long term liabilities	(783,096)
1,857,493		Net Assets	3,130,340

Statement of Accounts

Group Balance Sheet as at 31st March 2023

31 March 2022	Note		31 March 2023
£000			£000
		Usable reserves	
(551,375)		Earmarked reserves	(583,087)
(68,096)		General Fund Balance	(68,096)
(7,453)		Profit and Loss reserve	(7,832)
(24,545)	7	Pension reserve	(48,644)
(11,513)		Usable capital receipts reserve	(11,831)
(3,094)		Capital grants unapplied	(2,504)
(666,076)			(721,994)
		Unusable reserves	
(667,530)		Revaluation reserve	(700,032)
(1,237,671)		Capital Adjustments Account	(1,285,488)
10,768		Financial Instruments Adjustment Account	9,926
(2,414)		Pooled Investment Funds Adjustment Account	(367)
689,288	7	Pension reserve	(434,878)
(65)		Deferred capital receipts	(65)
(4,700)		Collection Fund Adjustment Account	(15,186)
20,907		Accumulating Compensated Absences Adjustment Account	17,744
(1,191,417)			(2,408,346)
(1,857,493)		Total Reserves	(3,130,340)

Statement of Accounts

Group Cash Flow Statement

For the year ended 31st March 2023

2021/22 £000	Notes		2022/23 £000
(98,796)	8	Operating activities	(128,708)
(22,110)	↓	Investing activities	22,396
29,498		Financing activities	44,535
(91,408)		Net increase in cash and cash equivalents	(61,777)
470,316		Cash and cash equivalents at 1 April	561,724
561,724		Cash and cash equivalents at 31 March	623,501

Note: 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.

Statement of Accounts

Notes to the Group Financial Statements

1. Group boundary

The Council has an interest in several entities, the most significant of which are Essex Cares Ltd and Essex Housing Development LLP.

Essex Cares Ltd was incorporated in October 2008 and was established by the Council to provide services for people living in the Community who require care, support and assistance. Essex Cares Ltd is a company limited by shares. Essex County Council owns **100%** of the ordinary shares of the Essex Cares Ltd group, which are vested with the Council as a corporate shareholder.

The Essex Housing Development LLP was registered on 26 August 2020 with the intention of helping address a shortfall in general, specialist and affordable housing within Essex. Essex Housing Development is a Limited Liability Partnership with two members and two designated members. The Council is a member and designated member with a **99%** interest in the LLP; Seax Trading Ltd is a member and a designated member with a **1%** interest in the LLP. Whilst registered on 26 August 2020, the LLP did not actively commence trading until February 2021.

Essex Cares Ltd and Essex Housing Development LLP are both subsidiaries of the Council for accounting purposes, and their results have been consolidated into the Group Accounts on a line-by-line basis using the acquisition accounting basis of consolidation.

None of the other Local Authority Trading Companies in which the Council has an interest are considered material enough, either when considered individually or in aggregate, to merit consolidation into the Council's Group Accounts.

2. Accounting policies

In preparing the Group Accounts the Council has:

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

3. Group Expenditure and Funding Analysis

2021/22				2022/23		
Net expenditure chargeable to General Fund	Adjustments between the Funding and Accounting basis	Net expenditure in the Comprehensive Income and Expenditure Statement		Net expenditure chargeable to General Fund	Adjustments between the Funding and Accounting basis	Net expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
437,254	16,027	453,281	Adult Social Care and Health	478,486	10,811	489,297
(75)	3	(72)	Children's Services and Early Years			
135,244	17,462	152,706	Dedicated Schools Budget	(401)	(3)	(404)
4,700	2,945	7,645	Non Dedicated Schools Budget	150,189	13,154	163,343
22,703	6,352	29,055	Community, Equality, Partnerships and Performance	5,962	2,443	8,405
21,534	(1,267)	20,267	Devolution, the Arts, Heritage and Culture	27,159	7,217	34,376
			Economic Renewal, Infrastructure and Planning	11,594	(1,659)	9,935
			Education Excellence, Lifelong Learning and Employability			
(8,577)	(1,294)	(9,871)	Dedicated Schools Budget	3,582	(4,397)	(815)
19,914	40,074	59,988	Non Dedicated Schools Budget	21,811	36,800	58,611
5,770	(1,920)	3,850	Finance, Resources and Corporate Affairs	11,536	(817)	10,719
102,128	35,883	138,011	Highways Maintenance and Sustainable Transport	117,027	38,391	155,418
2,736	1,320	4,056	Leader	4,199	(136)	4,063
81,801	5,086	86,887	Waste Reduction and Recycling	81,903	(8,537)	73,366
			Strategic Support Services			
17,471	4,190	21,661	Community, Equality, Partnerships and Performance	18,872	3,150	22,022
1,125	627	1,752	Economic Renewal, Infrastructure and Planning	998	350	1,348
84,601	25,060	109,661	Finance, Resources and Corporate Affairs	84,742	18,477	103,219
2,606	320	2,926	Leader	1,948	209	2,157
930,935	150,868	1,081,803	Cost of services - continuing operations	1,019,607	115,453	1,135,060
(989,957)	(120,372)	(1,110,329)	Other income and expenditure not charged to services	(1,051,698)	(60,902)	(1,112,600)
(59,022)	30,496	(28,526)	Surplus on Provision of Services	(32,091)	54,551	22,460
			General Fund Balance & Profit and Loss Reserve			
(74,347)			Balance as at 1 April	(75,549)		
(59,022)			Surplus on Provision of Services	(32,091)		
57,820			Transfers from Earmarked Revenue Reserves	31,712		
(75,549)			Balance as at 31 March	(75,928)		

Note: The service groupings shown above reflect the alignment of spending to Cabinet Members, according to their specific responsibilities for discharging the functions of the Cabinet during 2022/23; comparative figures for 2021/22 have been restated on a consistent basis.

4. Note to the Group Expenditure and Funding Analysis

2021/22	Adjustments for capital purposes £000	Net change for Pension Adjustments £000	Other adjustments between funding and accounting £000	Other differences £000	Adjustments between the Funding and Accounting basis £000
Adult Social Care and Health	2,623	13,370	34	-	16,027
Children's Services and Early Years					
Dedicated Schools Budget	-	-	3	-	3
Non Dedicated Schools Budget	1,884	15,268	310	-	17,462
Community, Equality, Partnerships and Performance	1,468	1,460	17	-	2,945
Devolution, the Arts, Heritage and Culture	2,275	4,096	(19)	-	6,352
Economic Renewal, Infrastructure and Planning	(3,185)	1,900	18	-	(1,267)
Education Excellence, Lifelong Learning and Employability					
Dedicated Schools Budget	-	-	4,485	(5,779)	(1,294)
Non Dedicated Schools Budget	16,143	31,607	13	(7,689)	40,074
Finance, Resources and Corporate Affairs	(2,405)	385	1	99	(1,920)
Highways Maintenance and Sustainable Transport	46,084	2,704	(93)	(12,812)	35,883
Leader	(289)	82	62	1,465	1,320
Waste Reduction and Recycling	4,262	781	60	(17)	5,086
Strategic Support Services					
Community, Equality, Partnerships and Performance	-	4,100	90	-	4,190
Economic Renewal, Infrastructure and Planning	-	674	29	(76)	627
Finance, Resources and Corporate Affairs	12,405	12,513	142	-	25,060
Leader	-	340	(20)	-	320
Cost of services - continuing operations	81,265	89,280	5,132	(24,809)	150,868
Other income and expenditure not charged to services	(143,012)	23,743	(25,912)	24,809	(120,372)
Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(61,747)	113,023	(20,780)	-	30,496

2022/23	Adjustments for capital purposes £000	Net change for Pension Adjustments £000	Other adjustments between funding and accounting £000	Other differences £000	Adjustments between the Funding and Accounting basis £000
Adult Social Care and Health	1,137	10,654	(980)	-	10,811
Children's Services and Early Years					
Dedicated Schools Budget	-	-	(3)	-	(3)
Non Dedicated Schools Budget	1,505	12,147	(498)	-	13,154
Community, Equality, Partnerships and Performance	1,427	1,117	(101)	-	2,443
Devolution, the Arts, Heritage and Culture	3,883	3,457	(123)	-	7,217
Economic Renewal, Infrastructure and Planning	(3,286)	1,643	(16)	-	(1,659)
Education Excellence, Lifelong Learning and Employability					
Dedicated Schools Budget	-	-	(593)	(3,804)	(4,397)
Non Dedicated Schools Budget	20,954	23,734	(72)	(7,816)	36,800
Finance, Resources and Corporate Affairs	2,380	1,339	(9)	(4,527)	(817)
Highways Maintenance and Sustainable Transport	48,840	2,075	(55)	(12,469)	38,391
Leader	(816)	(380)	-	1,060	(136)
Waste Reduction and Recycling	(9,843)	1,407	(75)	(26)	(8,537)
Strategic Support Services					
Community, Equality, Partnerships and Performance	-	3,212	(62)	-	3,150
Economic Renewal, Infrastructure and Planning	-	484	(63)	(71)	350
Finance, Resources and Corporate Affairs	9,465	9,497	(485)	-	18,477
Leader	-	215	(6)	-	209
Cost of services - continuing operations	75,646	70,601	(3,141)	(27,653)	115,453
Other income and expenditure not charged to services	(99,169)	19,917	(9,303)	27,653	(60,902)
Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(23,523)	90,518	(12,444)	-	54,551

Statement of Accounts

5. Inventory

	Council £000	Subsidiaries £000	Total £000
Balance as at 1 April 2021	6,435	1,687	8,122
Purchases	549	13,877	14,426
Donations	975	-	975
Recognised as an expense in the year	(3,234)	(12,416)	(15,650)
Balance as at 1 April 2022	4,725	3,148	7,873
Purchases	401	13,304	13,705
Donations	(890)	-	(890)
Recognised as an expense in the year	(3,490)	(11,768)	(15,258)
Balance as at 31 March 2023	746	4,684	5,430

6. Debtors and creditors

The debtors and creditors included within the Group Accounts exclude any amounts owed within the 'Group'.

7. Defined Benefit Pension Schemes

Note 31 of the Council's single entity accounts provides an explanation of the Council's participation in two pension schemes:

- Local Government Pension Scheme; and
- Award of discretionary post-retirement benefits upon early retirement in relation to the Teachers' Pension Scheme.

Essex Cares Ltd participates in the Local Government Pension Scheme as an admitted body.

The following paragraphs explain the Group transactions relating to retirement benefits, the Group assets and liabilities within the Local Government Pension Scheme and the basis for estimating those assets and liabilities and the change in the Group Pension Reserve.

The Council's transactions related to the award of discretionary post-retirement benefits upon early retirements in relation to the teachers' pension scheme (as detailed in note 31 of the Council's single entity accounts) are not reproduced here but are included within the Group Comprehensive Income and Expenditure Statement and the Balance Sheet.

The following transactions have been made in the Group Comprehensive Income and Expenditure Statement during 2022/23 in relation to participation in the **Local Government Pension Scheme**.

Statement of Accounts

2021/22				2022/23		
Council £000	Essex Cares £000	Group £000		Council £000	Essex Cares £000	Group £000
Comprehensive Income and Expenditure Statement						
Cost of Services						
152,014	1,647	153,661	Current service cost	137,144	1,502	138,646
184	-	184	Past service cost	737	-	737
(578)	(52)	(630)	Gain / loss on settlement	(1,558)	(47)	(1,605)
151,620	1,595	153,215		136,323	1,455	137,778
Financing and Investment Income and Expenditure						
22,322	(100)	22,222	Net interest expense	18,275	(450)	17,825
22,322	(100)	22,222		18,275	(450)	17,825
173,942	1,495	175,437	Total charge to the Surplus / Deficit on Provision of Services	154,598	1,005	155,603
Re-measurement of the net pensions liability						
(215,958)	(6,769)	(222,727)	Return on scheme assets	69,080	2,225	71,305
(174,077)	(4,158)	(178,235)	Actuarial (gains) / losses arising from changes in:			
(73,264)	(1,397)	(74,661)	Financial assumptions	(1,597,373)	(33,037)	(1,630,410)
14,476	56	14,532	Demographic assumptions	-	-	-
(17,208)	(1,334)	(18,542)	Experience (gain) / loss on defined benefit obligation	316,908	6,712	323,620
			Other	-	1	1
(466,031)	(13,602)	(479,633)	Total charged to Other Comprehensive Income and Expenditure	(1,211,385)	(24,099)	(1,235,484)
(292,089)	(12,107)	(304,196)	Total charged to the Comprehensive Income and Expenditure Statement	(1,056,787)	(23,094)	(1,079,881)
Movement on the Authority's General Fund Balance						
(173,942)	-	(173,942)	Reversal of net charges made for retirement benefits in accordance with IAS 19	(154,598)	-	(154,598)
58,874	243	59,117	Actual amount charged against the General Fund Balance for pensions in the year	62,205	263	62,468
(115,068)	243	(114,825)		(92,393)	263	(92,130)

The amount included within the Group Balance Sheet in respect of its Local Government Pension Scheme defined benefit plan is:

2021/22				2022/23		
Council £000	Essex Cares £000	Total £000		Council £000	Essex Cares £000	Total £000
3,747,314	80,169	3,827,483	Present value of the defined benefit obligation	2,621,898	55,864	2,677,762
(3,081,243)	(99,705)	(3,180,948)	Fair value of plan assets	(3,074,819)	(98,757)	(3,173,576)
666,071	(19,536)	646,535	Net (asset) / liability arising from defined benefit obligations	(452,921)	(42,893)	(495,814)

Statement of Accounts

The following table provides a reconciliation of the present value of scheme liabilities:

2021/22				2022/23		
Council £000	Essex Cares £000	Group £000		Council £000	Essex Cares £000	Group £000
3,831,331	83,998	3,915,329	Balance as at 1 April	3,747,314	80,169	3,827,483
152,014	1,647	153,661	Current service cost	137,144	1,502	138,646
71,017	1,667	72,684	Interest Cost	96,400	2,067	98,467
19,516	223	19,739	Contributions by scheme participants	20,202	244	20,446
(73,264)	(1,397)	(74,661)	Actuarial (gains) / losses arising from			
(174,077)	(4,158)	(178,235)	Changes in demographic assumptions	-	-	-
-	56	56	Changes in financial assumptions	(1,597,373)	(33,037)	(1,630,410)
14,476	-	14,476	Experience loss (gain) on defined benefit obligation	-	6,712	6,712
184	-	184	Other	316,908	-	316,908
(93,630)	(1,718)	(95,348)	Past service costs	737	-	737
(253)	(149)	(402)	Benefits paid	(95,874)	(1,708)	(97,582)
3,747,314	80,169	3,827,483	Liabilities extinguished on settlements	(3,560)	(85)	(3,645)
			Balance as at 31 March	2,621,898	55,864	2,677,762

The following table provides a reconciliation of the fair value of scheme assets:

2021/22				2022/23		
Council £000	Essex Cares £000	Group £000		Council £000	Essex Cares £000	Group £000
2,814,297	91,184	2,905,481	Balance as at 1 April	3,081,243	99,705	3,180,948
48,695	1,767	50,462	Interest income	78,125	2,517	80,642
			Remeasurement gain / (loss)			
215,958	6,769	222,727	Return on plan assets (excl. amount incl in net interest expense)	(69,080)	(2,225)	(71,305)
17,208	1,334	18,542	Other	-	(1)	(1)
58,874	243	59,117	Contributions by Employer	62,205	263	62,468
19,516	223	19,739	Contributions by scheme participants	20,202	244	20,446
(93,630)	(1,718)	(95,348)	Benefits paid	(95,874)	(1,708)	(97,582)
325	(97)	228	Settlements	(2,002)	(38)	(2,040)
3,081,243	99,705	3,180,948	Balance as at 31 March	3,074,819	98,757	3,173,576

The Local Government Pension Scheme assets comprised:

31 March 2022				31 March 2023	
£000	%			£000	%
1,887,740	59.4%	Equities	1,828,037	57.6%	
76,972	2.4%	Gilts	46,414	1.5%	
138,126	4.3%	Other bonds	-	0.0%	
271,692	8.5%	Property	259,918	8.2%	
90,038	2.8%	Cash and cash equivalents	102,326	3.2%	
400,925	12.6%	Alternative Assets	502,278	15.8%	
315,455	9.9%	Other managed funds	434,603	13.7%	
3,180,948	99.9%	Total assets	3,173,576	100.0%	

Note 31.4 of the Council's 'single entity' accounts, which commences on page 95, set out the significant assumptions used by the Actuary in its calculations for the Local Government Pension Scheme. The assumptions made in relation to Essex Cares Ltd are consistent with those made for the Council, except for the rate of increase in salaries where the rate for Essex Cares Ltd is estimated at **3.65%** (2021/22: 3.95%).

Statement of Accounts

The sensitivity analyses below have been determined based on reasonably possible changes of assumptions occurring at the end of the reporting period. It assumes for each change that the assumption analysed changes, while all other assumptions remain constant.

Local Government Pension Scheme	Effect of change in assumptions		
	£000	£000	£000
Adjustment to discount rate	+ 0.1%	0.0%	- 0.1%
Present value of total obligation	2,635,073	2,677,762	2,720,536
Projected Service Cost	61,596	63,874	66,238
Adjustment to long term salary increase	+ 0.1%	0.0%	- 0.1%
Present value of total obligation	2,680,381	2,677,762	2,675,165
Projected Service Cost	63,917	63,874	63,832
Adjustment to pension increases and deferred revaluation	+ 0.1%	0.0%	- 0.1%
Present value of total obligation	2,718,673	2,677,762	2,637,873
Projected Service Cost	66,264	63,874	61,564
Adjustment to life expectancy assumption	+ 1 year	None	- 1 year
Present value of total obligation	2,783,565	2,677,762	2,576,484
Projected Service Cost	66,128	63,874	61,684

Statement of Accounts

8. Cash Flow

The cash flows for operating, investing and financing activities include the following items:

2021/22 £000		2022/23 £000
	Cash flows from operating activities	
	Cash inflows	
(739,524)	Taxation	(802,583)
(1,138,657)	Grants	(1,171,150)
(296,107)	Sales of goods and rendering of services	(376,393)
(1,147)	Interest received	(13,753)
(1,129)	Dividends received	(1,083)
(2,176,564)		(2,364,962)
	Cash outflows	
470,172	Cash paid to and on behalf of employees	547,786
40,405	Interest paid	40,486
1,394,428	Cash paid to suppliers of goods and services	1,460,382
49,051	Revenue expenditure funded from capital under statute	50,684
123,712	Other payments for operating activities	136,916
2,077,768		2,236,254
(98,796)	Net inflow of cash from operating activities	(128,708)
	Cash flows from investing activities	
	Cash inflows	
(6,569)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(6,941)
(116,600)	Proceeds from short and long term investments	(15,000)
(102,414)	Other receipts from investing activities	(128,261)
(225,583)		(150,202)
	Cash outflows	
168,142	Purchase of property, plant and equipment, investment property and intangible assets	166,319
35,000	Purchase of short and long term investments	-
331	Other payments for investing activities	6,279
203,473		172,598
(22,110)	Net (inflow) / outflow of cash from investing activities	22,396
	Cash flows generated from financing activities	
	Cash inflows	
(7,065)	Cash receipts of short and long term borrowing	(1,990)
(6,727)	Other receipts from financing activities	-
(13,792)		(1,990)
	Cash outflows	
12,708	Cash payments for the reduction of liabilities related to Finance Leases (incl. PFI contracts)	13,495
30,582	Repayment of short and long term borrowing	10,914
-	Other payments for financing activities	22,116
43,290		46,525
29,498	Net outflow of cash from financing activities	44,535
(91,408)	Net increase in cash and cash equivalents	(61,777)

Statement of Accounts

Pension Fund Financial Statements

The Pension Fund financial statements summarise the financial transactions and net assets related to the provision of pensions and other benefits payable to former employees of the Council, Essex district, borough and unitary councils, and for other scheduled and admitted bodies.

The Essex Pension Fund financial statements comprise:

- **Fund Account** - summarises the financial transactions of the Pension Fund for the year.
- **Net Assets Statement** - summarises the net assets relating to the provision of pensions and other benefits payable to former employees of the Council and other admitted bodies.

The Pension Fund accounts are set out in the following pages, as detailed below.

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Pension Fund Accounts

Fund Account for the year ended 31st March 2023

2021/22 £000	Note		2022/23 £000
		Dealing with members and others directly involved in the Fund	
		Income	
(68,094)	9	Contributions receivable	(73,663)
(224,231)	9	Member contributions	(240,659)
(26,082)	9	Employers' contributions	(17,821)
(2,618)		Transfers in from other Pension Funds	(3,052)
		Other income	
(321,025)		Total income	(335,195)
		Expenditure	
224,908	9	Benefits payable	237,646
34,829	9	Pensions	35,146
6,242	9	Commutation of pensions & lump sum retirement benefits	6,379
17,892	9	Lump sum death benefits	20,546
		Payments to and on account of Leavers	
283,871		Total expenditure	299,717
(37,154)		Net (additions) / withdrawals from dealings with members	(35,478)
81,377	10	Management expenses	84,332
44,223		Net (additions) / withdrawals including Fund Management expenses	48,854
		Returns on investments	
(125,896)	11	Investment income	(162,153)
(828,663)	12	Profit and losses on disposal of investments and changes in the value of investments	82,873
3,891		Taxes on income	7,500
(950,668)		Net returns on investments	(71,780)
(906,445)		Net (increase) / decrease in the assets available for benefits during the year	(22,926)
(8,739,136)		Opening net assets as at 1 April	(9,645,581)
(9,645,581)		Closing net assets as at 31 March	(9,668,507)

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Pension Fund Accounts

Net Assets Statement as at 31st March 2023

31 March 2022 £000	Note		31 March 2023 £000
	12	Investments at market value	
		Investment assets	
		Pooled Investments	
418,839		Fixed interest securities	-
956,555		Fixed income - ACCESS pooled fixed income funds *	1,324,048
2,598,348		Equities - Unit Life assurance policies	2,562,441
2,139,042		Equities - ACCESS pooled global equity funds	2,175,693
-		Equities - Emerging Markets ETF	346,963
233,401		Index linked securities	141,401
227,785		Property unit trusts	185,726
1		Other managed funds *	-
500,582		Equities - market quoted	21
596,068		Property	606,134
486,213		Private equity	487,572
837,168		Infrastructure	996,279
276,329		Timber	341,308
102,223		Private debt	192,639
82		Derivative contracts	-
218,687		Cash/deposits	263,338
11,570		Other investment balances	6,099
9,602,893			9,629,662
		Investment liabilities	
(82)		Derivative contracts	-
(1,014)		Other investment balances	(173)
(1,096)			(173)
9,601,797		Total net investments	9,629,489
		Long term debtors	
4,377	14	Contributions due from employers	776
		Current assets and liabilities	
		Current Assets	
22,026		Cash	20,401
26,522		Contributions due from employers and other current assets	26,045
9,654,722			9,676,711
		Current liabilities	
(9,141)		Unpaid benefits and other current liabilities	(8,204)
9,645,581		Net assets of the scheme available to fund benefits at the end of the reporting period	9,668,507

Fixed Income – ACCESS Pooled Fixed Income Funds include the Link Asset Solutions-Alpha Opportunities Fund that was previously classified under Other Managed Funds.

The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed at Note 3.

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Notes to the Pension Fund Financial Statements

1. Background

1.1 General description of the Fund

Under the Local Government Pension Scheme (LGPS) (Administration) Regulations 2008, Essex County Council is required to maintain a pension fund.

The Essex Pension Fund ("the Fund") is part of the Local Government Pension Scheme and is administered by Essex County Council ("the Administering Authority") which is the reporting entity for this pension fund.

Established by the Local Government Superannuation Regulation 1974 the scheme is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

- Local Government Pension Scheme (LGPS) Regulations 2013 (as amended);
- LGPS (Transitional Provisions, Savings and Amendment) Regulation 2014 (as amended); and
- LGPS (Management and Investment of Funds) Regulations 2016.

The Fund is a contributory defined benefit pension scheme to provide pensions and other benefits for its Essex County Council employees and those other scheduled Bodies within its area. It is also empowered to admit the employees of certain other bodies, town and parish councils, educational establishments, contractors providing services transferred from scheduled bodies and community interest bodies. A complete list of the employers participating in the Fund is contained in the Pension Fund Annual Report and Accounts. The Fund does not provide pensions for teachers, for whom separate arrangements exist. Uniformed police and fire staff are also subject to separate pension arrangements.

The Council has delegated its pension functions to the Essex Pension Fund Strategy Board (PSB) and Investment Steering Committee (ISC). Responsibility for the administration and financial management of the Fund has been delegated to the Executive Director, Corporate Services along with the Director for Essex Pension Fund.

Independent investment managers have been appointed to manage the investments of the Fund. The Fund also invests in private equity, infrastructure and timber through the use of limited partnerships. The ISC oversees the management of these investments and meets regularly with the investment managers to monitor their performance against agreed benchmarks. The ISC in turn reports to the Essex Pension Fund Strategy Board. The Fund's Investment Strategy Statement, is contained in the Pension Fund Annual Report and Accounts and can be found on the Pension Fund website (www.essexpensionfund.co.uk).

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Regional Asset Pools

In response to the Government's guidance and criteria on pooling investments issued in 2015, the Essex Pension Fund are working collaboratively with ten other like-minded LGPS Funds under the name of ACCESS (A Collaboration of Central, Eastern and Southern Shires).

In 2018 a joint procurement was undertaken by ACCESS for a passive provider with UBS Asset Management appointed as the preferred provider. In addition, in March 2018 Link Solutions Limited (Link) was appointed to act as operator of the ACCESS's Authorised Contractual Scheme (ACS). As at 31 March 2023 Link had launched 27 sub funds.

The Fund had transitioned **£6.203bn** into the Access Pool as at 31 March 2023. **£3.499bn** was managed by Link Solutions Limited, the Pool Operator, including a **£425m** new investment in the 2022/23 financial year (one new asset was transitioned in 2021/22 totalling £957m). The remaining **£2.704bn** was under ACCESS Pool governance and managed by ACCESS's passive provider.

It is anticipated that during 2023/24 further investment will be made into the ACS managed by Link. For more details, please refer to the Essex Pension Fund website www.essexpensionfund.co.uk.

1.2 Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme, or make their own personal arrangements outside the scheme.

Organisations participating in the Essex Pension Fund include:

- Scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the Fund.
- Admitted bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

There are **770** active employer organisations within Essex Pension Fund including the County Council itself. Membership details are set out below:

31 March 2022		31 March 2023
54,433	Contributors	59,160
77,268	Deferred pensioners	72,337
48,121	Pensioners	49,770
179,822		181,267

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1.3 Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the fund in accordance with the LGPS Regulations 2013 and range from **5.5%** to **12.5%** of pensionable pay for the financial year ending 31 March 2023. Employees can also opt to pay a reduced contribution. This is commonly referred to as the '50/50' option. At any time an active member can opt to pay half of their normal contribution. This option results in the pension built up during this time being reduced by half. Employee contributions are matched by employers' contributions which are set based on triennial actuarial funding valuations. The last such valuation was at **31 March 2022**. Details can be found on the website www.essexpensionfund.co.uk.

1.4 Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service.

From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is updated annually in line with inflation.

There are a range of other benefits provided under the scheme including early retirement, disability pensions and death benefits. For more details, please refer to the Essex Pension Fund website www.essexpensionfund.co.uk.

2. Basis of preparation

The financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 issued by CIPFA, which is based upon International Financial Reporting Standards (IFRS) as amended for UK public sector.

The financial statements summarise the Fund's transactions for the financial year ended 31 March 2023 and its position as at 31 March 2023. They report the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year, nor do they take into account the actuarial present value of promised retirement benefits. However, a statement calculating the Fund's actuarial present value of promised retirement benefits (IAS 26) as at 31 March 2023 using IAS 19 methodology can be found in note 3.3. The actuarial position of the scheme as at 31 March 2022 can also be found in note 3.1.

The accounts are prepared on a going concern basis.

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3. Actuarial valuation

The contributions payable for 2022/23 and 2021/22 were determined by the 2019 Actuarial Valuation.

3.1 Actuarial Valuation 2022

In line with the Local Government Pension Regulations 2013 the Fund's Actuary undertakes a funding valuation every three years for the purpose of setting the employer contribution rates for the forthcoming triennial period.

An Actuarial Valuation of the Essex Pension Fund was carried out as at 31 March 2022 to determine the contribution rates with effect from 1 April 2023 to 31 March 2026. The results of the valuation are contained within the Statement by the Consulting Actuary in the Pension Fund Report and Accounts.

Actuarial Approach

Market conditions and the underlying investment performance of the Fund's assets will have a direct impact on the funding position.

The Actuary's approach adopted at the 2022 Actuarial Valuation included the following features:

- financial assumptions such as inflation and the discount rate are based on smoothed market indicators from around the valuation date, specifically over the six-month period from 1 January 2022 to 30 June 2022. The discount rate is based on the expected investment return from the Fund's assets.
- the market value of assets at 31 March 2022 is then adjusted to also be smoothed over the same six-month period so that a consistent comparison can be made with the liabilities.
- the smoothed assets also include a 15% volatility reserve deduction which may be used in the instance for future adverse experience to help achieve stability.

The Valuation was carried out using the projected unit actuarial method. Full details of the actuarial assumptions are contained within the full Valuation Report that is available from www.essexpensionfund.co.uk, but the main financial assumptions used for assessing the Funding Target and the common contribution rate were as follows:

Assumptions	Financial assumptions	
	2019	2022
Rate of return	4.5%	4.3%
Rate of discount	4.5%	4.3%
Short term pay increase	N/A	N/A
Long-term pay increase	3.6%	3.9%
Rate of increase to pensions in payment	2.6%	2.9%

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Assumptions	Financial assumptions	
	2019	2022
Pension increases on Guaranteed Minimum Pension	Funds will pay limited increases for members that have reached SPA by 6 April 2016, and full increases for others.	

The assumed life expectancy from age 65 is as follows:

31 March 2019 Years		31 March 2022 Years
	Retiring today	
21.7	Males	21.0
23.7	Females	23.5
	Retiring in 20 years	
23.1	Males	22.3
25.1	Females	24.9

The assets were assessed at market value.

On the basis of the assumptions adopted, the Valuation revealed that the value of the Fund's assets of **£8.100bn** represented **102%** of the Funding Target liabilities of **£7.920bn** at the valuation date. This was based on a smoothing adjustment of 98.8% applied to the market value of the assets and a stability reserve of 15%.

The valuation also showed that an average primary contribution rate of **22%** of Pensionable Pay per annum was required from employers (**20%** as at 31 March 2019). The primary rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

In practice, each individual employer's position is assessed separately, and the contributions required are set out in the Actuary's statement. In addition to the certified contributions, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

The next triennial actuarial valuation of the Fund is currently due as at 31 March 2025. Based on the results of this valuation, the contributions payable by the individual employers will be revised with effect from 1 April 2026.

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Funding Strategy

The Funding Strategy adopted in assessing the contributions for each individual employer is in accordance with the Funding Strategy Statement (FSS). Different approaches adopted in implementing contribution increases and deficit recovery periods are as determined through the FSS consultation process.

The funding objectives of the Fund are:

- to prudently set levels of employer contributions that aim to achieve a fully funded position in the timescales determined in the Funding Strategy Statement.
- to recognise in drawing up its Funding Strategy, the desirability of employer contribution rates that are as stable as possible.
- to manage employers' liabilities effectively, having due consideration of each employer's strength of covenant, by the adoption of employer specific funding objectives.
- to maintain liquidity in order to ensure benefits can be met as and when they fall due over the lifetime of the Fund.
- to adopt appropriate measures and approaches to reduce the risk, as far as possible, to the Fund, other employers and ultimately the taxpayer from an employer defaulting on its pension obligations to minimise unrecoverable debt on termination of employer participation.
- to have consistency between the investment strategy and funding strategy; and to maximise returns within reasonable risk parameters.

3.2 IAS 19 Actuarial present value of promised retirement benefits

Many of the Fund's employers comply with the accounting disclosure requirements of either IAS 19 or FRS 102. These accounting standards specify the approach taken when calculating liabilities for disclosure in an employer's annual accounts – they do not determine the employer contribution. Employer contributions are determined via the Actuarial Valuation (as described in note 3 above).

3.3 IAS 26 – Total Fund: Actuarial present value of promised retirement benefits

Separate to the Actuarial Valuation, IAS 26 requires the present value of the Fund's promised retirement benefits to be disclosed. For this purpose the actuarial assumptions and methodology used should be based on IAS 19 rather than the assumptions and methodology used in the Actuarial Valuation for funding purposes.

In order to assess the present value of the Fund's obligation on this basis, the Actuary, allowing for the different financial assumptions required under IAS 19 has used a roll forward approach in

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valuing the Fund's liabilities which were last calculated at the triennial actuarial valuation as at 31 March 2022.

Although the post mortality tables adopted are consistent with those for the most recent valuation, the mortality improvement projection has been updated to use the latest version of the Continuous Mortality Investigation's model (CMI_2020) which was released in March 2021. This update has been made in light of the coronavirus pandemic and reflects the latest information available from the CMI.

The duration of the Fund's liabilities is the weighted average time to pay each future expected cashflow for each member. This is based on the data from the last actuarial valuation. The Fund's liability duration as at 31 March 2023 is **17 years** which in turn means a discount rate of **4.8%** per annum (2.60% as at 31 March 2022). Liabilities are valued using a discount rate based on corporate bond yields.

An estimate of the Fund's future cashflows is made using notional cashflows based on the estimated duration above. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point).

In order to assess the value of the benefit obligations, the actuary has updated the actuarial assumptions (see below) from those used for funding purposes.

31 March 2022 £000		31 March 2023 £000
(11,628,090)	Present value of the defined benefit obligation	(7,987,386)
9,645,581	Fair value of the Fund assets (bid value) *	9,668,537
(1,982,509)	Net (liability) / asset	1,681,151

* Based on IAS 26 report (unaudited)

Please note, the liabilities above are calculated on an IAS 19 basis and therefore will differ from the results of the 2022 triennial funding valuation (note 3.1).

The key financial assumptions used are:

31 March 2022 %		31 March 2023 %
3.20	Pension increases	2.85
4.20	Salary increases	3.85
2.60	Discount rate	4.80

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The key demographic assumptions used (life expectations from age 65) are as follows:

31 March 2022	Life expectancy from age 65	31 March 2023
Years		Years
	Retiring today	
21.0	Males	21.1
23.5	Females	23.5
	Retiring in 20 years	
22.3	Males	22.3
24.9	Females	25.0

McCloud/Sargeant ruling

An allowance was made for the potential impact of the McCloud & Sargeant judgement in the results provided to the Fund at the last accounting date as stated above and is already included in the starting position. This allowance is therefore incorporated in the roll forward approach and is remeasured at the accounting date along with the normal LGPS liabilities.

4. Accounting policies

4.1 Fund Account – revenue recognition

4.1.1 Contribution income

Normal contributions (also referred to as Primary Contributions), both from the members and from the employer, are accounted for on an accruals basis as follows:

- Employee contribution rates are set in accordance with LGPS regulations using common percentage rates for all schemes which arise according to pensionable pay.
- Employer contributions are set at the percentage rate recommended by the Fund Actuary in the payroll period to which it relates.

Employer deficit funding contributions (also referred to as Secondary Contributions) are accounted for on the due dates on which they are payable under the schedule of contributions set by the Fund Actuary or on receipt if earlier than the due date.

Employers' augmentation contributions and financial strain contributions are accounted for in the period in which the liability arises. Any amounts due in the year but unpaid are classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

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4.1.2 Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Scheme Regulations (see note 9 which commences on page 144).

Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis and included in Transfers in.

Bulk (group) transfers are accounted for on an accruals' basis in accordance with the terms of the transfer agreement.

4.1.3 Investment Income

- **Dividend income**

Dividend income is recognised in the Fund Account on the date the shares are quoted ex-dividend. Any amounts not received by 31 March are disclosed in the Net Assets Statement as other investment balances due. Investment income also includes withholding tax where this cannot be recovered.

- **Interest income**

Interest income is recognised in the Fund Account on an accruals basis, using the effective interest rate of the financial instrument as at the date of acquisition or origination.

- **Income from other investments**

Income from other investments is accounted for on an accruals' basis. Any amount not received by the end of the financial year is disclosed in the Net Assets Statement under other investment balances.

- **Distributions from pooled funds**

Distributions from pooled funds are recognised at the date of issue. Any amounts not received by the end of the reporting period is disclosed in the Net Assets Statement as a current financial asset.

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- **Property related income**

Property related income consists primarily of rental income. Rental income from operating leases on properties owned by the Fund is recognised on a straight line basis over the term of the lease.

Any lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Contingent rents based on the future amount of a factor that changes other than with the passage of time, such as turnover rents, are only recognised when contractually due.

- **Change in market value of investments**

The change in market value of investments during the year is recognised as income and comprises all realised and unrealised profits and losses during the year.

4.2 Fund Account – Expense items

4.2.1 Benefits payable

Under the regulations, retirees can receive a lump sum retirement grant in addition to their annual pension. Pensions and lump sum retirement grants are accounted for from the date of retirement. When a member chooses to take a greater retirement grant in return for a reduced pension, these lump sums are accounted for on an accruals' basis from the date that the option is exercised. Any amounts due but not paid are disclosed in the Net Assets Statement as current liabilities, provided that payment has been approved.

Other benefits are accounted for on the date that members leave the Fund, or upon death.

4.2.2 Management expenses

The Fund discloses its pension fund management expenses where possible, in accordance with the CIPFA guidance 'Accounting for Local Government Pension Scheme Management Expenses 2016'.

- **Administrative expenses**

All administrative expenses are accounted for on an accruals' basis. All staff costs of the administration part of the function are charged direct to the fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

- **Oversight and governance**

All oversight and governance expenses are accounted for on an accruals' basis. All staff costs associated with governance and oversight are charged direct to the Fund. Associated

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management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

· **Investment management expenses**

All investment management expenses are accounted for an accruals' basis.

Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. For the investment managers who manage the main asset classes of the Fund these are broadly based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change. With the investment managers who manage the alternative assets the fees are generally calculated on a commitment basis.

Some of the Fund's investments are via pooled vehicles. In the majority of cases the investment manager deducts its management fees directly i.e. the Fund are not invoiced for these costs. The gross up of management fees are offset through the change in market value of these investments.

Where an investment manager's fee invoice has not been received by the Balance Sheet date, an estimate based upon the market value of their mandate as at the end of the year is used for inclusion in the Fund Account. In 2022/23, **£1.253m** of fees is based on such estimates (2021/22: £2.176m). A creditor has been raised and the actual invoice amount is shown within current liabilities.

The costs of the Pension Fund investment function are charged direct to the Fund along with any direct running costs. Transaction costs and custody fees are included within investment management expenses.

The cost of obtaining investment advice from external consultants is included in governance and oversight.

4.3 Net Assets Statement

4.3.1 Financial Assets

Financial assets are included in the Net Assets Statement on a fair value basis (with the exception of cash and debtors, which have been dealt with on an amortised cost basis), as at the financial year end date of 31 March. The financial asset is recognised in the Net Asset Statement on the date the fund becomes party to the contractual acquisition of the asset. From this date, any gains or losses arising from changes in fair value of the asset are recognised in the Fund Account.

The values of investments shown in the Net Assets Statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13 (see note 12). For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted where possible, the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG / Investment Association, 2016). Each type of investment in consultation with the Fund's Investment

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Managers have been assessed and a single level has been applied, based on their overall characteristics.

4.3.2 Valuation of investments

The value of investments as shown in the Net Assets Statement is determined as outlined in the following paragraphs.

- **Market quoted investments**

In the majority of cases, market quoted equity investments for which there is a readily available market price is determined by the bid market price ruling on the final day of the accounting period.

- **Unquoted investments**

The fair value of investments for which market quotations are not readily available are determined as follows:

Unquoted private equity

For unquoted equity and private equity limited partnerships, investments are valued based on the Fund's share of the net assets in the private equity fund or limited partnership using the latest financial statements published by the respective fund managers. In 2022/23, the majority of these investments have been valued as at 31 December 2022 so the estimated balance has been reflected.

Other unquoted investments

Investments in unquoted property, private debt, timber and infrastructure pooled funds are valued at the net asset value or a single price advised by the fund managers and are based on industry guidelines and standards set by the constituent documents of the pool or the management agreement. These investments are based on 31 December 2022 valuations.

- **Unit trusts and managed funds**

Unit trusts and managed funds are valued at bid prices provided by the relevant fund managers, which reflect the market value of the underlying investments.

In the case of pooled investment vehicles that are accumulation funds, change in market value also includes income, which is reinvested in the Fund, net of applicable withholding tax.

- **Fixed interest investments**

Fixed interest investments in the Fund's investment portfolio are recorded at net market value, based on their current yield (i.e. excludes interest earned but not paid over at the Fund year-end, which is included separately within accrued investment income and disclosed within note 12).

- **Direct Property investments**

Direct property investments have been valued on a fair value basis as at 31 March 2023, by Knight Frank, Chartered Surveyors in accordance with the current edition of the Royal Institute of Chartered Surveyors' (RICS) Valuation – Global Standards, which incorporate the

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International Valuation Standards and the RICS UK National Supplement. The valuer's opinion of market value and existing use value was primarily derived using comparable recent market transactions on arm's-length terms, where available, and appropriate valuation techniques (the Investment Method), such as the use of estimated future yields and rental values.

- **Valuations relating to Russia/ Belarus and Ukraine investments**

Please note that the Investment valuations as at 31 March 2023 have taken into account the current conflict in Ukraine. Prior to the beginning of the conflict the Fund had minimal direct exposure to investments in Russia/Belarus and Ukraine. The value of these investments was **£201,000** as at 31 March 2022 (**0.002%** of the Fund's value). The value of these investments reflected in the accounts as at 31 March 2023 was **£8,000** (**0.0001%** of the Fund's value).

4.3.3 Dividends, Interest and Foreign Currencies

Dividend, interest, purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End of year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

4.3.4 Cash and cash equivalents

Cash comprises of cash in hand and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

4.3.5 Additional Voluntary Contribution

The Essex Pension Fund provides an additional voluntary contribution (AVC) scheme for its members, the assets of which are invested separately from those of the pension fund. AVCs are not included in the accounts in accordance with Section 4(1)(b) of the Local Government Pension Scheme (Management and Investment of funds) Regulations 2016 but are disclosed for information in note 13.

The AVC providers to the Fund are The Equitable Life Assurance Society, Prudential and Standard Life.

The AVC providers secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in these arrangements each receive an annual statement confirming the amounts held in their account and the movements in the year.

The Fund relies on individual contributors to check that deductions made on their behalf are accurately reflected in the statements provided by the AVC providers.

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5. Critical judgements in applying accounting policies

In applying the accounting policies set out within note 4, the Fund has had to make certain judgements about complex transactions or those involving uncertainty about future events. No critical judgments have been made in the Fund's Accounts.

6. Assumptions made about the future and other major sources of estimation uncertainty

The Fund Accounts contain estimated figures that are based on assumptions made 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 net assets statement at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits <i>Note: Results are taken from the 2023 Actuary IAS 26 Report</i>	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the fund with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £132m . A 0.1% increase in the Pensions and deferred revaluations would result in an increase in the pension liability of £126m . A 0.1% increase in the long-term rate of salary increase would increase the value of liabilities by approximately £9m . Increasing the life expectancy assumptions by 1 year would increase the liability by approximately £290m . Please note that because the liability associated with the actuarial present value of promised retirement benefits is not recognised in the Fund's financial statements, the changes in assumptions referred to above have

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Item	Uncertainties	Effect if actual results differ from assumptions
		not impact on the amounts recognised in the Net Asset Statement.
Property	<p>Direct property</p> <p>Property valuation is performed by independent external valuers, in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards. Valuation techniques are used to determine the carrying amount of directly held freehold and leasehold property. Where possible these valuation techniques are based on observable data, but where this is not possible management uses the best available data. Changes in the valuation assumptions used, together with significant changes in rental growth, vacancy levels, changes in market process, changes in volume of sales and purchases or the discount rate could affect the fair value of property.</p>	<p>The effect of variations in the factors supporting the valuation could result in an increase or decrease in the value of directly held property by +/- 20% an increase or decrease of £83.064m, on current value of £415.320m (notes 17.1 and 17.4)</p>
Property	<p>Pooled property funds and global property</p> <p>Valuation techniques are used to determine the carrying amount of pooled property funds and global property. Where possible management uses the best available data.</p> <p>Uncertainties including changes in rental growth, covenant strength for existing tenancies, discount rate could affect the fair value of the property investments.</p>	<p>The effect of variations in the factors supporting the valuation could result in an increase or decrease in the value of:</p> <ul style="list-style-type: none"> • pooled property funds by +/- 20% an increase or decrease of £37.145m, on current value of £185.726m (notes 17.1 and 17.4). • global held property by +/- 15.5% an increase or decrease of £29.576m, on current value of £190.814m (notes 17.1 and 17.4).
Private equity, Infrastructure, Timber and Private debt	<p>There is a degree of estimation involved in the valuation of these assets. Uncertainties including changes in market activity, credit risks, expected cash flows, discount</p>	<p>The total private equity, infrastructure, timber and private debt investments in the financial statements are £2.018bn. There is a risk that this investment may be</p>

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Item	Uncertainties	Effect if actual results differ from assumptions
	rates used can impact valuations.	under or overstated in the accounts, totalling an increase / decrease of £156.774m (notes 17.1 and 17.4).

7. Events after the reporting date

These are events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Two types of events can be identified:

- a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period), and
- b) those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

There have been no adjusting or non-adjusting events taking place between 31 March 2023 and [***Date of approval to be determined***].

The Statement of Accounts was certified by the Executive Director, Corporate Services on [***Date of approval to be determined***]. Events taking place after this date were not reflected in the financial statements or notes.

8. Accounting standards issued but not yet adopted

The International Accounting Standards Board (IASB) has issued International Financial Reporting Standard 16 Leases (IFRS16). When this Standard is adopted by the Fund, no later than in 2024/25, most of the assets secured through a lease arrangement will be recognised on the Net Asset Statement as 'right of use' assets, together with the corresponding lease liabilities. This differs from the current practice of only recognising the assets and liabilities associated with the finance leases entered into by the Fund on its Net Asset Statement. The impact of this new standard has not yet been determined for the Fund.

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9. Membership activities

9.1 Pension benefits payable

2021/22				2022/23		
Pensions £000	Commutation of pensions and lump sums £000	Lump sum death benefits £000		Pensions £000	Commutation of pensions and lump sums £000	Lump sum death benefits £000
77,683	8,808	1,933	Administering Authority	80,849	8,216	1,499
124,099	22,089	3,658	Scheduled Bodies	132,329	23,017	4,315
13,568	1,626	200	Community Admission Bodies	14,104	2,128	120
8,670	2,009	314	Transferee Admission Bodies	9,431	1,616	424
888	297	137	Resolution Bodies	933	169	21
224,908	34,829	6,242		237,646	35,146	6,379

9.2 Contributions receivable

9.2.1 By category

Contributions receivable from employers are set out below:

2021/22 £000		2022/23 £000
68,094	Employee's normal contributions	73,663
	Employers' contributions	
203,940	Normal contributions	222,175
18,282	Deficit recovery contributions	16,498
2,009	Augmentation contributions	1,986
224,231		240,659
292,325		314,322

For the purposes of the above table, the terminology used in the Actuarial Report included in the Pension Fund Annual Report and Accounts has been changed to:

- Employer normal contributions – primary contributions
- Deficit contribution – secondary contributions
- Employer augmentation relates to payments for the cost of early retirements.

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9.2.2 By type

2021/22			2022/23	
Member £000	Employer £000		Member £000	Employer £000
18,690	54,909	Administering Authority	20,372	60,558
46,112	153,016	Scheduled Bodies	50,159	168,697
1,695	11,178	Community Admission Bodies	1,594	6,490
1,232	3,775	Transferee Admission Bodies	1,130	3,401
365	1,353	Resolution Bodies	408	1,513
68,094	224,231		73,663	240,659

9.3 Payments to and on account of leavers

2021/22 £000		2022/23 £000
1,060	Refunds of contributions	1,130
16,832	Transfers out - individual transfers	19,416
17,892	Total	20,546

In 2022/23 and 2021/22, no bulk transfers were made.

10. Management expenses

10.1 By type

2021/22 £000		2022/23 £000
3,248	Administration costs	3,765
76,609	Investment management expenses	75,014
1,520	Oversight and governance	1,810
	- Other *	3,743
81,377	Total	84,332

* Other relates to the write off of a Deferred Debt Arrangement. Please see Note 14.2 for further details.

ACCESS ongoing costs were **£107,000** for 2022/23 (2021/22: £95,000). These costs are shown under oversight and governance costs line of the above note.

In 2022/23, amounts payable to the external auditor were **£52,000** of which **£8,000** was rechargeable and relates to additional fees for work undertaken to provide assurance for scheduled bodies on IAS 19 disclosures (£40,000 and £7,000 respectively in 2021/22).

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10.2 Investment management expenses

2021/22	Management fees £000	Performance related fees £000	Transaction costs £000	Total £000
Pooled Investments				
Fixed Interest Securities	2,748	-	250	2,998
Fixed Income - ACCESS pooled fixed income funds	2,828	-	256	3,084
Equities - Unit Life assurance policies	815	-	-	815
Equities - ACCESS pooled global equity funds	8,465	-	-	8,465
Equities - Emerging Markets ETF	-	-	-	-
Index linked securities	20	-	-	20
Property unit trusts	1,075	-	-	1,075
Other managed funds	-	-	-	-
Equities - market quoted	4,235	-	678	4,913
Property	2,648	-	-	2,648
Global property	4,061	4,142	-	8,203
Private equity	4,724	8,986	1	13,711
Infrastructure	10,303	11,830	-	22,133
Timber	3,134	162	-	3,296
Private Debt	1,651	1,582	-	3,233
Other investment management costs	255	-	-	255
	46,962	26,702	1,185	74,849
Custody fees				1,760
Total				76,609

2022/23	Management fees £000	Performance related fees £000	Transaction costs £000	Total £000
Pooled Investments				
Fixed Interest Securities	2,322	-	132	2,454
Fixed Income - ACCESS pooled fixed income funds	3,620	-	358	3,978
Equities - Unit Life assurance policies	1,172	-	-	1,172
Equities - ACCESS pooled global equity funds	7,903	-	-	7,903
Equities - Emerging Markets ETF	-	-	504	504
Index linked securities	17	-	-	17
Property unit trusts	1,036	-	-	1,036
Other managed funds	-	-	-	-
Equities - market quoted	1,370	-	237	1,607
Property	7,182	-	-	7,182
Global property	4,943	1,190	-	6,133
Private equity	4,821	4,316	2	9,139
Infrastructure	11,069	13,045	-	24,114
Timber	2,278	1,046	-	3,324
Private Debt	3,690	2,287	-	5,977
Other investment management costs	234	-	-	234
	51,657	21,884	1,233	74,774
Custody fees				240
Total				75,014

Custody fees are made up of fees paid to the Fund's Global Custodian, Northern Trust and other out of pocket custody expenses. These were **£91,000** and **£149,000** in 2022/23 respectively (£247,000 and £1.513m in 2021/22).

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11. Investment Income

11.1 By Type

2021/22 £000		2022/23 £000
16,750	Dividends from equity	15,365
23,969	Dividends from equity pooled funds	28,632
8,515	Private Equity income	11,298
43,911	Infrastructure / timberland income	49,661
7,746	Managed fund income	8,478
-	Income from fixed income pooled funds	16,573
6,466	Income from pooled property investments	6,126
13,421	Net rent from property	12,358
294	Interest from cash deposits	4,688
2,044	Other	1,616
123,116	Total investment income showing net property rent	154,795
	Add back:	
2,780	Property operating expenses	7,358
125,896	Total investment income showing gross property rent	162,153

In line with best practice guidelines, the note that accompanies investment income requires the Fund to show rent from property net of other property income and operating property expenses. However, rent from property which is included under 'investment income' in the Fund Account is shown on a gross basis.

11.2 Investment property net rental

2021/22 £000		2022/23 £000
16,226	Rental Income from investment property	19,632
(25)	Other Property income	84
(2,780)	Direct operating expenses arising from investment property	(7,358)
13,421	Total	12,358

Please note, no contingent rents have been included in the Fund Accounts as income for the year.

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12. Investments

12.1 Value of investments held by fund managers

The value of investments held by each fund manager on 31 March was as follows:

31 March 2022			31 March 2023	
£m	%		£m	%
Investments managed inside the ACCESS Pool				
659	6.9	Link Asset Solutions - Long Term Global Growth Fund	628	6.5
774	8.1	Link Asset Solutions - Global Dividend Fund	802	8.3
706	7.3	Link Asset Solutions - Global Equity Fund	746	7.7
956	10.0	Link Asset Solutions - Alpha Opportunities Fund	898	9.3
-	-	Link Asset Solutions - Janus Henderson	425	4.4
2,832	29.4	UBS Asset Management	2,704	28.1
5,927	61.7		6,203	64.3
Investments managed outside of the ACCESS Pool				
102	1.1	Alcentra Ltd	101	1.1
762	7.9	Aviva Investors	662	6.9
369	3.8	Stewart Investors	1	-
-	-	Emerging Markets ETF	347	3.6
419	4.4	Goldman Sachs Asset Management International	-	-
557	5.8	Hamilton Lane	585	6.1
297	3.1	IFM Investors	344	3.6
210	2.2	JPMorgan Asset Management	330	3.4
162	1.7	Marathon Asset Management Ltd	1	-
334	3.5	Partners Group Management II S.à r.l (Infrastructure)	325	3.4
121	1.3	Partners Group Management II S.à r.l (Global Property)	191	2.0
-	-	Permira	92	1.0
280	2.9	Stafford Timberland Limited	341	3.5
62	0.6	Other *	106	1.1
3,675	38.3		3,426	35.7
9,602	100.0		9,629	100.0

* The balance of **£106m** held under Other as at 31 March 2023 (£62m as at 31 March 2022) was operational cash being held on a temporary basis by the Fund.

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12.2 Investments by asset type

The tables below provide an analysis of investment assets by type and show the movements in the market value of the investments, including profits and losses realised on the sales of investments:

2021/22	Value at 1 April 2021 £000	2021/22 Movement					Value at 31 March 2022 £000
		Purchases £000	Net Transfers £000	Sale Proceeds £000	Change in Market Value £000	Cash Movement £000	
Pooled investments							
Fixed interest securities	425,110	-	-	(865)	(5,406)	-	418,839
Fixed Income - ACCESS pooled fixed income funds	-	233,744	729,681	(973)	(5,897)	-	956,555
Equities - Unit life assurance policies	2,322,874	50,000	-	-	225,474	-	2,598,348
Equities - ACCESS pooled global equity funds	2,044,184	23,968	-	(8,465)	79,355	-	2,139,042
Equities - Emerging Markets ETF	-	-	-	-	-	-	-
Index linked securities	222,663	-	-	-	10,738	-	233,401
Property unit trusts	179,292	23,387	-	(18,717)	43,823	-	227,785
Other managed funds	722,751	-	(729,677)	(1,855)	8,782	-	1
	5,916,874	331,099	4	(30,875)	356,869	-	6,573,971
Equities - market quoted	751,629	426,742	-	(731,532)	53,743	-	500,582
Property	436,570	106,240	-	(38,092)	91,350	-	596,068
Private equity	409,514	71,945	-	(161,279)	166,033	-	486,213
Infrastructure	607,190	163,196	-	(37,332)	104,114	-	837,168
Timber	244,419	8,798	-	(22,751)	45,863	-	276,329
Private Debt	152,808	3,297	-	(60,919)	7,037	-	102,223
Cash							
Cash deposits held at the custodian/other							
Sterling	145,534	-	-	-	-	(25,999)	119,535
Foreign currency	60,510	-	-	(3,682)	3,682	38,642	99,152
	206,044	-	-	(3,682)	3,682	12,643	218,687
	8,725,048	1,111,317	4	(1,086,462)	828,691	12,643	9,591,241
Derivative forward foreign currency contracts	-	65	-	(37)	(28)	-	-
	8,725,048	1,111,382	4	(1,086,499)	828,663	12,643	9,591,241
Other investment balances							
Assets							
Amounts receivable for sales of investments	847	-	-	-	-	-	487
Investment income due	9,243	-	-	-	-	-	9,896
Amounts receivable in respect of the GLF sales	-	-	-	-	-	-	1,187
Liabilities							
Amounts payable for purchase of investments	(60,107)	-	-	-	-	-	(655)
Investment withholding tax payable	(214)	-	-	-	-	-	(359)
Amounts payable in respect of the GLF purchases	(277)	-	-	-	-	-	-
	8,674,540						9,601,797

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2022/23	Value at 1 April 2022	2022/23 Movement					Value at 31 March 2023
		Purchases	Net Transfers	Sale Proceeds	Change in Market Value	Cash Movement	
	£000	£000	£000	£000	£000	£000	£000
Pooled investments							
Fixed interest securities	418,839	-	-	(416,614)	(2,225)	-	-
Fixed Income - ACCESS pooled fixed income funds	956,555	435,413	(527)	(79,426)	12,033	-	1,324,048
Equities - Unit Life assurance policies	2,598,348	36,122	-	(26,122)	(45,907)	-	2,562,441
Equities - ACCESS pooled global equity funds	2,139,042	74,631	-	(7,903)	(30,077)	-	2,175,693
Equities - Emerging Markets ETF	-	359,111	339,953	(329,021)	(23,080)	-	346,963
Index linked securities	233,401	-	-	(20,000)	(72,000)	-	141,401
Property unit trusts	227,785	3,452	-	(18,970)	(26,541)	-	185,726
Other managed funds	1	-	-	-	(1)	-	-
	6,573,971	908,729	339,426	(898,056)	(187,798)	-	6,736,272
Equities - market quoted	500,582	29,848	(339,953)	(181,351)	(9,105)	-	21
Property	596,068	95,036	-	(28,008)	(56,962)	-	606,134
Private equity	486,213	70,039	3,182	(82,521)	10,659	-	487,572
Infrastructure	837,168	171,447	-	(141,064)	128,728	-	996,279
Timber	276,329	67,819	-	(23,450)	20,610	-	341,308
Private Debt	102,223	100,304	-	(14,890)	5,002	-	192,639
Cash							
Cash deposits held at the custodian/other							
Sterling	119,535	-	-	-	-	38,493	158,028
Foreign currency	99,152	-	-	(5,709)	5,709	6,158	105,310
	218,687	-	-	(5,709)	5,709	44,651	263,338
	9,591,241	1,443,222	2,655	(1,375,049)	(83,157)	44,651	9,623,563
Derivative forward foreign currency contracts	-	94	-	(378)	284	-	-
	9,591,241	1,443,316	2,655	(1,375,427)	(82,873)	44,651	9,623,563
Other investment balances							
Assets							
Amounts receivable for sales of investments	487	-	-	-	-	-	-
Investment income due	9,896	-	-	-	-	-	6,099
Amounts receivable in respect of the GLF sales	1,187	-	-	-	-	-	-
Liabilities							
Amounts payable for purchase of investments	(655)	-	-	-	-	-	-
Investment withholding tax payable	(359)	-	-	-	-	-	-
Amounts payable in respect of the GLF purchases	-	-	-	-	-	-	(173)
	9,601,797	-	-	-	-	-	9,629,489

The change in market value includes all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments since 1 April.

12.3 Pooled investments representing 5% or more of net assets

The Fund holds the following investments in unit trusts/pooled vehicles which are in excess of 5% of the value of the Fund:

31 March 2022			31 March 2023	
£000	%		£000	%
-	-	UBS Asset Management Life Global Equity Sustainable Transition Fund	1,631,157	16.9%
935,473	9.7%	UBS Asset Management Life All World Equity Tracker hedged	931,284	9.7%
956,555	10.0%	Link Asset Solutions - Alpha Opportunitites Fund	898,496	9.3%
774,467	8.1%	Link Fund Solutions Global Dividend Fund	801,761	8.3%
705,709	7.3%	Link Fund Solutions Global Equity Fund	746,104	7.7%
658,866	6.9%	Link Fund Solutions LTGG Fund	627,829	6.5%
555,651	5.8%	UBS Asset Management Life USA Equity Tracker Hedged	-	-

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12.4 Property Holdings

12.4.1 Rent receivable from operating lease

The table below shows the contractual amount of rental income due to the Fund as at 31 March:

2021/22 £000		2022/23 £000
16,023	Within one year	18,178
45,169	Between one and five years	48,879
53,573	Beyond five years	69,074
114,765	Total	136,131

The above disclosure has been reduced by a loss allowance of **7.7%** per annum (2021/22: 10.2%), reflecting the Fund's expected loss from late or non-recovery of rents from tenants. This is based on Fund information for the year to 31 March 2023.

12.4.2 Movement in the fair value of investment properties

The movements in the fair value of investment properties as at 31 March:

	Freehold £000	Leasehold £000	Total £000
Fair value at 1 April 2021	322,350	83,500	405,850
Additions	29,498	10	29,508
Disposals	(17,250)	(12,640)	(29,890)
Net gain/loss on fair value	62,202	6,980	69,182
Fair value at 31 March 2022	396,800	77,850	474,650
Additions	34,957	54	35,011
Disposals	(10,800)	(11,075)	(21,875)
Net gain/loss on fair value	(65,537)	(6,929)	(72,466)
Fair value at 31 March 2023	355,420	59,900	415,320

13. Additional Voluntary Contributions (AVC) Investments

A summary of the information provided by Equitable Life, Prudential and Standard Life to the Fund is shown in the tables below.

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13.1 Reconciliation of movements in AVC investments

2021/22 £000		2022/23 £000
8,639	Value of AVC fund at beginning of year	9,750
1,382	Employees contributions	1,559
751	Investment income and change in market value	257
(1,022)	Benefits paid and transfers out	(1,238)
9,750		10,328

13.2 Analysis of AVC investments by Provider

2021/22 £000		2022/23 £000
46	Utmost (formerly Equitable Life)	42
5,972	Prudential *	7,055
3,732	Standard Life	3,231
9,750		10,328

* The Prudential were not able to confirm their Fund's balance as at 31 March 2023 at the time of the accounts being drafted. This is due to the ongoing impact on their operations, following a new system being implemented in 2020. The Statement as at 31 March 2022 was received in November 2022 and the movement is reflected in 2022/23 (the Statement as at 31 March 2021 was reflected in 2021/22).

14. Current assets and liabilities

14.1 Analysis of current assets

31 March 2022 £000		31 March 2023 £000
	Cash Balances	
(173)	Cash at bank	(144)
22,199	Cash on short term deposits within 3 months	20,545
22,026		20,401
	Debtors and payments in advance	
5,785	Contributions due – employees	5,770
19,533	Contributions due – employers	19,052
1,204	Sundry debtors	1,223
26,522		26,045
48,548	Total	46,446

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14.2 Analysis of long-term debtors

31 March 2022 £000		31 March 2023 £000
3,941	Other employer contributions due	198
436	Reimbursement of lifetime allowances	578
4,377	Total	776

Following the 2022 Valuation the Employer with a deferred debt arrangement requested a revaluation of the exit costs. Due to the Fund's positive performance and other factors over the year, it resulted in there being no debt remaining at 31 March 2023. Following this the long-term debtor has been written off as it is no longer due.

Introduced in 2016, the lifetime allowance limits the amount of pension that can be paid by an individual pensioner without incurring an extra tax charge. Responsibility falls to the pensioner, however, the Fund offers the facility to pay all or part of the tax upfront, on the individual's behalf, and gets reimbursed by additional pension deductions over time. A long-term debtor of **£578,000** has been raised in 2022/23 in this regard (2021/22: £436,000).

14.3 Analysis of current liabilities

31 March 2022 £000		31 March 2023 £000
	Unpaid benefits and other current liabilities	
(386)	Contributions due – employers	(345)
(3,131)	Investment manager fees payable	(2,081)
(4,985)	Benefits payable	(5,320)
(639)	Other	(458)
(9,141)	Total	(8,204)

14.4 Contingent liabilities and contractual commitments

As at 31 March 2023, the Fund had a commitment to contribute a further **£1.282bn** to its existing partnership investments, including private equity, infrastructure, private debt, timber and direct lending (31 March 2022: £1.212bn). The amounts called by these funds are irregular in both size and timing over a period of between five to ten years from the date of each original commitment.

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15. Related party transactions

The Fund is required to disclose material transactions with bodies or individuals that have the potential to control or influence the Fund, or to be controlled or influenced by the Fund. The intention in making this disclosure is to make explicit the extent to which the Fund might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to negotiate freely with the Fund.

15.1 Administration of the Fund

The Essex Pension Fund is administered by Essex County Council.

The Council incurred gross costs of **£3.930m** in 2022/23 of which **£321,000** was outstanding at 31 March 2023 (2021/22: £3.589m, of which £351,000 was outstanding at 31 March 2022) in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses. The Council is also the single largest employer of members of the Fund and contributed **£60.558m** to the Fund in 2022/23 (2021/22: £54.909m). No significant amounts were owing to and due to be paid from the Fund in the year.

The Fund has in place a separate bank account arrangement with the County Council. Surplus cash is invested by the County Council's treasury management team on the sterling money markets, in accordance with the Essex Pension Fund treasury management policy and strategy as agreed by the Essex Pension Fund Investment Steering Committee 23 February 2022. This service is provided to the Fund at a cost of **£28,000** in 2022/23 (2021/22: £28,000).

During the year to 31 March 2023, the Pension Fund had an average investment balance of **£27.070m** (2021/22: £36.650m) earning **£471,000** interest (2021/22: £21,000).

15.2 Governance

Under IAS 24 'Related Party Disclosures' it is a requirement that material transactions with related parties, not disclosed elsewhere, should be included in a note to the financial statements. During the year, each member of the Essex Pension Board and Investment Steering Committee are required to declare their interests at each meeting. None of the Essex Pension Board Members, Investment Steering Committee Members or Senior Officers undertook any material transactions with the Essex Pension Fund. There were no material contributions due from the employer bodies at the end of the year that remained outstanding after the due date for payment.

15.3 Members of the LGPS

Essex County Council administers the LGPS for its own employees and numerous other bodies. Under legislation introduced in 2003/04, Councillors were also entitled to join the Pension Fund. However, under legislation introduced from 1 April 2015, the entitlement for Councillors to join

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the Pension Fund was removed. After the local County elections of May 2017 all active Councillors' memberships changed to deferred. Those Members of the Essex Pension Board and Investment Steering Committee who, during 2022/23, were also members of the LGPS are listed below.

Representative of scheme members

- S. Child

Representative of scheme employers

- C. Riley

County Councillors

- Cllr S. Barker
- Cllr M. Mackrory

From 1 April 2015 pension funds were required to establish a local Pensions Board under section 5 of the Public Service Pensions Act 2013 and Local Government Pension Scheme Regulations 2013. Members of this Board, (Essex Pension Fund Advisory Board) who, during 2022/23, were also members of the LGPS are listed below:

Representative of scheme employers

- J. Durrant

Representative of scheme members

- A. Coburn
- C. Downes
- D. Hurst
- S. Roberts

The employees of Essex County Council who held key positions in the financial management of the Essex Pension Fund during 2022/23 and were also members of the Fund were the Executive Director, Corporate Services, the Director for Essex Pension Fund and four Head of Essex Pension Fund roles.

During 2022/23 approximately 2% of the Executive Director, Corporate Services time was spent on the Pension Fund, with the other officers spending 100% of their time in this way.

The short-term benefits (pay) associated with the time spent by these staff working on the Fund and the current service cost i.e. the increase in the value of the Fund's future pension liabilities arising out of the employees on-going membership of the Fund are shown below:

2021/22 £000		2022/23 £000
136	Short term benefits	220
171	Current service costs	199
307		419

16. Agency Services

The Essex Pension Fund pays discretionary awards to former employees of both current and former employers' of the Fund. The amounts paid are not included within the Fund Account but are provided as a service and are fully reclaimed from the employer bodies.

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The sums are disclosed below:

2021/22 £000		2022/23 £000
1,305	Administering Authority	1,267
4,818	Scheduled Bodies	4,755
80	Community Admission Bodies	81
2	Resolution Bodies	3
19	Former employers	20
6,224	Total	6,126

17. Fair value – Basis of valuation

17.1 Fair value hierarchy

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values.

- **Level 1** – Assets and liabilities at Level 1 are those whose fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Assets classified as Level 1 comprise of equities, quoted fixed securities, quoted index linked securities and unit trusts. Listed investments are shown at bid prices. The bid value of the investments is based on bid market quotation of the relevant stock exchange.
- **Level 2** – Assets and liabilities at Level 2 are those where quoted market prices are not available, for example where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.
- **Level 3** – Assets and liabilities classified as Level 3 are those where at least one input that could have significant effect on the instrument's valuation is not based on observable market data.

Such instruments would include unquoted equity investments which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The value of the investment in private equity is based on valuations provided by the general partners to the private equity funds in which the Essex Pension Fund has invested.

These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IRRS and US GAAP. Valuations are usually undertaken annually at the end of December, with unaudited valuations provided by the general partner as at 31 March.

The valuations of infrastructure and timber are based on net asset value provided by the fund manager.

The table below sets the valuation basis used. All assets have been valued using fair value techniques based on the characteristics of each instrument, with the overall objective of maximising the use of market based information:

Fund Manager	Asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key Sensitivities affecting the Valuation
Stewart Investors/ Marathon Asset Management Ltd	Market Quoted Equities	Level 1	Published Bid Market Price.	N/A	N/A
Emerging Markets ETF	Exchange Traded Fund	Level 1	Net Asset Value / Bid Market Price.	N/A	N/A
Link Asset Solutions	Pooled global equities funds	Level 1	Net Asset Value / Bid Market Price.	N/A	N/A
Goldman Sachs Asset Management International	Quoted fixed interest securities	Level 1	Fixed interest securities are valued at a market value based on current yields.	N/A	N/A
UBS Asset Management	Equities / Indexed Linked Life Assurance Policies	Level 2	Average of broker prices.	Price of recent transactions for identical instrument.	Significant change in economic circumstances or time lapse since the transaction took place.
Link Asset Solutions	Fixed income	Level 2	The prices are published reflecting the NAV at each dealing point but are not exchange traded.	Price of recent transactions for identical instrument.	Significant change in economic circumstances or time lapse since the transaction took place.
Stewart Investors / Marathon Asset Management Ltd	Forward Foreign Exchange Derivatives	Level 2	Market exchange rates at the year end.	Price of recent transactions for identical instrument.	Risk of an exchange rate changing between the transaction date and the subsequent settlement date volatility of the exchange rates during the hedge period.
Aviva Investors	Direct property	Level 3	Direct Property independently valued by Knight Frank LLP in	Pricing inputs are unobservable and include situations where there	The following sensitivities have been identified. Asset values can

Fund Manager	Asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key Sensitivities affecting the Valuation
			accordance with the current editions of Royal Institute of Chartered Surveyors' (RICS) Valuation - Global Standards, which incorporate the International Valuations Standards, and the RICS UK National Supplement. Valuation derived from using comparable recent market transactions on arm's length terms, where available, and other appropriate techniques such as the use of rental yields and rental values.	is little market activity. Estimated rental growth, covenant strength for existing tenancies, Discount rate, land / building valuation surveys.	range between (+/-20%), comprising significant changes in yield movement (+/-10%) and estimated rental value movement (+/-10%) have been identified as key sensitivities.
Partners Group Management II S a r.l	Global property	Level 3	Assets are based on valuations received from the Managers which are determined in accordance with the last known NAV and adjusted for subsequent capital calls and distributions and other relevant information provided.	Pricing inputs are unobservable and include situations where there is little market activity. Estimated rental growth, covenant strength for existing tenancies, Discount rate, land/building valuation surveys.	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations, as could more general changes to market process and volume of sales and purchases. Assets values can range between (+15.5% / -15.5%).
Aviva Investors	Property unit trusts	Level 3	Assets are based on valuations received from the Managers which are determined in accordance with the last known NAV and adjustment for subsequent capital calls and distributions and other relevant information provided by the real estate fund.	Pricing inputs are unobservable and include situations where there is little market activity. Estimated rental growth, covenant strength for existing tenancies, Discount rate, Land / building valuation surveys.	The following sensitivities have been identified. Asset values can range between (+/-20.0%), comprising significant changes in yield movement (+/-10.0%) and estimated rental value movement (+/-10.0%) have been identified as key sensitivities.
Hamilton Lane	Private Equity	Level 3	Investments in private equity funds are valued based on the Fund's share of the net assets, using the latest financial statements published by the respective fund managers in accordance with the appropriate industry guidelines.	Management's cash flow projections, estimates of growth expectations and profitability, profit margin expectations, gross domestic product, inflation, interest rates, discount rates, adjustments to current prices for	Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Funds reporting date by changes to gross domestic product, inflation, interest rates,

Fund Manager	Asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key Sensitivities affecting the Valuation
			Limited partnerships are valued at Fair value based on the net asset value ascertained from periodic valuations provided by those controlling the partnership. The net assets value of the funds are determined using the valuation techniques such as discounted cash flows, earning multiples etc, and these use the inputs detailed in the next two columns.	similar assets, valuation techniques.	and discount rates. Asset values can range between (+15.0%/-15.0%).
Partners Group Management II S.à r.l	Infrastructure	Level 3	Investments in the funds are valued based on the Fund's share of the net assets. Audited valuations are carried out annually on the investments. The net assets value of the funds are determined using the valuation techniques such as discounted cash flows, earning multiples etc, and these use the inputs detailed in the next two columns.	Management's cash flow projections, estimates of growth expectations and profitability, profit margin expectations, gross domestic product, inflation, interest rates, discount rates, tax rates, Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and adjustments to current prices for similar assets, valuation techniques.	Valuations can be affected by material events occurring between the date of the financial statements provided and the Pension Funds reporting date by changes to expected cash flows, fair value adjustments, discount factors used, EBITDA and recent transaction prices. Asset values can range between (+4.2% /-4.2%).
JP Morgan Asset Management	Infrastructure	Level 3	Investments are valued based on the Fund's share of the net assets. Audited valuations are carried out annually on the investments. The net assets value of the funds are determined using the valuation techniques such as discounted cash flows, earning multiples etc, and these use the inputs detailed in the next two columns.	Management's cash flow projections, estimates of growth expectations and profitability, profit margin expectations, gross domestic product, inflation, interest rates, discount rates, tax rates, Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and adjustments to current prices for similar assets, valuation techniques.	Valuations can be affected by material events occurring between the date of the financial statements provided and the Pension Funds reporting date by changes to expected cash flows and fair value adjustments, changes in interest rates, inflation, discount rate, price weaknesses. As a result, asset values can range between (+5.41% /-5.41%).
IFM Investors	Infrastructure	Level 3	The investments are valued based	Management's cash flow	Valuations could be affected by

Fund Manager	Asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key Sensitivities affecting the Valuation
			<p>on the Fund's share of the net assets.</p> <p>Audited valuations are carried out annually on the investments</p> <p>The net assets value of the funds are determined using the valuation techniques such as discounted cash flows, earning multiples etc, and these use the inputs detailed in the next two columns.</p>	<p>projections, estimates of growth expectations and profitability, profit margin expectations, gross domestic product, inflation, interest rates, discount rates, tax rates, Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and adjustments to current prices for similar assets, valuation techniques.</p>	<p>material events occurring between the date of the financial statements provided and the Pension Fund's reporting date. Key sensitivities identified are changes in gross domestic product, base rates, inflation and discount rates. Asset values can range between (+6.0%/-6.0%).</p>
Stafford Timberlands Limited	Timber	Level 3	<p>The investments are valued based on the Fund's share of the net assets value. The net assets value are determined using accepted valuation techniques and standards that include discounted cashflow and multiple earnings.</p>	<p>Management's cash flow projections, estimates of growth expectations and profitability, discount rates, Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA), adjustments to current prices for similar assets, valuation techniques.</p>	<p>Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Fund's reporting date by changes to expected cash flows earning multiple and discount rates used in the discounted cash flow analysis. Asset values can range between (+4.2%/-4.2%).</p>
Permira	Private Debt	Level 3	<p>Net Asset Value Market approach using comparable trade multiples.</p> <p>They include comparison to recent arm's length transactions, reference to other instruments that are sustainably the same, discounted cash flow analysis, option adjusted spread models and, if applicable, enterprise valuation.</p>	<p>These techniques may include a number of assumptions relating to variables such as management cash flow projections, credit risk, interest rates, EBITDA, direct lending loans values, discount rates, marketability.</p>	<p>Material events occurring between the date of the financial statements provided and the Pension Funds reporting date by changes to expected cash flows, EBITDA multiple, and discount rates used (e.g. discounts offered for lack of marketability). Asset values can change between (+9.6%/-9.6%).</p>
Alcentra Limited	Private Debt	Level 3	<p>Net Asset Value Market approach using comparable trade multiples.</p> <p>They include comparison to recent arm's length transactions, reference</p>	<p>These techniques may include a number of assumptions relating to variables such as management cash flow projections, credit risk,</p>	<p>Material events occurring between the date of the financial statements provided and the Pension Funds reporting date by</p>

Fund Manager	Asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key Sensitivities affecting the Valuation
			to other instruments that are sustainably the same, discounted cash flow analysis, option adjusted spread models and, if applicable, enterprise valuation.	interest rates, EBITDA, direct lending loans values, discount rates, marketability.	changes to expected cash flows, EBITDA multiple, and discount rates used (e.g. discounts offered for lack of marketability). Asset values can change between (+9.6%/-9.6%).

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The following table provides an analysis of the financial assets and liabilities of the pension fund grouped into Level 1 to 3 based on the level at which the fair value is observable.

Values as at 31 March 2022				Values as at 31 March 2023		
Level 1 Quoted market prices	Level 2 Using observable inputs	Level 3 Significant unobservable inputs		Level 1 Quoted market prices	Level 2 Using observable inputs	Level 3 Significant unobservable inputs
£000	£000	£000		£000	£000	£000
3,070,033	3,788,387	1,726,483	Financial assets			
			Fair value through profit and loss	2,528,776	4,027,890	2,008,062
3,070,033	3,788,387	1,726,483		2,528,776	4,027,890	2,008,062
-	-	799,304	Non financial assets			
			Fair value through profit and loss	-	-	801,596
(1,014)	(82)	-	Financial liabilities			
			Fair value through profit and loss	(173)	-	-
(1,014)	(82)	-		(173)	-	-
3,069,019	3,788,305	2,525,787	Total net assets per level	2,528,603	4,027,890	2,809,658
		9,383,111	Total Net Assets			9,366,151

17.2 Transfers between hierarchy levels

No reclassifications were made as at 31 March 2022 or as at 31 March 2023.

17.3 Reconciliation of fair value measurements within Level 3

2022/23	Value at 1 April 2022	2022/23 Movement					Value at 31 March 2023
		Purchases	Net Transfers	Sale Proceeds	Unrealised profit/ loss	Realised profit/ loss	
	£000	£000	£000	£000	£000	£000	£000
Properties							
UK properties (freehold)	396,800	34,957		(10,800)	(63,604)	(1,933)	355,420
UK properties (leasehold)	77,850	54		(11,075)	(4,384)	(2,545)	59,900
Global Property	121,418	60,025		(6,133)	15,504	-	190,814
Property unit trusts	227,785	3,452		(18,970)	(35,413)	8,872	185,726
Private equity							
Overseas unquoted	486,213	70,039	3,182	(82,521)	(29,906)	40,565	487,572
Infrastructure							
UK unquoted	1	-		-	-	-	1
Overseas unquoted	837,167	171,447		(141,064)	79,805	48,923	996,278
Timber (Overseas unquoted)	276,329	67,819		(23,450)	14,212	6,398	341,308
Private Debt							
UK unquoted	-	-		-	-	-	-
Overseas unquoted	102,223	100,304		(14,890)	2,707	2,295	192,639
	2,525,786	508,097	3,182	(308,903)	(21,079)	102,575	2,809,658

17.4 Sensitivity of assets valued at Level 3

In consultation with its institutional consultants, Hymans Robertson and the Fund's investment managers, an analysis of historical data and expected return movements during the accounting periods in question was undertaken. The fund has determined that the valuation methods described in note 17.1 are likely to be accurate to within the following ranges and has set out

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below the consequent potential impact on the closing value of investments held as at 31 March 2023.

Value at 1 April 2022 £000	Assessed valuation range (+/-)	Value on increase £000	Value on decrease £000		Value at 1 April 2023 £000	Assessed valuation range (+/-)	Value on increase £000	Value on decrease £000
474,650	10.0%	522,115	427,185	Freehold and leasehold properties	415,320	20.0%	498,384	332,256
121,418	15.0%	139,631	103,205	Global property	190,814	15.5%	220,390	161,238
227,785	10.0%	250,564	205,007	Property unit trusts	185,726	20.0%	222,871	148,581
486,213	15.0%	559,145	413,281	Private equity	487,572	15.0%	560,708	414,436
837,168	6.9%	894,933	779,403	Infrastructure	996,279	5.1%	1,047,089	945,469
276,329	4.6%	289,040	263,618	Timber (overseas unquoted)	341,308	4.2%	355,643	326,973
102,223	9.0%	111,423	93,023	Private debt	192,639	9.6%	211,132	174,146
2,525,786		2,766,851	2,284,722		2,809,658		3,116,217	2,503,099

The assessed valuation ranges shown in the above table were provided by the relevant fund managers, with the exception of:

- Global property and Private debt – In the absence of information from the fund managers, valuation range was based on percentages supplied by Hymans Robertson.
- Infrastructure – The valuation range us a weighted average of the information provided by the three individual Infrastructure managers and their base strategic allocations.

Further information on the assessed valuation ranges can be found in note 17.1.

18. Financial Instruments

Accounting policies describe how different asset classes of financial instrument are measured and how income and expenditure, including fair value gains and losses, are recognised.

18.1 Classification of financial instruments

The following table analyses the carrying amounts of financial assets and liabilities by category and Net Assets Statement headings.

Statutory debtors and creditors are excluded from the financial instrument note and only contractual debtors and creditors are shown.

The debtor figure of **£26.821m** as at 31 March 2023 (31 March 2022: £30.899m) excludes statutory debtors of **£25.986m** (31 March 2022: £30.411m).

The creditor figure of **£8.201m** as at 31 March 2023 (31 March 2022: £9.141m) excludes statutory creditors of **£5.665m** (31 March 2022: £5.371m).

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In addition, assets held by the Fund on a direct basis for example direct property and infrastructure has also been excluded for the below note as they are not financial instruments.

31 March 2022			Asset type	31 March 2023		
Fair value through profit and loss £000	Assets at Amortised cost £000	Liabilities at amortised cost £000		Fair value through profit and loss £000	Assets at Amortised cost £000	Liabilities at amortised cost £000
			Financial assets			
			Pooled Investments			
418,839	-	-	Fixed interest securities	-	-	-
956,555	-	-	Fixed Income - ACCESS pooled fixed income funds	1,324,048	-	-
2,598,348	-	-	Equities - Unit life assurance policies	2,562,441	-	-
2,139,042	-	-	Equities - ACCESS pooled global equity funds	2,175,693	-	-
-	-	-	Emerging Markets ETF	346,963	-	-
233,401	-	-	Index linked securities	141,401	-	-
227,785	-	-	Property unit trusts	185,726	-	-
1	-	-	Other managed funds	-	-	-
500,582	-	-	Equities - market quoted	21	-	-
486,213	-	-	Private equity	487,572	-	-
633,933	-	-	Infrastructure	800,817	-	-
276,329	-	-	Timber	341,308	-	-
102,223	-	-	Private debt	192,639	-	-
82	-	-	Derivative contracts	-	-	-
-	240,713	-	Cash deposits	-	283,739	-
11,570	-	-	Other investment balances	6,099	-	-
-	488	-	Debtors	-	835	-
8,584,903	241,201	-		8,564,728	284,574	-
			Financial liabilities			
(82)	-	-	Derivative contracts	-	-	-
(1,014)	-	-	Other investments balances	(173)	-	-
-	-	(3,770)	Creditors	-	-	(2,539)
(1,096)	-	(3,770)		(173)	-	(2,539)
8,583,807	241,201	(3,770)	Balance at the end of the year	8,564,555	284,574	(2,539)
		8,821,238	Total			8,846,590

18.2 Net gains and losses on financial instruments

Assets held by the Fund on a direct basis for example direct property and direct infrastructure has also been excluded from the below note.

The net gains and losses differ from the Fund Account by gains and losses of assets held directly. The gains and losses of these assets were **£15.621m** loss as at 31 March 2023 (31 March 2022: £133.126m gain).

Gain / Loss 2021/22 £000		Gain / Loss 2022/23 £000
	Financial assets	
691,855	Fair value through profit and loss	(72,961)
3,682	Amortised cost - unrealised gains	5,709
695,537	Total	(67,252)

19. Nature and extent of risks arising

19.1 Risk and risk management

The Fund's primary long-term risk is that the Fund assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore the aim of investment risk management is to

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minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole of the Fund's investments. The Fund achieves this through asset diversification to reduce its exposure to a variety of financial risks: market risk; other price risk; currency risk; interest rate risk and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Fund manages these investment risks as part of its overall pension fund risk management programme.

Responsibility for the Fund's overall risk management strategy rests with the Essex Pension Fund Strategy Board (PSB). Risk management policies are established to identify and analyse the risks faced by the Fund's pensions operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

19.2 Market risk

Market risk is the possibility that financial loss might occur as a result of fluctuations in equity and commodity prices, interest rates and foreign exchange. The level of risk exposure depends on market conditions, expectation of future price and yield movements and the asset mix.

Market risk is inherent in the investments that the Fund makes. To mitigate market risk the investments are made in a diversified pool of asset classes and investment approaches to ensure a risk adjusted balance between categories. The Fund takes formal advice from its institutional investment consultant, Hymans Robertson LLP, along with the Fund's independent adviser and the portfolio is split between a number of managers and investment strategies with different benchmarks and performance targets. Full details can be found in the Investment Strategy Statement which is available from the website www.essexpensionfund.co.uk. Investment risk and strategy are regularly reviewed by the Investment Steering Committee (ISC).

19.3 Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk) whether those changes are caused by factors specific to the individual instrument, its issuer or factors affecting all such instruments in the market.

The Fund is exposed to share and derivative price risk. This arises from investments held by the Fund for which the future price is uncertain. All investments present a risk of loss of capital. The level of volatility will vary by asset class and also over time. The Fund has some diversification in the asset classes in which it invests, which seeks to reduce the correlation of price movements between different asset types, while employing specialist investment managers to best deploy capital in line with the Fund's overall strategy.

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19.4 Other price risk sensitivity analysis

In consultation with its institutional consultants, Hyman Robertson LLP, an analysis of historical data and expected return movements during the accounting periods in question was undertaken. The table below shows the potential price movements deemed possible for the accounting period 2023/24 and 2022/23.

The percentages shown in the following table are broadly consistent with a movement of one standard deviation in the value of the Fund's assets and assumes that all other variables in particular foreign exchange rates and interest rates remain unchanged.

Had the market price of the Fund investments increased/ (decreased) in line with the percentage assumptions the change in the net assets available to pay benefits would have been as follows:

31st March 2022 £000	Percentage change %	Value increase £000	Value decrease £000	Asset type	31st March 2023 £000	Percentage change %	Value increase £000	Value decrease £000
240,713	0.3%	241,435	239,991	Cash and equivalents	283,739	0.3%	284,590	282,888
418,839	7.3%	449,414	388,264	Investment portfolio assets	-	-	-	-
956,555	7.3%	1,026,384	886,726	UK fixed interest securities	-	6.8%	-	-
-	7.3%	-	-	UK ACCESS pooled funds fixed income funds	898,496	6.8%	959,594	837,398
27,618	19.9%	33,114	22,122	Overseas ACCESS pooled funds fixed income funds	425,552	6.8%	454,490	396,614
472,964	20.1%	568,030	377,898	UK equities	13	18.2%	15	11
-	20.1%	-	-	Overseas equities	8	19.0%	10	6
422,132	19.9%	506,136	338,128	Emerging Markets ETF	346,963	19.0%	412,886	281,040
1,240,743	20.1%	1,490,132	991,354	UK equities unit insurance policies	-	18.2%	-	-
935,473	20.1%	1,123,503	747,443	Overseas equities insurance policies	-	19.0%	-	-
2,139,042	20.1%	2,568,989	1,709,095	Global equities insurance policies	2,562,441	19.0%	3,049,305	2,075,577
233,401	7.3%	250,439	216,363	ACCESS pooled global equity funds	2,175,693	19.0%	2,589,075	1,762,311
227,785	15.0%	261,953	193,617	UK index linked life assurance policies	141,401	7.2%	151,582	131,220
486,213	31.2%	637,911	334,515	Property unit trusts	185,726	15.5%	214,514	156,938
633,933	9.4%	693,523	574,343	Private equity	487,572	31.2%	639,694	335,450
276,329	14.6%	316,673	235,985	Infrastructure	800,817	9.9%	880,098	721,536
102,223	9.0%	111,423	93,023	Timber	341,308	16.0%	395,917	286,699
1	9.4%	1	1	Private Debt	192,639	9.6%	211,132	174,146
				Other managed funds	-	9.9%	-	-
8,813,964		10,279,060	7,348,868	Total assets available to pay benefits	8,842,368		10,242,902	7,441,834

19.5 Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risk, which represent the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk primarily impacts on the valuation of the Funds' bond holdings and, to a lesser degree, the return it receives on cash held. The Fund has three bond mandates: a passive bond mandate with UBS Asset Management and two bond mandates with Link Asset Solutions Ltd. In addition the Fund has an investment in two private debt mandates.

The Fund's direct exposure to interest rate movements is shown below. The underlying assets are shown at their fair value.

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Asset value as at 31 March 2022 £000	Asset type	Asset value as at 31 March 2023 £000
218,687	Cash and cash equivalents	263,338
22,026	Cash balances	20,401
418,839	Fixed interest securities	-
956,555	Fixed income funds	1,324,048
233,401	Index-linked securities	141,401
102,223	Private debt	192,639
1,951,731	Total assets	1,941,827

19.6 Interest rate risk sensitivity analysis

Interest rates have remained constant but this is not always the case and can vary. As a result, any variation in interest rates affects the level of income achievable and the value of the net assets of the Fund to pay benefits. The Fund's institutional consultants, Hymans Robertson, have undertaken a sensitivity analysis and advised that it is reasonable in today's climate that a movement increase/(decrease) of not more than 1% on a year to year basis is possible based on past experience.

The table below shows the effect in the year on the net assets available to pay benefits of an increase/(decrease) of 1% change in interest rates assuming all other factors remain unchanged.

Asset value as at 31 March 2022 £000	Impact of 1% increase £000	Impact of 1% decrease £000	Asset type	Asset value as at 31 March 2023 £000	Impact of 1% increase £000	Impact of 1% decrease £000
418,839	414,651	423,027	Fixed interest securities	-	-	-
956,555	946,989	966,121	Fixed income funds	1,324,048	1,310,808	1,337,288
102,223	101,201	103,245	Private debt	192,639	190,713	194,565
1,477,617	1,462,841	1,492,393	Total change in assets available	1,516,687	1,501,521	1,531,853

The above analysis demonstrates that a 1% change in interest rates will only impact the fair value of fixed interest and private debt.

A 1% movement of interest rates on cash and index linked securities would not impact the fair value and would have a negligible effect on interest received.

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19.7 Currency risk

Currency risk is the extent to which the fair value of future cash flows of a financial asset/liability will fluctuate due to changes in exchange rates. The Fund is exposed to currency risk on all assets that are denominated in any currency other than sterling its reporting currency. To reduce the volatility associated with fluctuating currency rates (currency risk) the Fund invests in hedged overseas regional index funds via its passive provider UBS Asset Management.

The following table summarises the Fund's currency exposure as at 31 March 2022 and 31 March 2023:

31 March 2022 £000	Asset type	31 March 2023 £000
472,964	Overseas equities quoted	8
-	Emerging Markets ETF	346,963
-	Overseas ACCESS fixed income funds	425,552
1,240,743	Overseas unit life assurance policies	-
935,473	Global unit life assurance policies	2,562,441
2,139,042	ACCESS pooled global equity funds	2,175,693
121,418	Global property	190,814
486,213	Overseas private equity	487,572
837,167	Overseas infrastructure	996,278
276,329	Overseas timber	341,308
102,223	Overseas private debt	192,639
99,152	Foreign currency	105,310
6,710,724	Total assets	7,824,578

19.8 Currency risk sensitivity analysis

In consultation with the Fund's institutional consultant, Hymans Robertson the Fund considers the likely volatility associated with exchange rate movements to be in the region of **9.9%** (2021/22: 9.5%) (approximately one standard deviation) assuming other factors remain constant.

The table below shows the effect of a **9.9%** (2021/22: 9.5%) strengthening/weakening of the pound against the investments the Fund holds in various other currencies. The increase/ (decrease) on the net assets of the Fund are as follows:

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Asset value as at 31 March 2022 £000	Change in year in the net assets to pay benefits		Asset type	Asset value as at 31 March 2023 £000	Change in year in the net assets to pay benefits	
	+9.5% £000	-9.5% £000			+9.9% £000	-9.9% £000
472,964	517,896	428,032	Overseas equities quoted	8	9	7
-	-	-	Emerging Markets ETF	346,963	381,312	312,614
-	-	-	Overseas ACCESS fixed income funds	425,552	467,682	383,422
1,240,743	1,358,614	1,122,872	Overseas unit life assurance policies	-	-	-
935,473	1,024,343	846,603	Global unit life assurance policies	2,562,441	2,816,123	2,308,759
2,139,042	2,342,251	1,935,833	ACCESS pooled global equity funds	2,175,693	2,391,087	1,960,299
121,418	132,953	109,883	Global property	190,814	209,705	171,923
486,213	532,403	440,023	Overseas private equity	487,572	535,842	439,302
837,167	916,698	757,636	Overseas infrastructure	996,278	1,094,910	897,646
276,329	302,580	250,078	Overseas timber	341,308	375,097	307,519
102,223	111,934	92,512	Overseas private debt	192,639	211,710	173,568
99,152	108,571	89,733	Foreign currency	105,310	115,736	94,884
6,710,724	7,348,243	6,073,205	Total change in assets available	7,824,578	8,599,213	7,049,943

19.9 Credit Risk

Credit risk is the possibility that the counterparty to a transaction or a financial instrument might fail in its obligation to pay amounts due to the Pension Fund resulting in a financial loss. The market value of investments reflects an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities.

The Fund is exposed to credit risk in all its operational activities through forward currency contracts, derivative positions (futures) where applicable and treasury management activities. However, the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

19.9.1 Commercial

Commercial credit risk also arises with those organisations that pay monies over to the Fund (debtors) as part of the administration function, principally contributions from employers and transfers in from other registered pension schemes.

Except in certain bulk transfer cases, the Fund does not apply service credits in respect of transfers in until cash settlement is made.

Monthly receipt of contributions is closely monitored by the Employer team. In addition, member records are updated throughout the year with any new information provided to them. At the end of the financial year employers are required to provide an annual return which is used to reconcile both member information and the contributions paid over in the year by both the employee and the employer.

The Funding Strategy Statement requires safeguards to be in place on all new admission agreements to protect the Fund from an employer default, including through a guarantee from a

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tax backed scheme employer for any new body. An analysis of debtor balances at 31 March 2023 is provided in note 14.

19.9.2 Bonds

Credit risk will also be considered by the Fund's bond managers in their portfolio construction. A bond is a saleable debt instrument issued by a corporation, government or other entity, the instrument may be purchased direct from the issuer or in the secondary market.

In addition to the passive manager, UBS Asset Management, the Fund had three active bond managers during 2022/23, M&G, GSAM (until December 2022), and Janus Henderson (from November 2022).

M&G manage pooled assets against a SONIA plus benchmark, GSAM manage pooled assets against a UK 3 month T-Bill Index plus benchmark and Janus Henderson manage pooled assets against SONIA.

At 31 March 2023, the average credit quality of the M&G bond mandate was **BBB** rated (**BBB+** rated as at 31 March 2022). The portfolio had suffered eight defaults since inception, one within the financial year ended 31 March 2023 and none within the financial year end 31 March 2022.

The portfolio managed by GSAM as at 31 December 2022 had an average credit quality of **AAA** (**AA-** rated as at 31 March 2022) and has suffered fourteen defaults since inception, none within the financial year up to its closure in December 2022 and none within the financial year ending 31 March 2022.

The portfolio managed by Janus Henderson as at 31 March 2023 had an average credit quality of **BB** as at 31 March 2023 and has suffered zero defaults since inception.

19.9.3 Custody

Northern Trust are the global custodian with responsibility for safeguarding the assets of the Fund. As at 31 March 2023 Northern Trust had **\$14.2 trillion** of assets under custody (31 March 2022: \$12.0 trillion) and had a credit rating of **AA-** (31 March 2022: **AA-**). Monthly reconciliations are performed between the underlying records of the custodian and all investment managers and partnerships of the Fund.

19.10 Cash held on deposit and current accounts

Cash managed internally – The Fund has operated a separate bank account since 1 April 2010 with Lloyds Bank plc, which is also banker to the Administering Authority. The Bank holds an **A+** (**A+** as at 31 March 2022) long-term credit rating with Standard and Poor. Cash is invested with Lloyds and is placed with institutions on the Administering Authority's approved counter-party list. The management of cash is carried out by the Treasury Management function of the Administering Authority in accordance with the treasury management policy and strategy

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approved by the ISC. The ISC have approved the management of cash in accordance with the policies and practices followed by the Administering Authority for its own investments as outlined in the CIPFA Code of Practice for Treasury Management in the Public Services. The Authority sets detailed credit criteria having taken independent advice and has maximum exposure limits to any single institution. Details of such are shown in the following tables.

At 31 March 2023 **£20.401m** (31 March 2022: £22.026m) was under management by the Administering Authority's Treasury Management Team. Over the last five financial years the Pension Fund has no experience of default or uncollectible deposits.

Cash managed externally – The majority of the cash held by the Fund's custodian, the Northern Trust, is swept overnight to one of two AAA rated money market funds. As at 31 March 2023, the total balance held in the Sterling and US dollar AAA money market funds was **£202.937m** with a smaller balance of **£60.401m** held in the custodian current account (31 March 2022: £166.841m and £51.846m respectively). The use of a money market fund provides an underlying diversification of counter-party and avoids exposure to a single institutional Balance Sheet, in this case the custodian.

The table below provides a breakdown of where the Pension Fund cash is managed:

31 March 2022			31 March 2023	
Rating	£000		Rating	£000
		Cash managed externally		
		Cash held on deposit (GLF)		
AAA	78,169	BNP Paribas Investment Partners	AAA	97,413
AAA	88,672	Northern Trust	AAA	105,524
		Cash held in Current Account		
AA-	51,846	Northern Trust	AA-	60,401
	218,687	Total cash managed externally		263,338
		Cash managed internally		
		Cash held on deposit		
AAA	-	Blackrock	AAA	5,344
A+	5,001	HSBC	A+	5,108
A	4,998	Santander UK	A	5,006
AAA	7,190	LGIM	AAA	-
AA-	5,009	Svenska Handelsbanken	AA-	5,080
		Cash held in Current Account		
A+	(172)	Lloyds Bank plc	A+	(137)
	22,026	Total cash managed internally		20,401
	240,713	Total		283,739

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The following table summarises the maximum exposure to credit risk of the cash held with Northern Trust and other financial institutions. This is now reflected in the Pension Fund financial statements.

31 March 2022		31 March 2023	Maximum limit per Financial Institution	Historical risk of default	Estimated maximum exposure to default and uncollectability
		£000	£000	%	£000
	Cash managed externally				
	Deposit with bank and other financial institutions				
166,841	AAA Rated	202,937	120,000	0.04%	81
51,846	AA Rated	60,401	-	0.02%	12
218,687	Total cash managed externally	263,338			93
	Cash managed internally				
	Deposit with bank and other financial institutions				
7,190	AAA Rated	5,344	10,000	0.04%	2
5,009	AA Rated	5,080	7,500	0.02%	1
9,827	A Rated	9,977	5,000	0.05%	5
22,026	Total cash managed internally	20,401			8
240,713	Total cash	283,739			101

Whilst the Fund has a cash limit of **£120m** for each financial institution managed externally within the Treasury Management strategy, there is a facility to exceed the limit on a temporary basis while redeploying assets.

19.11 Liquidity Risk

Liquidity risk is the possibility that the Fund might not have adequate cash resources available to meet its financial commitments as they fall due.

The ISC reviews its strategy on a yearly basis and where necessary takes steps to ensure that the Fund has adequate readily realisable resources to meet its financial commitments. The majority of the Fund's investments are quoted on major stock markets and are in readily realisable form. The Fund also has an allocation to alternative investments, which are relatively illiquid.

Following the 2021 Investment Strategy review there was further scope to reduce the reliance on equity risk within the investment strategy. Whilst modelling showed the Fund could switch up to another 10% away from 'growth assets' to bonds the ISC agreed to continue with a phased approach to its strategic allocation. The ISC has allowed flexibility within the Investment Strategy, and to respond to market conditions going forward, agreed that allocation targets would be expressed as ranges and that then next phase would target reducing the equity allocation to 40-45%. The Fund is relatively immature with almost as many contributors as pensioners, dependants and deferred pensioners. In consequence the Fund has a neutral cash flow and is able to pay benefits from contributions and income received. As the Fund is not in the position of a forced seller, i.e. it does not need to sell assets in order to pay benefits, it is considered appropriate to hold such illiquid investments to increase diversification, minimise risk and improve long-term investment performance.

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The Fund as at 31 March 2023 had immediate access to its pension fund cash holdings held internally and externally of **£283.739m** (31 March 2022: £240.713m). These monies are primarily invested on an overnight basis on the money market.

Officers of the Fund prepare periodic cash flow forecasts to understand and manage the timing of the Fund's cash flows. The Investment Strategy Statement outlines the appropriate strategic level of cash balances that the Fund can hold. More detail can be found in the Pension Fund Annual Report and Accounts.

20. Further information

The Council publishes a separate Pension Fund Annual Report and Accounts. Copies may be obtained from the website www.essexpensionfund.co.uk or by contacting:

Director for Essex Pension Fund
County Hall
Chelmsford CM1 1QH
Telephone 03330 138501
E-mail fund.manager@essex.gov.uk

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Glossary of Terms

Term	Explanation
Accruals	Sums included in the accounts to cover income or expenditure attributable to an accounting period for goods received or work done, but for which payment has not been received / made, by the end of that accounting period.
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 actuarial assumptions have been updated.
Actuarial valuation	A type of appraisal which requires making economic and demographic assumptions in order to estimate future liabilities.
Actuary	A suitably qualified independent consultant employed to advise the Council upon the financial position of either the Pension Fund or the Council's insurance arrangements.
Accumulating Absences	Accumulating absences, such as annual leave and other time in lieu, are typically earned by employees as they provide services and can be carried forward and used in future periods if the current period entitlement is not used in full.
Additional voluntary contributions	Additional voluntary contributions (AVC's) are an option available to individuals to secure additional pension benefits by making regular payments in addition to those payable on basic earnings.
Amortised cost	A way of measuring financial instruments that ignores changes in fair value. Defined as the amount at which a financial instrument is measured when it is first brought onto the Balance Sheet.
Amortised financial assets	Investments for which any gains and losses in fair value are not accounted for until the investment matures or is sold.
Amortisation	Amortisation is the writing down of costs to the Comprehensive Income and Expenditure Statement over several years.
Appropriations	Appropriations are the transfer of resources into and from the various reserves maintained by the Council.
Available for sale financial assets	Financial assets that have a quoted market price and/or do not have fixed or determinable payments.
BACS	The Bankers' Automated Clearing System (BACS) is one of the most common ways of sending and receiving payments in the UK. A BACS payment usually takes three working days to go through from initiation to settlement.
Billing authority	City, district and borough councils are responsible for the billing and collection of Council Tax and Non-domestic rates (NDR).
Capital Adjustment Account	This account represents: <ul style="list-style-type: none"> ▪ Amounts set aside from revenue resources to repay debt. ▪ The financing of capital payments from capital receipts and revenue reserves; and ▪ The consolidation of gains arising from the revaluation of Property, Plant and Equipment prior to 1 April 2007.
Capital expenditure	Expenditure on the acquisition of Property, Plant and Equipment (with some exceptions) that will be of use or benefit to the Council in providing its services for more than one year.
Capital financing costs	Costs associated with the financing of Property, Plant and Equipment, comprising interest and principal repayments.

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Term	Explanation
Capital financing requirement	This is a measure of the Council's underlying need to borrow for capital financing purposes.
CIPFA	The Chartered Institute of Public Finance and Accountancy (CIPFA) is the main professional body for accountants working in the public service.
Collection Fund	Account maintained by billing authorities for the collection and distribution of Council Tax and Non-domestic Rates.
Community Assets	Assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and monuments.
Community Schools	Locally maintained schools that are owned and run by the Council. The Council employs the staff, owns the land and buildings and decides upon the schools' admission criteria.
Council Tax	A local tax set by local authorities to finance their revenue expenditure. The level set by a Council will be dependent on the level by which its budgeted expenditure exceeds income from other sources (for example, grants awarded by central government).
Credit losses	A measure of how much the Council would lose if the amounts owed to it by debtors and borrowers are not repaid. Defined as the shortfall between all the cash flows that are due contractually to the Council and those that it expects to receive.
Creditors	Amounts due, but not yet paid, for work, goods received or services received during the financial year.
Current service cost	The increase in pension liabilities because of service earned during the year.
Current value	A measurement reflecting the economic environment prevailing for the service or function the asset is supporting at the reporting date. Current value measurement bases include 'Existing Use Value', 'Depreciated Replacement Cost' and 'Fair Value'.
Debtors	Amounts due, but not yet received, for work done or services supplied, during the financial year.
Defined benefit pension scheme	A defined benefit pension scheme is any scheme other than a defined contribution scheme. Usually the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).
Defined contribution pension scheme	A pension or other retirement benefit scheme into which an employer pays regular contributions and will have no legal or constructive obligation to pay further contributions if the scheme does not have enough assets to pay all employee benefits relating to employee service in the current or prior periods.
Depreciated Replacement Cost	A method of valuation which provides a measure of the current cost of replacing an asset with a modern equivalent asset, less deductions for all physical deterioration and all relevant forms of obsolescence and optimisation. It involves imagining what the current asset would need to be substituted with to deliver the same level and quality of service currently being delivered.
Depreciation	Depreciation is a measure of the wearing out, consumption or other reduction in the useful economic life of a fixed asset, whether arising from use, passing of time or obsolescence through technical or other changes.
Discount	Arises from prematurely repaying a loan where the prevailing interest rate is above the rate of interest payable on the loan being repaid - the Council is compensated for the interest rate differential, which is referred to as a 'discount' arising from early settlement of the loan.
Discretionary benefits	Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under the Council's discretionary powers.

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Term	Explanation
Effective interest rate	The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the net carrying amount of the financial asset. It is used to calculate the amortised cost of an asset or liability.
Employee benefits	Employee benefits include wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees.
Existing Use Value	A valuation method that estimates the amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, and disregards potential alternative uses for the asset.
Expected credit losses	The credit losses that the Council estimates will arise from the amounts that it is currently owed. Expected credit losses are calculated by measuring the losses that would arise from different default scenarios and calculates a weighted average loss based on the probability of each scenario taking place.
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.
Fair value through profit and loss	Defined as financial assets that do not qualify for measurement at amortised cost.
Fees and charges	Charges made to the public for a variety of services such as the provision of school meals, meals-on-wheels, letting of school halls and the hire of sporting facilities.
Finance leases	Finance leases transfer all, or the majority of, the risks and rewards of ownership of a fixed asset to the lessee. Consequently, the fixed asset is included within the Balance Sheet of the lessee, even though the lessor retains legal title of the asset (also see 'Leasing' and 'Operating Leases').
Financial instruments	Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. Examples include the borrowing or lending of money and the making of investments.
Foundation Schools	Locally maintained schools that are state-funded by the Council. These schools are run by their governing body. The governing bodies employ the staff, determine the school admission policies and own the school land and buildings.
Heritage Assets	Tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.
IAS	International Accounting Standards.
IFRS	International Financial Reporting Standards. These are accounting standards by which the Council prepares its accounts.
Inventories	Assets acquired or produced for resale or to be consumed or distributed in the provision of services.
Investment properties	Properties held solely to earn rentals and/or for capital appreciation purposes. This 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.
Investments	A long-term investment is intended to be held for use on a continuing basis in the activities of the Council. Investments are so classified only where an intention to hold the investment for the long-term (greater than one year) can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment. Investments, other than those related to the Pension Fund that do not meet the above criteria, are classified as current assets.
Joint operations	Joint operations are arrangements where the parties that have joint control of the arrangement have

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Term	Explanation
	rights to the assets and obligations for the liabilities relating to the arrangement.
Lease	An arrangement for securing the use of capital assets without legal title (ownership). There are two main types of leasing arrangements – namely finance leases and operating leases.
Lessee	The party in a lease arrangement who secures the use of an asset over an agreed period of time in exchange for payment but does not secure legal title to the asset.
Lessor	The party in a lease arrangement who retains legal title of an asset but lets out that asset to another party in exchange for rental payments.
Loans and receivables	Assets that have fixed or determinable payments but are not quoted in an active market.
Non-domestic Rates	These rates are how local businesses contribute to the cost of providing local authority services. Business rates are collected by the billing authorities and are distributed in accordance with government regulations.
Net interest on the net defined benefit liability	The change during the period in the net pension liability that arises from the passage of time. It includes interest income on plan assets and interest costs on the pension liability. It is calculated by applying the discount rate used to measure the net pension obligation at the beginning of the period to the net pension liability at the beginning of the period – considering any changes in the net pension liability during the period as a result of contribution and benefit payments.
Non-current assets held for sale	Property, Plant and Equipment assets that the Council is formally committed to sell and is actively marketing them in their current condition, and where sale is expected within the next 12 months.
Operating lease	Operating leases are agreements for the rental of assets where the rewards and risks of ownership of the asset remain with the leasing company. The annual rentals are charged directly to the Income and Expenditure Account (also see Leasing and Finance Leases).
Past service cost	The increase in pension liabilities arising from a current year pension scheme amendment or a curtailment, whose effect relates to years of service earned in earlier years.
Pooled Budget	A type of partnership arrangement whereby NHS organisations and local authorities contribute an agreed level of resource into a single pot (the 'pooled budget') that is then used to commission or deliver health and social care services.
Precept	The amount the County Council requires the city, borough and district councils to pay from the Council Tax they have collected (on behalf of all authorities that set Council Tax) to meet the cost of County Council services.
Premium	Arises from prematurely repaying a loan where the prevailing interest rate is below the rate of interest payable on the loan being repaid. The differential between the two rates is paid to the lender, in the form of a 'premium' arising from early settlement of the loan.
Private Finance Initiative (PFI)	A long-term contractual public private partnership under which the private sector takes on the risks associated with the delivery of public services in exchange for payments tied to agreed standards of performance.
Property, Plant and Equipment	Assets that have physical substance and are held for use in the provision or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one financial year.
Provisions	An amount set aside to provide for a liability that is likely to be incurred as a result of a past event, prior to the Balance Sheet date, but where the exact amount and the date on which it will arise is uncertain.
Public Private	An arrangement where the private sector partner agrees to provide a service to a public sector

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Term	Explanation
Partnership (PPP)	organisation.
Public Works Loan Board	The PWLB is a government agency that provides longer-term loans to local authorities, at interest rates marginally above the Government's own borrowing rate.
Remuneration	Remuneration includes all amounts paid to or receivable by a person, including sums due by way of expense allowances (so far as these are chargeable to tax) and the estimated money value of any other benefits received by an employee otherwise than in cash.
Return on plan assets	Interest, dividends and other income derived from the Local Government Pension Scheme's assets (excluding amounts included in net interest on the net defined benefit liability), together with realised and unrealised gains or losses on those assets, less costs of managing the assets and any taxes payable.
Reserves	The Council's accumulated surplus income in excess of expenditure, which can be used to finance future spending and is available to meet unforeseen financial events. Earmarked reserves are amounts set aside for a specific purpose in one financial year and can be carried forward to meet expenditure in future years.
Revenue provision for repayment of debt	The minimum amount which must be charged, by Regulation, to the revenue account each year for repaying external loans.
Revenue Support Grant	This is the central government financial support towards the general expenditure of local authorities.
Retirement benefits	All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable. This is because these are not given in exchange for services rendered by employees.
RICS	The Royal Institution of Chartered Surveyors (RICS) is the professional body for qualifications and standards in land, property, infrastructure and construction.
Salary	Salary represents the amounts received under contract of employment for services rendered, other than bonuses, allowances, benefits in kind or compensation payments.
Scheme liabilities	The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured using the 'projected unit method' reflects the benefits that the employer is committed to provide for service up to the valuation date.
Settlement	An irrevocable action that relieves the employer (or the defined benefit scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement.
Specific government grant	These represent central government financial support towards local authority services, which the Government wishes to target.
Surplus properties	Properties not being used to deliver services but which do not meet the criteria to be classified as either investment properties or non-current assets held for sale.
Termination benefits	Termination benefits are payable either because of an employer's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits. They are often lump-sum payments, but also include enhancement of retirement benefits; and salary until the end of a specified notice period if the employee renders no further service that provides economic benefits to the entity.
Voluntary aided schools	In these schools, all the running costs and most of the building costs are funded by central government via the Council. The remaining building costs are met by the religious body that owns the school land and buildings. The governing body, comprising most governors appointed by the religious body, employs the school staff and sets the school's admission arrangements in consultation with the

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Term	Explanation
	Council.
Voluntary controlled schools	These schools are state funded via the Council. A religious body has some formal influence in running the school, including appointing a proportion of the school governors, and owns the school land and buildings. The Council employs the school staff though, and has primary responsibility for the school's admission arrangements.

Annual Governance Statement 2022/23

Annual Governance Statement

Introduction

This statement summarises the outcome of Essex County Council's (ECC) review of the governance arrangements that have been in place during 2022/23.

ECC is responsible for ensuring that there is a sound system of governance which incorporates the system of internal control. The local [code of governance](#) is underpinned by the seven principles of good governance set out in the CIPFA/SOLACE publication 'Delivering Good Governance in Local Government: Framework 2016'.

The local code of governance comprises a collection of systems, policies, procedures, rules, processes, behaviours and values by which ECC is controlled and governed. This was reviewed in April 2023 in line with current CIPFA guidance and the [code of governance](#) external webpage was refreshed at the same time.

The effectiveness of key elements of the governance framework are assessed throughout the year by the Corporate Governance Steering Board, the Audit, Governance and Standards Committee, Internal Audit and other Officers and Members as required. The review of effectiveness is informed by the work of Senior Officers who have responsibility for the development and maintenance of the governance environment, the Head of Assurance's annual report, Service Assurance Statements (completed by all Executive Directors) and from comments received from external auditors and other review agencies and inspectorates.

The review demonstrates that the arrangements provide **Satisfactory** assurance and continue to be regarded as fit for purpose in accordance with the governance framework. Detailed findings are outlined under headings 1 – 20, from the CIPFA guidance:

Findings

The findings of this review are outlined under points 1 – 20 below:

- 1. Developing codes of conduct which define standards of behaviour for members and staff, and policies dealing with whistleblowing and conflicts of interest and that these codes and policies are communicated effectively.**

All ECC employees and Members must conduct themselves in accordance with the terms of the [Officer Code of Conduct](#) and Member Code of Conduct (part 5 of the [Constitution](#)).

The Member Code of Conduct was updated, with the [update](#) being agreed at Full Council in May 2022 and effective 1 June 2022. This update adopted the Local Government Association model code of conduct, following the recommendations of the Committee on Standards in Public Life. During 2022/23 All 75 Members attended training on the new Code of Conduct.

Annual Governance Statement

The [Audit, Governance and Standards Committee](#) advises the Council on the Local Code of Conduct for Members and promotes high standards of conduct by Members. The Committee's terms of reference are set out in the [Constitution](#). Records of the Committee's meetings and decisions are available online. There were five standards complaints made about councillors during 2022/23. In each case the decision was taken not to investigate, after consulting one of the two statutory independent persons appointed to advise on such complaints. An annual report on standards complaints for 2022/23 was reported to the Committee in June 2023.

ECC corporate governance e-learning training includes modules called 'How We Behave' and 'Good Decision Making' which cover the Code of Conduct and other expectations for employees. Completion rates for all governance e-learning modules for officers are monitored by senior officers and at Corporate Governance Steering Board. At April 2023 78% of employees had completed all seven modules within the last two years. This is a 14% increase on the same time last year. ECC Members are offered this content via interactive sessions as part of induction and periodically throughout the term of office.

The Council's [Policy](#) is that all Members are asked to undergo a Disclosure and Barring Service (DBS) check when elected. Following the May 2021 elections and the subsequent by election all ECC Members were DBS checked.

ECC has arrangements in place for employees, consultants or contractors to raise any concerns they have in the workplace. The [Whistle-Blowing Policy](#) is available online and provides advice and guidance about informal and formal ways to raise concerns relating to possible wrongdoing. An Internal Audit review of the Council's whistleblowing arrangements received an overall assurance opinion of "satisfactory" during the 2020/21 financial year.

An external company called Ethicspoint provides an independent and confidential route for any whistle-blowing allegations from staff and contractors. Any referrals through this route are rigorously investigated through a set process. These arrangements are also covered in the Anti-Fraud and Corruption corporate governance e-learning.

ECC has a strong Counter Fraud Team that supports investigations into allegations and instigates appropriate recovery action where necessary. The counter fraud service was independently audited in 2019/20. The audit's objective was to assess whether the Counter Fraud Team has effective proactive and reactive processes to deter, prevent, detect, and investigate and prosecute, where appropriate, potentially fraudulent and corrupt behaviour. The overall opinion given was Satisfactory Assurance.

All employees must declare any interests in line with the Declaration of Interests Policy, all employees are asked to complete this once a year or whenever their situation changes, at April 2023 69% of employees had completed a declaration since November 2022. This is a 25% increase on the same time last year and work to raise awareness of this requirement and increase compliance is ongoing.

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Members are required to register details of Disclosable Pecuniary Interests and Other Registrable interests defined by the Code of Member Conduct. Declarations are required to be completed within 28 days of becoming a member (or being re-elected or reappointed) in the Authority's Register of Members' Interests. This is set out in section 24.16 of the Constitution. In May 2017 ECC moved to an online form to aid efficient reporting of member interests. All registers are published on the Council's website, under the individual [Councillor's profile](#). Members are asked to review their declarations at least annually.

2. Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.

The Monitoring Officer is the Director, Legal and Assurance, and is responsible for ensuring lawfulness in decision making. The Section 151 Officer is the Executive Director for Corporate Services and is responsible for financial administration and financial probity and prudence in decision making. Both roles are defined within Part 2 of the [Constitution](#).

The Chief Audit Executive is responsible for providing assurance on internal controls and ensuring that there are adequate mechanisms in place for the investigation and reporting of fraud. The Chief Audit Executive is the Head of Assurance.

Each Executive Director is required to complete and formally sign off a **Service Assurance Statement (SAS)** accompanied by a plan setting out actions to be taken to strengthen any areas of weakness identified. The SAS covers key lines of enquiry on governance arrangements including service planning, budget, people, information, partnerships, risk, business continuity, equalities and health and safety. This gives an overall picture of assurance across the authority.

These Statements were completed in April 2023, collated and analysed. The organisation's 2022/23 Service Assurance Statements returned a Satisfactory overall assessment. Where necessary improvements have been identified and the relevant directors are responsible for securing remedial action in these areas.

All reports prepared for Cabinet require legal advice to be sought prior to their submission, and all reports to Cabinet or Cabinet Members must incorporate comments from both the Section 151 Officer and Monitoring Officer before they are submitted for consideration. The reports are also considered at a Cabinet Agenda Setting Meeting before the public meeting.

The scheme of delegations to Officers, to committees and to Cabinet Members helps ensure that decisions are not *ultra vires* whilst allowing ECC to exercise its powers in a convenient way.

The Council seeks to comply with both the specific requirements of legislation and the general responsibilities placed on us by the common law and public law, bringing the key principles of good administrative law into processes and decision making.

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3. Documenting a commitment to openness and acting in the public interest

ECC's [Publication scheme](#) details the different classes of information which ECC routinely makes available and the '[request information](#)' webpage provides guidance for the public about what information is available to them and how they can access it, including via Freedom of Information (FOI), Environmental Information and Subject Access Requests. ECC publishes responses to FOI requests which can be found on the [Request information](#) search online.

The [ECC website](#) is accessible to a wide audience, with relevant and regularly updated news articles online. ECC's [Accessibility Statement](#) can be found online.

Copies of the agendas, documents, minutes and decisions of all Committees, Cabinet and Council are available promptly online and an interactive online calendar of future meetings enables public attendance where appropriate. Until May 2022, audio from Council, Cabinet and most other committee meetings was broadcast live on the website and is [available to listen to after the meeting](#), and in 2022/23 we streamed our meetings live on YouTube, they can be viewed on the [ECC Democracy YouTube channel](#).

ECC publishes data under the [Government's Transparency Code](#) including [Council spending](#), [Council contracts](#) and [senior salaries](#).

The [Vision for Essex](#) (see section 5), was developed with partners outlines how ECC commits to work in the public interest. ECC's commitment to transparency, as detailed above, enables the public to assess this and they can then use the [complaints policy](#) and the consultation process to feedback their views. An Internal Audit review of Complaints Handling in 2019/20 gave an overall opinion of Satisfactory Assurance.

In 2021 the Council's new Organisational Strategy, '[Everyone's Essex](#)' was adopted following a public consultation.

4. Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

The [Communications and Marketing Strategy](#) outlines how ECC communicates with all sections of the community, employees and stakeholders.

A [budget consultation](#) was undertaken for 2022/23. It was open to the public and promoted through social media, print media, business, voluntary and charity sector networks.

All communications are branded to ensure that they are easily recognised, and the information can be translated into different languages and alternative formats as required.

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The [constitution](#) allows public speaking on items on the agenda of Cabinet, Scrutiny Committees and Development and Regulatory Committee for public questions to be asked at Full Council. ECC's social media feeds have encouraged people to listen to public meetings as they are simultaneously audio-broadcast online. At many meetings members of the public can ask a question and expect their elected representatives to respond. Within the last few years there has been a steady increase in the number and frequency of questions from members of the public. During the pandemic members of the public were able to ask questions on a remote basis and this facility has been retained as meetings have returned to being 'in person'.

The [Petitions Policy](#) is available online. In 2022/23 ECC received 29 petitions.

ECC proactively engages with the community in order to seek out their views, actively listen to them and support them to respond. There are a range of ways in which people can be involved in shaping decisions. These are inclusive and meet individual needs. This includes statutory consultations, surveys which can be completed online or paper questionnaires plus telephone and accessible format options, focus groups, face to face interviews, ethnographic work, workshops and consultation/discussion events.

A group of officers hold an oversight role for all consultations that ECC is currently undertaking or planning to undertake. This seeks to ensure that the Consultation that is presented to the public engages with the target communities and seeks a full set of responses which can be used to inform the Council's decision making. All consultations are signed off by cabinet members prior to release.

The consultation portal '[Consultations in Essex](#)' also known as [Citizen Space](#) is used by ECC for both public and internal consultations. This provides easy access to consultations for most of the population – alternative provisions are made for each consultation to reflect the needs of any individual groups who may be unable to share their views online. The contact details of the consultation owners are given so that anyone with a question can contact the owner. Our platform also provides a mechanism for communicating the outcomes of consultations and for demonstrating how these have had influence through the decision-making process – there is for example, a 'We Asked, You Said, We Did' section so that citizens can view information about what happened because of their input.

ECC also engages and gathers views and perspectives from groups with specific experiences. This is a valuable input to service design and planning. Examples include 'Collaborate Essex' – a new model through which ECC engages with individuals representing those with experience of different types of disability; the 'Young Essex Assembly' through which we engage with young people across the county; and the 'Children in Care Council' through which we can access insight, views and perspectives from those children and young people with lived experience of the care system. Building on this, across the population, ECC has invested in the development of the [Essex Residents' Panel](#) which currently brings together 3,000+ residents to take part in research and engagement activities and to give their views on the issues affecting their communities. The panel provides an opportunity for on-going dialogue and provides insight into ongoing council projects throughout the calendar year.

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5. Developing and communicating a vision which specifies intended outcomes for citizens and service users and is used as a basis for planning.

A [Vision for Essex](#) called 'the Future of Essex' is available online. The Essex Vision was co-created alongside partners in 2017 and sets out ambitions for the County until 2035. It comprises a set of ambitions which can only be delivered through effective, joined-up partnership. ECC is clear that 'whole system thinking' is the key to improving public services, reducing costs to taxpayers and getting the best outcomes for residents.

6. Translating the vision into courses of action for the authority, its partnerships and collaborations

[Everyone's Essex, our organisation Strategy for levelling up the County 2021-25](#) can be found online, this articulates ECC's strategic aims and priorities and integrates the authority's Equality objectives.

ECC's [Everyone's Essex Annual Plan and budget 2022/23](#) was endorsed at Full Council on 18 January 2022. The [2023/24 Plan and Budget](#) was endorsed at Full Council on 9 February 2023.

The [Essex Joint health and wellbeing strategy](#) was considered and endorsed by the Essex Health and Well-being Board on 18 May 2022.

Further detail in terms of partnerships and collaborations can be found in section 20.

7. Reviewing the effectiveness of the decision-making framework, including delegation arrangements, decision-making in partnerships, information provided to decision makers and robustness of data quality

Article 5 of the [Constitution](#) defines the responsibilities for decision making and the principles in accordance with which decisions must be made.

The Research and Citizen Insight Team provides ECC with the evidence it needs to inform decisions affecting commissioning and operational service delivery, such as population analysis, demand forecasting and needs assessments, as well as enabling the organisation to manage performance, engage with citizens and service users and maintain key business intelligence systems. All reports are reviewed and signed off by the S151 Officer and the Monitoring Officer to ensure the financial impact of any decision is properly recognised before that decision is taken, and the Council's decisions are lawful.

All agendas, minutes and decisions taken by Cabinet Members are available to the public through ECC's [website](#). The online committee management system which ensures easily accessible and good quality information is always available about decisions and Member meetings, this also ensures that the committee process is efficiently managed.

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Reports to Cabinet are considered at an informal Cabinet Agenda Setting Meeting before the formal Cabinet meeting. This allows Members of the Cabinet and the Corporate Leadership Team to review the quality of reports and ensure they are easy for the public to understand before they are formally submitted to a Cabinet meeting.

The Overview and Scrutiny Committees play a key role to inform and challenge decisions carried out within each service. Each Overview and Scrutiny Committee has its own terms of reference and these are set out in the [Constitution](#). All relevant papers can be found on ECC's [Committee Management Information System](#). An annual report on scrutiny activity goes to Council at the Annual Meeting each year.

ECC intranet pages provide Officers and councillors with access to information about decision making, including an easy to use decision tree on how to make formal decisions. The Corporate Governance E-learning also covers decision making (see section 13).

In 2022/23 233 decisions requiring an Equality Impact Assessment or Equalities Comprehensive Impact Assessment were published and of these 230 or 98.7% had one completed. For decisions being taken from April 2022 onwards the refreshed Equality Comprehensive Impact Assessment framework was launched to ensure the process is even more robust.

ECC has a robust Data Quality Strategy in place, it is part of the Information Governance Policy Booklet which was last reviewed in February 2023.

ECC's decision making processes were the subject of an Internal Audit review in 2019, the final report, issued in December 2019 gave a 'Good Assurance' opinion and found that there are good processes in place so that decisions are made in line with the Constitution's requirements of who makes the decision and that such decisions are made openly and transparently with evidence of required consultation and equality analyses. A repeat of this audit is on the 2023/34 internal audit plan.

8. Measuring the performance of services and related projects and ensuring that they are delivered in accordance with defined outcomes and that they represent the best use of resources and value for money

The [performance framework](#) was refreshed in 2021/22 to align with the council's ambitions as outlined in Everyone's Essex and was agreed by Full Council in October 2021. This framework includes measures at the contextual, strategic measures and operational level.

During 2022 ECC refreshed the Organisational Leadership Team, with responsibility for monitoring performance and organisational health, this group of senior leaders directs interventions where needed and provide the Corporate Leadership Team with assurance on performance and governance issues. The Organisational Health report is also monitored bi-annually by the Corporate Governance Steering Board.

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The [Corporate Policy and Scrutiny Committee](#) has an oversight role and from quarter 3 (2021/22), the strategic measures were published and considered by the committee, providing an independent and robust challenge to delivery of ECC's objectives and holding Cabinet to account for delivery.

The Procurement Strategy and procedures provide a framework of best practice for all procurement activities which support ECC in achieving value for money and delivering on corporate objectives.

ECC Service Quality has been recognised nationally during 2022/23:

- Newly Qualified Children's Social Worker of the Year award at the Social Worker of the Year Awards 2022.
- Joint silver award in the Newly Qualified Adult Social Worker of the Year category at the 2022 Social Worker of the Year Awards.
- 2022 Municipal Journal (MJ) award winner in the care and health integration category for the connect project transforming health and care services in Essex. The judges at the MJ awards recognised the programme as both 'ambitious' and 'well executed' and that it has delivered clear and lasting benefits for the residents of Essex.
- 2022 MJ shortlist for leadership in responding to the climate emergency.
- Essex Housing won the Best Development Team – Rural/Suburban award at the Inside Housing Development Awards 2022.
- Essex Housing won Housebuilder of the Year - South at the UK Housing Awards 2022.
- ECC's Climate Focus Area was shortlisted in the 2022 LGC awards.
- ECC's Connect: Transforming health and care services in Essex was shortlisted in the 2022 LGC awards.
- Essex and Hertfordshire's Digital Innovation Zone (DIZ) was shortlisted in the 2022 LGC awards.
- The Circular Economy team (Love Essex and BLUEPRINT to a Circular Economy) won the 'Best Communications Campaign of the Year' award at the national LARAC awards.
- Essex Forest Initiative won a Green Apple Environment Award from the Green Organisation.
- The Circular Economy team (Love Essex and BLUEPRINT to a Circular Economy) won 'Best Team of the Year' at the National Sustainability Awards.
- Essex Pension Fund shortlisted for 2 Pension Age Awards:
 - DB Pension Scheme of the year Award
 - Best Investment Strategy Award
- Two employees in Corporate Services shortlisted for Rising Star at LGC awards

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- Shortlisted for Technology category at LGC awards for the Cloud project
- Shortlisted for the following categories in the PQ Awards:
 - Apprentice of the year
 - Graduate/apprentice training programme
 - Training manager/mentor of the year
- Won PQ of the year at the PQ Awards
- Digital Essex team awarded Bronze in the Communications Award category at the [IESE Public Sector Transformation Awards 2023](#) for the Social Broadband Tariffs campaign.
- ECC was awarded the Employer Recognition Scheme (ERS) Gold Award by the Ministry of Defence for its support for the armed forces community in 2022.
- ECC were recognised by the Guardian as being a great social care employer in this [article](#).
- ECC won the Employer Supported Policing Award from Essex Police in March 2023.

9. Defining and documenting the roles and responsibilities of members and management, with clear protocols for effective communication in respect of the authority and partnership arrangements

The law and [Constitution](#) clearly defines the responsibilities of key member and officer roles.

Part 3 of the [Constitution](#) sets out how Councillors' authority is delegated to Cabinet Members and Officers. Chief Officers are in turn responsible for authorising delegations to their Officers. All delegations are updated when roles or structures change.

The protocol on member/officer relations contained within Part 5 of the [Constitution](#) further defines the day-to-day roles and responsibilities of Officers and Members.

The Council has [Financial Regulations](#) which provide a framework to identify financial responsibilities and the financial limits assigned to individual Officers. These also outline the responsibilities in relation to partnerships and commissioning arrangements. The Financial Regulations are kept under regular review, with the last update approved at Full Council on 10 February 2022.

10. Ensuring that financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (April 2016), where they do not, explain why and how they deliver the same impact

Financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (April 2016). The Chief

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Financial Officer in 2022/23 was the Executive Director for Corporate Services. The Director, Finance was the deputy S151 officer.

11. Ensuring effective arrangements are in place for the discharge of the monitoring officer function

For 2022/23 the Monitoring Officer was the Director, Legal and Assurance and both the Head of Legal and the Head of Democracy and Transparency were the deputy Monitoring Officers.

12. Ensuring effective arrangements are in place for the discharge of the head of the paid service function

For the year 2022/23 the Head of the Paid Service was the Chief Executive.

13. Providing induction and identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training

The Member Development Steering Group takes ownership of Members' development and is responsible for shaping the Member Development Strategy and Programme. ECC has held Member Development Charter Plus status since November 2014, this was reaccredited in January 2022.

Members were offered a comprehensive Induction after the May 2021 Election and there are regular briefing and development sessions throughout their term of office. Further details can be found in the Member development report to Full Council in May 2023.

In 2021 ECC launched its next iteration of the People Plan, running between 2021 – 2025. The intention of the plan is to continue to build on the foundational work conducted during the previous People Plan and to continue to help ECC in achieving its strategic priorities. ECC has continued to build on management and leadership programmes as part of delivering this plan.

In November 2022 ECC delivered the 4th iteration of LearnFest, in a hybrid way with sessions taking place both virtually and face-to-face. There were over 100 events and 1800 employees took part.

ECC has continued to embed the Performance Development approach across the organisation and has developed the approach to succession management.

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14. Reviewing the effectiveness of the framework for identifying and managing risks and for performance and demonstrating clear accountability.

ECC's Risk Management Strategy was fully reviewed and refreshed and approved at Audit, Governance and Standards Committee in 2022. It is available to staff with an accompanying Risk Management Toolkit and these are reviewed regularly to ensure they remain fit for purpose. Training on risk management is provided on request.

Comments on the effectiveness of the Council's risk arrangements are included in the Head of Assurance Annual Report which is presented to the Audit, Governance and Standards Committee in June 2023. The council's risk management arrangements were fully examined and assessed in March 2023 as part of the three yearly Risk Maturity Assessment which showed that all our risk management activities are categorised as 'Working and embedded' or 'Working' (using the ALARM maturity model) with a positive direction of travel.

ECC has a corporate risk management system that records both strategic and service risks and the assigned owners. The system provides automated prompts to risk owners for updates to recorded risks.

A Strategic Risk Report is now received twice yearly by the Audit, Governance and Standards Committee. They review risk management activity and the councils risk management profile. The first such report was reviewed by the committee in January 2023.

The Corporate Leadership Team review the Strategic Risk Register quarterly and consider current and emerging risks and issues and determine appropriate action.

15. Ensuring effective counter fraud and anti-corruption arrangements are developed and maintained in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014).

ECC has a dedicated Counter Fraud Team within the Assurance Service. The Counter Fraud Team have undertaken proactive prevention and detection work, including participation in the National Fraud Initiative (NFI), data matching exercises with other Essex authorities and internal data matching exercises. The team also deliver directed fraud awareness training in addition to the mandatory Corporate Governance e-learning modules which includes Anti-Fraud and Corruption and Anti-Bribery and Money Laundering.

An external company called Ethicspoint provides an independent and confidential route for any whistle-blowing allegations from staff and contractors. Any referrals through this route are rigorously investigated through a set process.

A total of 232 referrals have been received and investigated by the Counter Fraud Team during 2022/23.

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The Audit, Governance and Standards Committee received quarterly updates in respect of counter fraud activity and a summary is included in the Head of Assurance Annual Report.

The Council's counter fraud arrangements have been assessed against the CIPFA Counter Fraud Code of Practice and the organisation has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

16. Ensuring an effective scrutiny function is in place.

Essex County Council has four policy and scrutiny committees. In addition, there is currently one Joint Health Overview and Scrutiny Committees (JHOSC), looking at proposals arising from local Sustainability and Transformation Plans, with Suffolk County Council. Details of the previous Joint Health Scrutiny Committees can be found [online](#).

Three of the policy and scrutiny committees are chaired by the governing administration. The Corporate Policy and Scrutiny Committee is chaired by the Leader of the largest opposition group. Each of the Committees has two vice-chairmen, one opposition member and one administration member.

The Chairmen of the four committees (and the Chairman of the Audit, Governance and Standards Committee) meet as the Scrutiny Board on a roughly monthly basis, to oversee the coordination of scrutiny activity, consider its development strategically and share best practice. This is an increase in frequency over recent years. The Scrutiny Board is also responsible for maintaining an overview of member development, as it pertains to scrutiny, and have agreed a standard training package for all scrutiny members and substitutes to be delivered by an external provider. This comprises a session on strategic questioning skills and a more general session focussing on the role of scrutiny members and where value can best be added. Additionally, Chairmen and Vice Chairmen are encouraged to participate in the LGA's residential 'Effective scrutiny – Leadership Essential' course. The Scrutiny Board will next consider member development and training in June 2023 where it is likely that refinements to the programme, based on recent delivery, will be agreed.

A Task and Finish group considering the effectiveness of the scrutiny function and any related improvements that can be made was commissioned by the Scrutiny Board and concluded in late 2022. The group had considerable assurance that the scrutiny function was working well and was fit for purpose. Some development points were identified and are currently being implemented, including a more robust Scrutiny/Cabinet protocol (to be received by Full Council in May 2023) and an improved focus on cross-committee working, to maximise value and guard against duplication.

There is close working between committee Chairmen, Vice-Chairmen and their cabinet counterparts, with meetings scheduled on request to discuss key areas of work and direction. Scrutiny Members are involved in influencing policy development (pre-decision scrutiny) and well as post decision scrutiny.

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In 2022/23 scrutiny in ECC was supported by Officers within Democratic Services and the Head of Democracy and Transparency was the Statutory Scrutiny Officer.

Members and Officers have continued to utilise online working practises introduced during the pandemic where possible, holding informal briefing and working group sessions via Teams and Zoom whenever possible. Whilst formal committee meetings do still have to be held in person, informal remote working is of benefit to Members generally and has helped increase participation and engagement.

More detail on the work of Scrutiny can be found in the Scrutiny Annual Report, the 2022/23 will be reported at Full Council in May 2023 and made publicly available thereafter.

17. Ensuring that assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and, where they do not, explain why and how they deliver the same impact

The role of the Chief Audit Executive was fulfilled by the Head of Assurance during 2022/23. The Head of Assurance also has responsibilities for other operational services including Health & Safety, Risk Management, Insurance, Counter Fraud, Emergency Planning and Resilience. The arrangements for ensuring independence were outlined in the [Audit Charter](#) which was reviewed, updated and presented to the Audit, Governance and Standards Committee in March 2023.

Assurance arrangements for 2022/23 conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit. The UK Public Sector Internal Audit Standards (PSIAS) provide clear standards for internal audit which ECC complies with. ECC undertakes an annual self-assessment against the standards and had an external review carried out by CIPFA in 2018 which demonstrated compliance with the Standards in all material aspects. A re-inspection is due in late 2023.

18. Undertaking the core functions of an audit committee, as identified in Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2013).

The Audit, Governance and Standards Committee has undertaken the key functions required of it by the Chartered Institute of Public Finance's (CIPFA) guidance on the role of audit committees. The Audit, Governance and Standards Committee's role and purpose is set out in Articles of the [constitution](#).

The Committee continues to have a close working relationship with the internal and external auditors and has played an active role in relation to counter-fraud, as stated above.

The Committee met six times during the 2022/23 financial year, in public. [Their work](#) has included receiving internal audit and counter fraud progress reports, including detail of all

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Limited Assurance reviews from the Head of Assurance and the extent to which remedial recommendations have been implemented. Further detail can be found in the committee's annual report to Full Council in June 2023. During 2022/23 the Committee conducted an effectiveness review, in line with CIPFA guidance, with the outcomes being reported with the March 2023 agenda.

All recommendations arising from internal audit activity are tracked with monthly automated emails sent to owners of recommendations to request status updates via a web-based system. Summary reports on outstanding recommendations are presented to Audit, Governance and Standards Committee. The Corporate Governance Steering Board also monitor implementation of recommendations as one of their indicators of effective organisational governance. This provides good accountability and visibility of Internal Audit recommendations.

All reviews resulting in a 'No Assurance' or 'Limited Assurance' opinion are also subject to a follow-up audit review. During 2022/23 for any reviews receiving limited assurance the relevant Officers from the service area reviewed were invited to Audit, Governance and Standards Committee to give an overview of the issues raised and actions agreed to remedy them. (There were no 'No Assurance' reviews issued in 2022/23)

In 2020 the Redmond Review was published. This made a number of recommendations, three of which were addressed to Local Authorities. The implementation of these recommendations was completed in May 2021 when the annual audit letter from the external auditor was presented to the Annual meeting of the Council.

19. Ensuring that the authority provides timely support, information and responses to external auditors and properly considers audit findings and recommendations.

The Chief Accountant and the Chief Audit Executive meet with the external auditors on a regular basis to discuss audit activity and ensure that appropriate support is being provided. Quarterly meetings are also held with the S151 Officer to review the audit plan and key recommendations.

20. Incorporating good governance arrangements in respect of partnerships and other joint working and ensuring that they are reflected across the authority's overall governance structures

Partnership working is key to how we work at Essex County Council. As a principle it has been embedded within our new organisation strategy "Everyone's Essex: our plan for levelling up the county 2021 to 2025", and in our "Essex Levelling Up White Paper" published in January 2022. These key strategic documents set out the need to work with partners to join up services where it makes sense to do so, and share data, learning and expertise to continue to deliver excellent services, reduce costs to taxpayers, get the best outcomes for residents, communities and businesses, help tackle long standing "wicked issues" and level up the county.

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Across the wider system, Essex County Council is committed to a shared vision called 'the Future of Essex' which comprises a set of ambitions which can only be delivered through effective, joined-up partnership. Governance of our shared vision is the responsibility of the Essex Partners group, who meet at least three times per year to steer the work of partners together to deliver shared priorities for Essex communities. Essex Partners also directs and oversees progress on, strategic plans which influence the decisions made to shape the future direction of policy and the provision of services within the county. Both Essex Partners and the Essex Health & Wellbeing Board are supported by Essex Strategic Coordination Group, who coordinate action responding to priorities identified by partners and partnerships across the whole Essex system.

Delivering against of the key Essex Partners ambitions including employment and employability as well as system challenges such as workforce and property takes place through the Essex Anchors network which is cochaired by members of the Essex Partners group and comprised of a wide range of partner organisations including Health partners, education providers and the voluntary sector. The network is in the process of developing a comprehensive shared action plan which will provide greater join up between the activity we take forward as organisations individually and collectively.

Essex Partners supports a culture of system learning through a number of activities. The Leading Greater Essex programme brings together senior leaders from across all public services in Essex, Southend & Thurrock, to participate in an in-depth leadership development programme aimed at developing Essex's organisations leaders into system leaders, giving them the skills to operate confidently and effectively across organisational boundaries. Alongside this, Essex Partners also continues to host themed learning events throughout the year on key issues and ambitions and will be looking at options to reinstate the Essex Assembly previously held twice per year pre-pandemic.

The County Council is the accountable body for the South Essex Local Enterprise Partnership (SELEP), SELEP became a limited company as of February 2020. An ECC Internal Audit of SELEP received Good Assurance in 2021, it concluded that governance arrangements and decision making, financial and project management processes are designed and working satisfactorily. No recommendations were made. In March 2023 government announced that 2023/24 will be the last year for LEP funding and that LEP responsibilities will return to local authorities thereafter. ECC will plan for this change during 2023/24.

The Health and Care Act 2022 established Integrated Care Systems (ICSs) on a statutory footing from the 1 July 2022 with Essex County Council being a member of three integrated care systems (ICSs). These are the geographical footprints on which the NHS plans and commissions services. The three ICS systems for Essex are:

- Hertfordshire and West Essex (covering the districts of Epping Forest, Harlow and Uttlesford)
- Mid and South Essex (covering the district/borough/city councils of Basildon, Braintree, Brentwood, Castle Point, Chelmsford, Maldon, Rochford, and the unitary authorities of Southend and Thurrock)

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- Suffolk and North-East Essex (covering the borough/districts of Colchester and Tendring)

Each ICS is made up of two main committees:

- Integrated Care Board (ICB): A statutory NHS organisation responsible for developing a plan for meeting the health needs of the population, managing the NHS budget, and arranging for the provision of health services in the Integrated Care System area. Essex County Council has a senior officer representative on each of the three ICBs.
- Integrated Care Partnership (ICP): A statutory committee jointly formed between the NHS ICB and all upper-tier local authorities that fall within the ICSs area (councils with responsibility for children's and adult social care and public health). The ICP is responsible for producing an Integrated Care Strategy on how to meet the health and wellbeing needs of the population in the Integrated Care System area. Essex County Council is represented on each ICP by nominated senior officers and Cabinet Members. The Chair of the Essex Health and Wellbeing Board is a member of all three ICPs.

In June 2022, Essex County Council's Cabinet approved the governance arrangements for the ICBs and ICPs. The ECC Membership on these Boards was agreed by Cabinet in June 2022, with agreement that any future nominations will be made by the Leader of the Council.

Each NHS integrated care board (ICB) has an independent Chair, who's role is to chair the board meetings, to help local systems develop their visions and strategies, and to informally hold organisations to account for their commitment and collaborative working within their geographical systems. Each ICB also has a single accountable officer who oversees governance and leadership of the integrated care system.

The chairing arrangements for the partnership committees (ICPs) differ in each system:

- Hertfordshire and West Essex: the Leader of Hertfordshire County Council) chairs the ICP, with the Chair of the NHS Integrated Care Board as vice-chair
- Mid and South Essex: the chair of the Mid and South Essex Integrated Care Board is Chair, with the chairs of the Essex, Southend and Thurrock health and wellbeing boards serving as vice-chairs
- Suffolk and North-East Essex: the ICP is chaired in rotation by three co-chairs (Chair of Suffolk and North-East ICB plus the Chairs of the Essex and Suffolk health and wellbeing boards)

Each ICS has also established local partnerships or alliances that bring together local government, primary, secondary and acute health services, and the voluntary and community sector at a place level, with a local managing director in place to convene partners. These are:

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For Hertfordshire and West Essex

- One Health and Care Partnership (West Essex)

For Mid and South Essex

- Mid Essex Live Well Partnership
- South-East Essex Alliance (covering Castle Point, Rochford and Southend)
- Basildon and Brentwood Alliance
- Thurrock Alliance.

For Suffolk and North-East Essex

- North-East Essex Health and Wellbeing Alliance

The Essex Health and Wellbeing Board updated its membership to reflect changes to NHS organisations and structures and each ICS is a member of, and reports to, the Essex Health and Wellbeing Board.

The Essex Health Overview Policy and Scrutiny Committee (HOSC) receives regular updates from the three ICS's and also has established joint working with neighbouring HOSCs when an issue has crossed local authority boundaries.

As part of the Better Care Fund (BCF), ECC has established pooled funds with each ICB in Essex. The Essex BCF is "owned" by the Essex Health and Wellbeing Board (HWB) on behalf of ECC and the ICBs. The BCF is also approved by Cabinet and the individual ICBs. Section 75 agreements are in place at a county level and with each ICB covering the previous Clinical Commissioning Group footprints.

An Internal Audit of the arrangements in 2021 received a Good Assurance opinion.

The Essex Wellbeing Service (EWS) went live in April 2022, it is an alliance of partners working together to deliver a range of health and wellbeing support. This includes lifestyle services, such as NHS health checks, stop smoking services, and weight management courses, as well as community support to help people make positive social connections, including ECC's volunteering programme and befriending service.

In 2021 ECC joined the Association of South Essex Local Authorities which seeks to implement joint decision making over some initiatives for economic regeneration in South Essex - Brentwood, Basildon, Castle Point, Rochford and Southend and Thurrock.

In June 2021 the company North Essex Garden Communities Limited, which was jointly owned with Braintree, Colchester and Tendring Councils was formally wound up following the closure of the project. The County Council has established a Joint planning committee with Tendring and

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Colchester to oversee the planning of the Tendring/Colchester Borders joint committee which is to proceed.

Governance updates 2022/23

Thurrock Borough Council

In September 2022 the Secretary of State appointed ECC as Commissioner and Best Value Inspector for Thurrock Borough Council under the provisions of the Local Government Act 1999. This has required significant senior resource, including from the Chief Executive and Section 151 Officer. Whilst this is undoubtedly a demonstration of the Secretary of State's confidence in ECC and its officers and members, there is a risk that this could divert attention away from matters which require ECC's own attention and increase the risk that something is missed or not dealt with as well as it could be. The amount of time is being collected centrally and the activity has been approved by the Leader of the Council. The time commitment should decrease going forward as the Secretary of State has appointed a managing director commissioner and a new Chief Finance Officer and Monitoring Officer.

These appointments demonstrate the confidence of central government in the County Council.

Use of unregulated placements

There were a number of occasions when the Council has placed young people in unregistered placements. This was made unlawful by the Care Planning, Placement and Case Review (England) (Amendment) Regulations 2021. Unfortunately, it is sometimes impossible to find a registered placement willing to take some of placements. This is a national issue. Although any such placement is a breach of the regulations, there are no specific consequences. The Council seeks to minimise the use of unregistered placements but cannot always avoid them and when it does so the Director of Children's Services puts in place arrangements to regularly monitor the welfare of the child by the Director of Local Delivery or another senior officer. The Council is therefore satisfied that is not placing young people at significant risk and that this is the best option available to it.

ECC is not the only authority with this difficulty and the High Court has confirmed that it has inherent jurisdiction to regulate unregistered placements (*Tameside MBC v AM (2021)*). This is a good example of a legal provision with which it can be impossible to comply.

We continue to seek registered placements and an increase in capacity but that is not easy and there does not appear to be a long-term solution.

COVID-19 Response

The Coronavirus had slight impact on ECC operations in 2022/23, although this was minimal by the end of the financial year.

There have been lasting changes to reap the benefits of our experience during the pandemic:

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- To maximise efficiency and to enhance the user experience new technology has been installed in the Council Chamber and the main Committee Room to support the running of virtual and hybrid meetings. There is now a permanent facility for remote attendance by officers and non-voting members at meetings.
- The Council continues to press for the ability to hold remote meetings in some cases – for example short meetings of less significant committees where possible given the environmental, financial and time savings. Members are disappointed that we still do not have the Government’s response to the consultation it undertook some time ago.
- The Council continues to assess the longer-term governance issues associated with the impact of the pandemic such as financial resilience, pausing of certain projects and long-term home working. The impact of longer-term home on team cohesion and the ability of trainees to learn

Ofsted and CQC Local Area SEND Inspection

The Ofsted revisit found that Essex had made sufficient progress in improving SEND services. Ofsted and the Care Quality Commission published their final report confirming the significant progress that Essex had made to address the areas of weakness previously identified in its SEND service offer. Key highlights from the report include:

- Better partnership working between health and education organisations, as well as increased oversight of joint SEND commissioning arrangements.
- Improvements in the accurate identification of SEND for children and young people.
- Progress made in the co-production of Education Health and Care plans across health, social care and education.

The revisit, which took place between 17 May 2022 and 19 May 2022, follows a previous inspection between 30 September and 4 October 2019.

Information Governance

There were three matters which members of the public referred to the Information Commissioner’s office 2022/23. One was for an FOI, one for was for an EIR and the other was a Data Subject complaint. Only one (Data Subject complaint) was upheld. This is an increase from 21/22 where we received only one ICO complaint.

The Council has not recorded any major security incidents this year. There has been 15% reduction in the total number of security incidents recorded in 2022/23. However, there was an 8.8% increase in incidents which included personal data. This increase could be attributed to increased awareness which are staff have received throughout the year as more staff have now completed Information Governance eLearning.

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Performance in responding to statutory requests under FOI/EIR has exceeded the ECC corporate target (90%) during 2022/23 with an annual average compliance of 96%. We received 31 requests for an Internal Review with 6 being upheld.

Performance in responding to statutory requests under the Data Protection Act (SAR) also exceeded the corporate target (80%) during 2022/23 with an annual average compliance of 90%. There was a 17% reduction in all other individual rights requests received in 2022/23. All were dealt with in the statutory timeframe. This is monitored by the Corporate Governance Steering Board on a bi-annual basis.

Information Governance eLearning completion has increased to 81% this year. This is a 16% improvement on 2021/22 completion rate. Refresher training is now being scheduled for those who are due to retake this training, this has begun and will continue throughout the year.

All our information policies have been updated and reviewed throughout the year. We ensure that changes to our policies and further guidance around information handling and security management is provided throughout the year. Due to ongoing concerns over the conflict between the Ukraine and Russia, a Security Operations Centre is in place within the Council, to better monitor and prevent Cyber Security incidents. We have updated our policies regarding working abroad. This is to ensure that staff manage information from countries which have adequate data protection legislation in place. We increased the amount of mock phishing exercises which take place across the year. The mock phishing results have shown that 88% of the staff tested did not provide any data. The remaining 12% of staff received further education regarding phishing emails and have been retested to ensure compliance and understanding in this area.

The Data Security and Protection Toolkit 2021/22 was successfully submitted in June 2022, all mandatory standards were met. The 2022/23 toolkit is now due to be submitted in June 2023, the Council is on track for another successful submission.

CIPFA Financial Management (FM) Code – review and action plan

ECC completed its second self-assessment against the FM Code in 2022/23. The outcome is ECC continues to fully meet all the 68 questions.

Although ECC meets all of the requirements of the FM code, following last years assessment a six-point action plan was put in place to support continuous improvement in delivering against the FM Code. The action plan was across the themes of Sustainability, Transparency and Accountability. To date three of the six action points have been implemented, with the remaining three in progress.

The FM Code assessment will be used as part of the evidence base for the annual internal audit review of budgetary control and the medium-term resource strategy, which is reported to the Audit, Governance and Standards Committee.

Monitoring of the action plan is undertaken by the Head of Strategic Finance & Insight on a twice-yearly basis and reported to the Financial Management Team and the Cabinet Member for Finance, Resources

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and Corporate Affairs. The assessment of the authority against the FM Code, and development of the action plan will be completed on an annual basis as part of the budget setting process.

Local Government and Social Care Ombudsman (LGSCO)

Between 1 April 2022 to 31 March 2023 Essex County Council contact from the Local Government and Social Care Ombudsman (LGSCO) resulted in findings of fault or maladministration as listed in Annex 1. The ECC Customer Services team believes that in all cases the remedy was complied with and the action taken in response.

The Compliance and Complaints team continue to work compliantly with the Ombudsman's office, attend regular Ombudsman focus groups and where failings identified suggest suitable viable resolutions for consideration of the Ombudsman to warrant early conclusion of a formal investigation.

Health and Safety

During the financial year 2022/23 there were no improvement notices served on the Council.

In January 2019 a member of staff was knocked unconscious by a pupil at a community special school. ECC provided written submissions to the HSE in February 2021 and on 20 December 2021 asked for a review of the Fees For Intervention. The HSE concluded their review of the case in July 2022 and found that no further action was required. For this case the FFI totals £27,179.70 and ECC is in a formal dispute with HSE over the FFI.

ECC Owned Companies

ECC has interests in and is involved in companies for many different reasons. For example, to trade services for profit or to set up a joint decision-making forum with partners. The Council has adopted company guidance which sets out requirements about creating new companies or joining a new company. The creation of an ECC company is a significant step. No ECC company may be created or dissolved without a formal decision of the Cabinet or the Leader. ECC has a Shareholder Board Chaired by the Leader which oversees relationships with ECC companies, delivery of each ECC company's business plan, performance, financial issues, investments and governance arrangements.

In 2022 ECC took a decision to participate in Freeport East Limited by becoming a member of the company and appointing a director.

In early 2023 an application was made to close Essex Trade and Investment Limited. That application is currently out to public notice via Companies House

In 2022 ECC took a decision to cease trading of Essex Legal Services Limited. This was as a result of a significant increase in the cost of insurance experienced by all legal services provider and because virtually all the external work undertake can be done without needing to use the company. The

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Company will remain in existence for a number of years in accordance with Solicitors Regulatory Authority Requirements.

All ECC Companies are listed in Annex 2.

Essex Housing Development LLP

The Council entered into multiple transactions with Essex Housing Developments LLP, which it owns. A number of these transactions were for the disposal of land at less than market value for reasons set out in the individual reports. Broadly, the LLP sets out to develop the land in a way that meets the need for accommodation and builds to a high standard. Councillors consider size of the undervalue and the reasons for it. All disposals were in accordance with general consents issued by the Secretary of State under the Local Government Act 1972. It should be noted that ECC is the ultimate owner of the LLP and surpluses resulting from development accrue to ECC

A governance review of Essex Housing Development LLP was undertaken during 2022/23 (using the Local Partnerships [Local Authority Company review guidance](#)). There are emerging actions to implement relating to clarification of board roles and the role of the board. Implementation of the outcomes will be required as part of action plan at the end of this document.

Head of Assurance Opinion

The Head of Assurance's overall audit opinion on the internal control environment (framework of governance, risk management and internal control) is one of Satisfactory Assurance which means that although there are some weaknesses which may put individual system/process/service objectives at risk of achievement, there is an overall satisfactory system of internal control, appropriately designed to meet the Council's objectives, and controls are generally being applied consistently.

The Head of Assurance Annual Report which provides a summary of the activity used to support this opinion is published in June 2023.

External Audit

The Council's External Auditor, BDO LLP (BDO) have reported a delay to completion of the audit of the Council's Accounts for 2021/22. This is beyond the Council's control. This means that it is not yet possible to formally publish the statement of accounts for 2020 to 2021. The reasons for this delay have been reported to the Audit, Governance and Standards Committee and published on the website.

BDO consider that the accounts produced by ECC and the information which the Council has provided to them provided is of good quality. It is therefore very disappointing that there has been this delay and that ECC is not yet able to present final accounts to the Audit, Governance and Standards Committee or to the Council itself. This is a national problem and it is understood that very few authorities were able to publish their final accounts for 2021/22 on time.

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The external auditors for the 2022/23 financial year remains BDO LLP. The Council's External Auditor, BDO LLP (BDO) have reported a delay to completion of the audit of the Council's Accounts for 2020/21 and 2021/22. This is beyond the Council's control. This means that it is not yet possible to formally publish the statement of accounts for 2020 to 2021 and 2021 to 2022. The reasons for this delay have been reported to the Audit, Governance and Standards Committee and published on the website.

BDO consider that the accounts produced by ECC and the information which the Council has provided to them provided is of good quality. It is therefore very disappointing that there has been this delay and that ECC is not yet able to present final accounts to the Audit, Governance and Standards Committee or to the Council itself. This is a national problem and it is understood that very few authorities were able to publish their final accounts for 2020/21 or 2021/22 on time.

The external auditors for the 2022/23 financial year remains BDO LLP. From 2023/24 the external auditors will be Ernst and Young.

Previous governance matters arising

All actions identified in the 2021/22 Annual Governance Statement action plan have been adequately addressed, with implementation being reviewed by the Monitoring Officer and Corporate Governance Steering Board. Areas where actions are ongoing have been updated in the 2022/23 action plan.

Governance issues during 2022/23

The Council has successfully delivered an ambitious capital programme. However in recent years government has asked ECC to deliver more larger schemes. At present we have £500m of grant funding to deliver specific projects

- Harlow Sustainable Transport Package and new bridges over the river Stort.
- A133 to A120 Link Road near the proposed Tendring/Colchester Borders Garden Community
- Colchester Rapid Transit Scheme
- Beaulieu Park Station
- Chelmsford North Eastern Bypass

These schemes all involve significant construction and land acquisition costs as well as payments to statutory undertakers and rail operators. They are inherently risky schemes and subject to cost escalations and risk. These schemes have been regularly reported to Councillors and decisions have been taken at key gateway points based on reports.

Nonetheless, there have been significant cost escalations and delays. These can happen with any capital scheme but the combined size of the projects means that the overall risk is more significant than that which ECC is used to doing. This raises an issue as to whether we have the right resources, skills and

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reporting lines in place to deliver the schemes as well as possible and ensure that Councillors and senior leaders have a complete and up to date picture so that the right mitigations can be put in place. We are taking urgent action to ensure that we do have the right resources and advice and reporting lines.

Action Plan

The actions detailed below are in place to maintain good governance arrangements throughout 2023/24, in addition ECC will monitor governance actions arising from the potential [devolution deal](#) for Greater Essex.

Subject	Action(s)	Responsible Officer	Target completion date
Governance	Conclude the review all ECC companies in line with the Local Partnerships Local Authority Company review guidance and implement actions arising.	Monitoring Officer	March 2024
Assurance	Implement actions identified as part of the 2022/23 Service Assurance Statement process.	CLT	March 2023
Governance	Review monitoring and reporting and capacity surrounding major capital schemes.	CLT	September 2023

We have been advised on the outcome of the result of the review of the effectiveness of the governance framework and consider that the arrangements provide satisfactory assurance and continue to be regarded as fit for purpose in accordance with the governance framework. We are committed to monitoring the implementation of the action plan, via the Corporate Governance Steering Board, as part of the next annual review.



CLLr Kevin Bentley
(Leader of the Council)



Gavin Jones
(Chief Executive)

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Annex 1 – List of upheld LGO complaints in 2022/23

Case ID	Date	Service	Statement
21 004 607	04/04/2022	Education	Summary: Mr and Mrs F complain the Council has failed to provide suitable alternative education to their son (Child X) who could not attend his primary school due to his special educational needs. Further, they say the Council has not reviewed Child X's Education and Health Care Plan (EHCP) so that he could effectively transition to secondary school. We found the Council failed to provide alternative education for Child X while he was unable to attend primary school. The Council also failed to amend Child X's EHCP in good time so that he could attend secondary school. The Council's proposed transition arrangements for Child X were not appropriate for him and it has not provided suitable alternative education to him for this period also. These failings have caused Child X and both Mr and Mrs F serious loss, harm and distress. The Council has agreed to my recommendations to remedy this.
21 017 649	06/04/2022	Education	Summary: We will not investigate this complaint about an Education, Health and Care Plan. This is because we are satisfied with the actions the Council have taken and have proposed to take.
21 010 309	19/04/2022	Adult Social Care	Summary: Mr X complained the Council failed to clearly communicate or respond properly to his queries about the payment arrangements for his late mother, Mrs Y's care. The Council was at fault. There were errors in communication around Mrs Y's finances, delays in responding to his complaint, and it failed to keep Mr X updated about Mrs Y's care. The Council has agreed to apologise and pay Mr X £200 to acknowledge the uncertainty and frustration this caused. It has agreed to review its procedures to prevent a recurrence of the faults.
21 008 023	08/05/2022	Education	Summary: Miss X complained that the Council failed to consider her application and appeal for home to school transport for her 16-year-old son properly. There was fault in the way the Council considered the matter as it did not look at whether in all the circumstances of the case it was necessary to offer help with transport. Nor did it explain how it measured distances. The Council has agreed to review the decision and its post-16 transport policy.

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Case ID	Date	Service	Statement
21 012 257	19/05/2022	Adult Social Care	Summary: Mrs B complained about the action the Council when her mother Mrs C was discharged from hospital and needed care. We found the Council at fault for failing to communicate with the family when Mrs C went into hospital, for failing to give clear and complete information about who would pay for the care and for delaying in carrying out a reassessment. But we consider the Council's actions in apologising and commissioning the care for 33 weeks is a reasonable way of putting matters right.
21 013 933	24/05/2022	Education	Summary: Mr B complained that the Council delayed in arranging college transport for his son C and failed to inform him when the transport was cancelled on two occasions at short notice. We found the Council at fault and welcomed its offer to Mr B of £238 in mileage costs. The Council has agreed to pay an additional £250 to recognise the distress and time and trouble caused.
21 013 721	24/05/2022	Registration	Summary: Ms X complains the Council has not dealt with her mother's death properly. The Council is at fault because it did not provide information, delayed sending the death certificate and did not respond to Ms X's complaint clearly. The Council has agreed to apologise to Ms X, pay Ms X £175, provide information, provide guidance to staff and review its complaint responses.
21 005 643	25/05/2022	Education	Summary: Mrs X complained about the Council's handling of her daughter, Y's, Education Health and Care plan, and its failure to ensure Y received a suitable education. The Council was at fault for a significant delay in finalising Y's plan, a delay in consulting the family's preferred school, and a failure to check whether the education Y was receiving at home whilst a suitable school was identified was suitable. I have recommended it pay Mrs X £1,800 to remedy the costs of educating Y at home for a longer period due to the delays and to recognise the educational opportunities Y missed out on. It should make changes to its processes to prevent recurrence of the faults.
21 013 609	26/05/2022	Adult Social Care	Summary: Mrs M complained to us about the way in which the Council has calculated the contribution her daughter has to make towards the cost of her care, and the way in which it has communicated about this. We found fault with regards to the actions of the Council, which the Council has agreed to remedy.
21 011 373	29/05/2022	Coroner	Summary: Mr X complains the Council has not dealt with his father's death properly. The Council is at fault because it did not provide information, took too long to allocate a Coroner's Officer and did not offer the opportunity to view the body. The Council has agreed to apologise to Mr X, pay Mr X £100, provide information and provide guidance to staff.

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Case ID	Date	Service	Statement
21 013 183	07/06/2022	Education	Summary: Mrs X complained the Council has failed to properly manage her son's EHCP review and delayed in issuing an amended plan. She states this has negatively impacted on her son's education and led to him missing school. Mrs X also complained her son has been illegally excluded from school on three occasions over the last 12 months and that the Council has failed to provide suitable alternative provision. The delays in annual review process and in issuing a final EHC plan amount to fault. As does the failure to provide suitable alternative education between November 2021 and April 2022. This fault has caused Y and Mrs X an injustice.
21 005 470	13/06/2022	Education	Summary: Mrs B says the Council failed to put in place alternative education provision for her son despite agreeing his placement was no longer appropriate for him. There were some delays by the Council ensuring the school put in place alternative provision and some communication issues with Mrs B. An apology to Mrs B and her son and payment to Mrs B is satisfactory remedy.
21 000 724	23/06/2022	Education	Summary: Mr G complains the Council has failed to provide his daughter (Child X) with physiotherapy provision, as required by her Education and Health Care Plan. We found the Council has fallen significantly short of providing the provision Child X is entitled to receive by law. Further, the evidence shows a fundamental lack of management and oversight by the Council in relation to securing Child X's education provision. We consider the failings identified have caused both Child X and Mr G a serious injustice. The Council has agreed to our recommendations to remedy this.
21 009 402	19/07/2022	Education	Summary: Mr Y complains about the Council's refusal to provide transport assistance for his daughter, W, to attend her nearest available secondary school. We find the Council at fault for not properly considering W's case. In particular, that there was no closer school she could attend due to her status as a late applicant and furthermore for not properly exploring the circumstances around the family's reasons for applying late. The Council will apologise, re-take its decision and amend its Education Transport policy.
21 016 352	07/08/2022	Education	Summary: Miss X complained about the Council's delay in completing an Education, Health and Care Plan review for her son, Y, causing them distress and uncertainty. We found the Council at fault. We recommended it apologise to Miss X; pay her £300 for distress and uncertainty; pay her £100 for time and trouble and; complete Y's EHCP review.

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Case ID	Date	Service	Statement
21 018 413	15/08/2022	Children & Families	Summary: Mrs Y complained about the Council's decision to end her foster son, X's staying put arrangement with her and Mr B. She said the Council failed to take proper account of X's mental health and need for support. We find the Council was at fault for failing to communicate with Mrs Y and Mr B and failing to include all required information in the arrangement. This led to Mrs Y and Mr B feeling unsupported by the Council. We make several recommendations to address the injustice caused by fault.
21 016 616	23/08/2022	Highways	Summary: the Council failed to take action to deal with flooding of Mr C's road and failed to give him any information about what action the Council was considering. An apology and payment to Mr C, assessment of the case and training for officers is satisfactory remedy.
21 008 070	09/10/2022	Adult Social Care	Summary: Mr L complained about the way the Council supported his son, Mr X's care needs. Mr L said the Council failed to meet Mr X's care needs and failed to meet his, and his wife's needs as carers. The Council delayed in assessing the care and support needs and failed to provide supported living when Mr and Mrs L said they could no longer care for Mr X. The Council agreed to arrange appropriate alternative accommodation for Mr X. It agreed to pay Mr X £500, and Mr and Mrs L £3,000 to recognise the distress and additional strain caused to them over a prolonged period as a result of the faults.
22 001 277	24/10/2022	Highways	Summary: Mr X complains the Council has unreasonably refused his application for a dropped kerb. We find the Council was at fault for failing to consider whether there were any exceptional circumstances. The Council has agreed to reconsider Mr X application and exceptional circumstances and improve its services to prevent this fault from reoccurring.
22 002 274	26/10/2022	Highways	Summary: The Council was at fault for the time taken to resolve Mr X's concerns about a drain flooding and causing damage to his property. The Council agreed to apologise to Mr X for the time taken to resolve the issue and pay him £200 for the frustration and inconvenience caused.
21 017 671	31/10/2022	Highways	Summary: Mr D complains the Council located a bus stop near his home. The Ombudsman has found fault because the Council has not evidenced how it considered the bus stop application. The Ombudsman has upheld the complaint and completed the investigation: the Council agreed to review the case and improve procedures for the future.

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Case ID	Date	Service	Statement
21 016 894	31/10/2022	Education	Summary: Mrs X complained the Council failed to properly deal with her application for an EHC plan for her daughter. We found the Council's initial decision not to carry out an EHC assessment was one it was entitled to make. While the EHC took too long to issue, the impact of this was negated by the Council's agreement to revisit the assessment without the need for the family to appeal. We found there was fault in respect of a school transport issue and in communication about consultations. We also found some issues with the EHC drafting constituted fault. We recommended a remedy for the impact of these issues.
22 000 381	16/11/2022	Education	Summary: Miss X complained the Council failed to ensure her son, C, received the provision outlined in his Education, Health and Care Plan. Further she says the Council delayed issuing an amended Plan. We find the Council was at fault for failing to provide some of the agreed provision and delaying issuing an amended Plan. The Council has agreed to make a financial payment to recognise the injustice caused.
22 000 336	18/11/2022	Education	Summary: Mr B complained the Council's transport provider repeatedly failed to transport his disabled son to school, and the Council failed to properly respond to his complaints. We found the Council caused a service failure as it failed its duty to ensure Mr B's son was transported to school in line with his special educational needs. The Council agreed to apologise to Mr B and make payment to remedy the injustice this caused him and his son.
22 007 473	22/11/2022	Children & Families	Summary: We have upheld this complaint because the Council delayed consideration of a complaint at stage two of the children's statutory complaints procedure. The Council has now agreed to resolve the complaint by completing its stage two investigation and providing an appropriate remedy for the injustice caused to the complainant by its delay.
22 011 153	25/11/2022	Children & Families	Summary: We uphold Ms X's complaint that the Council has failed to reply to her complaint within its Children Act statutory complaints' procedure. The Council has agreed to now complete the procedure.
22 011 140	21/12/2022	Adult Social Care	Summary: We will not investigate this complaint about deprivation of assets to avoid care charges. That is because we are satisfied with the action the Council has agreed to take.

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Case ID	Date	Service	Statement
21 010 544	22/12/2022	Adult Social Care	Summary: Ms Y complained on behalf of Mr and Mrs X that the Council stopped face-to-face contact with their son, Mr Z, failed to keep that decision under review and did not provide Mr and Mrs X with accurate updates as agreed. The Council was not at fault for stopping face-to-face contact at the start of the pandemic. However, it was at fault from June 2020 when it failed either to restart contact or apply to the Court of Protection for a variation to the contact arrangements. This also meant it failed to have due regard for Mr and Mrs X's human rights. This caused Mr and Mrs X distress and frustration. The Council has agreed to pay them X £300 to remedy this injustice. There was no fault in the updates Mr and Mrs X received.
21 016 639	05/01/2023	Adult Social Care	Summary: Ms X complained on behalf of her father, Mr Y, about the Council-commissioned home care provided to him at weekends. Ms X says the care provided at weekends was rushed and caused harm to Mr Y. We found fault by the Council and the Council has agreed to apologise to Mr Y and review the charges made by the care provider.
22 010 085	10/01/2023	Adult Social Care	Summary: We have found fault by the Council in the process of transferring Mr Y's direct payment which caused his mother Ms X avoidable distress and time and trouble complaining. We have not found fault in the process of assessing Mr Y's charge. The Council will apologise and pay Ms X £150 to reflect the injustice.
22 002 223	13/01/2023	Education	Summary: Mrs X complained about the Council not delivering specialist services outlined in her son's Education, Health and Care Plan since September 2020. We have found fault because the Council has failed to deliver specified provision. Mrs X has suffered avoidable frustration and distress in getting the issues resolved and her son has missed services he should have received. To remedy the injustice caused by this fault, the Council has agreed to apologise to Mrs X and Mr Y, make a payment to Mrs X and organise the provision Mr Y has missed.
22 009 279	26/01/2023	Environment	Summary: We will not investigate Mr X's complaint about the Council's creation of a temporary compound on land near his home as the matter has not caused significant injustice. We cannot investigate Mr X's concerns about the costs of a flood defence project as the matter falls outside our jurisdiction and any complaint about the decision to grant planning permission for the compound concerns the actions of the local planning authority.

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Case ID	Date	Service	Statement
22 006 997	27/01/2023	Education	Summary: Mr X complains about the Council's delay in assessing his son's special educational needs and issuing an Education, Health and Care Plan. The Council was at fault. It has agreed a suitable remedy to recognise the loss of education and support and the unnecessary distress and anxiety caused.
22 010 021	30/01/2023	Children & Families	Summary: Ms X complained the Council failed to provide her with appropriate support when she agreed to care for her grandchild, F, between 2017 and 2020. The Council upheld Ms X's complaints after investigating them under the statutory children's complaints procedure. The Council failed to provide her with relevant support or explain the implications of caring for F under a private arrangement. The Council agreed to pay Ms X £1000 to recognise the distress and uncertainty caused to her as well as the further £1000 it has already offered to cover reasonable expenses. It also agreed to carry out service improvements.
22 006 358	03/02/2023	Education	Summary: We have partly upheld Ms X's complaint about a failure to secure educational provision for her son Y and about infrequent consultations with potential schools in 2022. The Council will apologise and make a payment to reflect lost provision.
22 013 530	16/03/2023	Adult Social Care	Summary: We have not investigated most of Mrs X's complaints about her relative Mrs Y's care because there is not enough evidence of fault or they are late. We have upheld one complaint about Mrs Y's footcare because the Care Home did not take adequate steps to liaise with the family to ensure Mrs Y had enough money to pay for the chiropodist. This meant she missed out on treatment for her toenails. The Council will apologise and take action described in this statement.

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Annex 2 – List of ECC companies

Name and date of incorporation	Main Objective	Type of Organisation/ ECC Involvement	Company Directors/ Secretaries / Others Connected with ECC	Arrangements for publication of Board Minutes
Active Essex Foundation 21 April 2016	To make sport and physical activity accessible to all Essex residents.	Charitable incorporated organisation. ECC is a subscriber, entitled to appoint one director.	Cllr Ray Gooding Jason Fergus	https://www.activ.essex.org/about-us/board-documentation/
ECL Trading Limited 10 February 2014	To carry on business as a general commercial company.	Private limited company. Wholly owned subsidiary of Essex Cares Ltd.	Essex Legal Services Limited (Secretary)	
Essex Cares Limited 14 October 2008	To deliver high quality community support services to vulnerable, disabled, disadvantaged and elderly people in the community to help them live independent lives.	Private limited company. ECC sole shareholder.	Essex Legal Services Limited (Secretary) Cllr Ian Grundy	
Essex Community Support Limited 16 October 2008	Other social work activities without accommodation.	Private limited company. Wholly owned subsidiary of Essex Cares Ltd.	Essex Legal Services Limited (Secretary)	
Essex Employment and Inclusion Limited 16 October 2008	Offers a fully supported employment service to assist working age adults to secure paid employment.	Private limited company. Wholly owned subsidiary of Essex Cares Ltd.	Essex Legal Services Limited (Secretary)	
Essex Equipment Services Limited 16 October 2008	Offers equipment, aids to daily living, adaptations and telecare that aim to support mobility and safety to people in their own homes.	Private limited company. Wholly owned subsidiary of Essex Cares Ltd.	Essex Legal Services Limited (Secretary),	

Annual Governance Statement

Name and date of incorporation	Main Objective	Type of Organisation/ ECC Involvement	Company Directors/ Secretaries / Others Connected with ECC	Arrangements for publication of Board Minutes
<p>Essex Housing Development LLP</p> <p>26 August 2020</p>	<p>To develop housing, which will deliver economic growth for the benefit of the area or persons resident or present in the Essex area.</p> <p>Following development of the schemes, the LLP will either sell the units on the open market or rent them out.</p>	<p>LLP - constitution is set out in the LLP Agreement between ECC, Seax Trading Limited and Essex Housing Development LLP.</p>	<p>Essex County Council (LLP Designated Member)</p> <p>Seax Trading Limited (LLP Designated Member)</p>	
<p>Essex Legal Services Limited</p> <p>3 December 2009</p>	<p>To provide legal services.</p>	<p>Private limited company by shares. ECC is the only shareholder.</p> <p>This Company has ceased to trade as a change in the attitude of the Solicitors Regulatory Authority and general market increases in insurance costs means it is no longer required.</p>	<p>Katie Whall</p> <p>Joanna Gent</p> <p>Susan Moussa</p>	
<p>Essex Trade and Investment Ltd</p> <p>9 June 2009</p>	<p>The purpose of the company is to promote commerce, science, art, education, religion, charity or any profession and to promote social, political or sporting activity.</p>	<p>This company is in the process of being dissolved as it is no longer required.</p>	<p>Mark John Doran</p> <p>Peter James Manning</p>	
<p>Exwaste Limited</p> <p>30 July 1991</p>	<p>To be a vehicle for waste disposal.</p>	<p>Private limited company by shares. ECC is a shareholder.</p>	<p>Essex County Council (Secretary)</p> <p>Samantha Jayne Kennedy</p>	
<p>Medtech Accelerator Limited</p>	<p>The Medtech Accelerator will provide initial proof of concept support funding to NHS organisations with the aim of developing</p>	<p>Private limited company. ECC is a minority shareholder.</p>	<p>Christine Golding</p> <p>Nicole Wood</p>	

Annual Governance Statement

Name and date of incorporation	Main Objective	Type of Organisation/ ECC Involvement	Company Directors/ Secretaries / Others Connected with ECC	Arrangements for publication of Board Minutes
24 June 2016	commercial companies to deliver innovative clinical products to market.			
Seax Trading Limited 10 January 2017	Environmental consulting	Private limited company. ECC is the only Shareholder.	Tina French	
South East LEP limited 2 March 2020	To ensure the survival and stability of our economy in the short term and to drive sustainable economic renewal and growth in the medium to long term.	Private company limited by guarantee without share capital.	Cllr Kevin Bentley Cllr Graham Butland (appointed by Braintree DC)	EssexCmis5 > Committees > SELEP Accountability Board
Veolia Pitsea Marshes Maintenance Trust 13 March 2000	To provide for the maintenance and upkeep of former landfill site as a public open space, once landfilling has ceased and the contractor has carried out his statutory duties.	Company is limited by guarantee. Registered charity. ECC has one trustee out of six.	Essex County Council	
Freeport East Limited	To facilitate and support the running of Freeport East	Company is limited by guarantee.	Cllr Lesley Wagland	

Independent Auditor's Report 2022/23

To be added upon conclusion of the external audit