



# Statement of Accounts

2023/24

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# **Narrative Report 2023/24**

# Narrative Report

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## Introduction

### About Essex County Council

Essex County Council (the Council) 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 around **1.5m** people, and comprising **70** electoral divisions. Essex County 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:

- **Children's Services and Early Years** including the safeguarding of children; looked after children; services to vulnerable children and young people and their families; adoption and fostering services; family solutions; child and adolescent mental health; early years and pre-school; youth offending; and domestic abuse.
- **Climate Czar, Environment, Waste Reduction and Recycling** including climate change action; energy and emissions reduction; green infrastructure; natural environment; waste minimisation, disposal and recycling; integrated waste management; waste strategy; and waste programme delivery.
- **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.
- **Health, Adult Social Care and ICS Integration** 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.
- **Highways, Infrastructure and Sustainable Transport** including infrastructure commissioning and delivery; rail strategy and community rail; park and ride; network management; traffic regulation; active travel; street lighting; public rights of way; maintenance of highways; travel planning; flooding and flood management; passenger transport; and home to school transport.
- **Leader** including policy, strategy, communications, marketing and public affairs; liaison with HM Government, Essex MPs and district, borough and parish councils; devolution; transformation; asylum seekers and refugees; South-East Local Enterprise Partnership; Freeports and nationally significant infrastructure projects.

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- **Levelling up and the Economy** including levelling up; economic strategy and strategic business engagement; strategic partnerships; community leadership, engagement, resilience and safety; voluntary and community sector relations; faith covenant; corporate governance; democratic services; risk management; Community Initiatives Fund; business planning and intelligence; equality and diversity; Active Essex; sports and physical activity; and digital strategy and digital inclusion.
- **Planning a growing economy** including economic investment; airports and ports; strategic spatial planning; minerals and waste planning; housing strategy and growth; garden communities; built, historical and natural environments; and digital infrastructure.
- **The Arts, Heritage and Culture** including libraries and community hubs; registration services; coroner; heritage, culture and the arts; Essex Records Office; gypsy and travellers; trading standards; country parks and green spaces; rural affairs; tourism; and youth services.
- **The Chancellor of Essex** including financial administration and management; procurement; property strategy; commercial property and partnerships; insurance; income and revenues optimisation; technology services; information governance; facilities management; Pension Fund; traded services; human resources; health and safety; legal services; and customer services.

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 the Council provides, and the policies it adopts, are made by our Councillors. There are **75** electoral seats on Essex County Council, representing **70** areas known as divisions; Councillors are elected to these seats, in local elections, based on their political affiliations. Most of the Councillors serving throughout the 2023/24 financial year were elected for a four-year term, effective from **6 May 2021**.

Full Council is a meeting of all Essex County Councillors, and it is at these meetings that the overall policies of the Council and the Council's annual revenue budget and capital programme are set. 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.

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

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

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

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

The workforce is aligned to our Corporate Leadership Team. The non-schools' workforce comprised **6,877** 'full time equivalent' employees as at 31 March 2024, with a further **7,028** employees working within locally maintained schools.

## 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.

# Narrative Report

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## 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.

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

### **Health**

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

### **Environment**

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

### **Family**

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

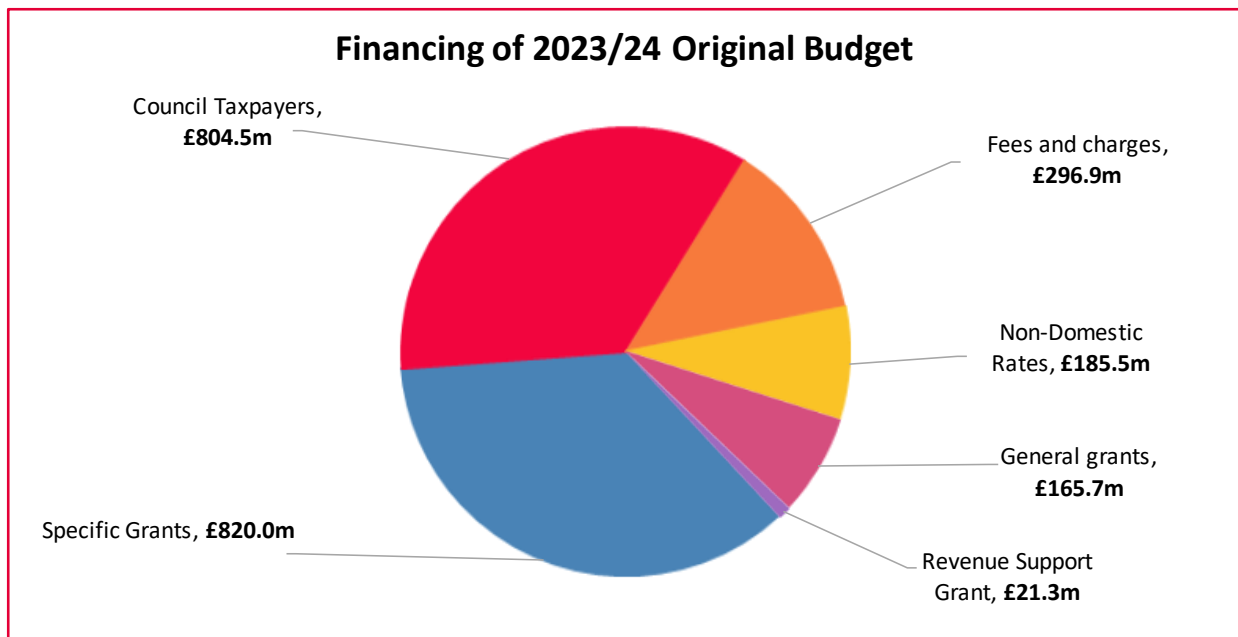
# Narrative Report

## Revenue spending

### Revenue spending plans for 2023/24

In total, we planned to spend a gross budget of **£2,293.9m** 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 **3.50%** in 2023/24, comprising a **1.50%** general Council Tax increase and a **2%** Adult Social Care precept as set out by Government for the year. The Adult Social Care precept was used to insulate Adult Social Care from higher savings, and support growth in demographics and inflation.

Taking these increases into account, the Council Tax for a band D property was set at **£1,450.17** (compared with £1,401.12 in 2022/23), which equated to an increase of **94 pence** per household per week.

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



# Narrative Report

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## Year-end position

The Council ended the year in a better position than expected, with a moderate under spend of **£13.476m** (1.1%). However, 2023/24 was another challenging year, with underlying volatility in expenditure and uncertainty in forecasting prevailing throughout the year, due to ongoing high inflation, rising interest rates and the continued impact of pent-up demand from the pandemic.

The under spend of **£13.476m** is after adjusting for proposals to carry forward under spends for use in 2024/25 and reserve movements. This position, however, masks some significant variances from budget:

- A net over spend by services, which mainly resulted from demand, price and complexity pressure in Children's Services and Early Years (**£22.297m**) and in Home to School Transport (**£7.373m**). These over spends were partly offset by an under spend of **£11.2m** on energy costs across the organisation, where unit prices were almost half the rate assumed when the budget was set.
- An under spend in Other Operating Costs, which mainly resulted from earning more interest income on the sums temporarily invested and from lower interest costs on external borrowing. This interest related element of the under spend (**£29.471m**) arose because the cash balances available for investment were higher than anticipated (in part because of lower than budgeted usage of reserves), and because interest rates rose several times during the year.
- An under spend on funding of **£3.316m**, due to an increase in the benefit of Non-Domestic Rates pooling based on latest returns from district councils.

The net under spend of **£13.476m** has been set aside in earmarked revenue reserves, as follows:

- **£5.776m** has been allocated to the **Everyone's Essex** reserve, to support political priorities related to Highways.
- **£5.0m** has been utilised to create a new earmarked reserve, the **Dedicated Schools Grant (DSG) General Risk** reserve, to provide resilience to the potential risks we face with deficits on the Dedicated Schools Grant that are being experienced nationally.
- **£2.7m** has been used to replenish the **Reserve for Future Capital Funding**, following usage in 2023/24 to meet costs associated with ceasing a capital project, in line with a decision taken when setting the 2024/25 Capital Programme.

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.

# Narrative Report

	Budget		Actual net expenditure £000	Unadjusted over / (under) spend £000	Mitigations £000	Underlying over / (under) spend £000
	Original £000	Final Estimate £000				
Children's Services and Early Years						
Dedicated Schools Budget	(401)	(401)	(498)	(97)	-	(97)
Non Dedicated Schools Budget	145,486	121,636	143,933	22,297	99	22,396
Climate Czar, Environment, Waste Reduction & Recycling	94,467	91,537	85,819	(5,718)	5,477	(241)
Education Excellence, Lifelong Learning and Employability						
Dedicated Schools Budget	(2,662)	(2,661)	(2,382)	279	(921)	(642)
Non Dedicated Schools Budget	21,711	29,478	29,441	(37)	2,081	2,044
Health, Adult Social Care and ICS Integration	506,415	449,867	450,811	944	(2,295)	(1,351)
Highways, Infrastructure and Sustainable Transport	120,829	121,166	124,333	3,167	(5,380)	(2,213)
Leader	2,136	2,226	2,287	61	(61)	-
Levelling Up and the Economy	5,147	7,171	6,618	(553)	501	(52)
Planning a Growing Economy	6,185	10,343	10,188	(155)	(204)	(359)
The Arts, Heritage and Culture	23,825	27,466	25,897	(1,569)	1,206	(363)
The Chancellor of Essex	8,974	7,057	10,871	3,814	(3,888)	(74)
Strategic support services	110,307	128,270	119,474	(8,796)	4,912	(3,884)
<b>Net expenditure by Portfolios</b>	<b>1,042,419</b>	<b>993,155</b>	<b>1,006,792</b>	<b>13,637</b>	<b>1,527</b>	<b>15,164</b>
Other operating costs						
Interest, capital financing and dividends	67,473	67,473	34,852	(32,621)	7,297	(25,324)
Appropriations to / (from) earmarked reserves						
Budgeted appropriations	67,034	24,930	24,930	-	-	-
Mitigations	-	-	8,824	8,824	(8,824)	-
<b>Underlying under spend</b>	-	-	<b>13,476</b>	<b>13,476</b>	-	<b>13,476</b>
<b>Total net expenditure</b>	<b>1,176,926</b>	<b>1,085,558</b>	<b>1,088,874</b>	<b>3,316</b>	-	<b>3,316</b>
General government grants (excl. RSG)	(165,722)	(74,351)	(76,047)	(1,696)	-	(1,696)
General Balance - contribution / (withdrawal)	-	(4)	(4)	-	-	-
<b>Net Total</b>	<b>1,011,204</b>	<b>1,011,203</b>	<b>1,012,823</b>	<b>1,620</b>	-	<b>1,620</b>
<b>Financed by</b>						
Revenue Support Grant (RSG)	(21,284)	(21,284)	(21,284)	-	-	-
Non-Domestic Rates (incl. NDR top up grant)	(185,445)	(185,444)	(187,064)	(1,620)	-	(1,620)
Council taxpayers	(804,475)	(804,475)	(804,475)	-	-	-
<b>Total Financing</b>	<b>(1,011,204)</b>	<b>(1,011,203)</b>	<b>(1,012,823)</b>	<b>(1,620)</b>	-	<b>(1,620)</b>

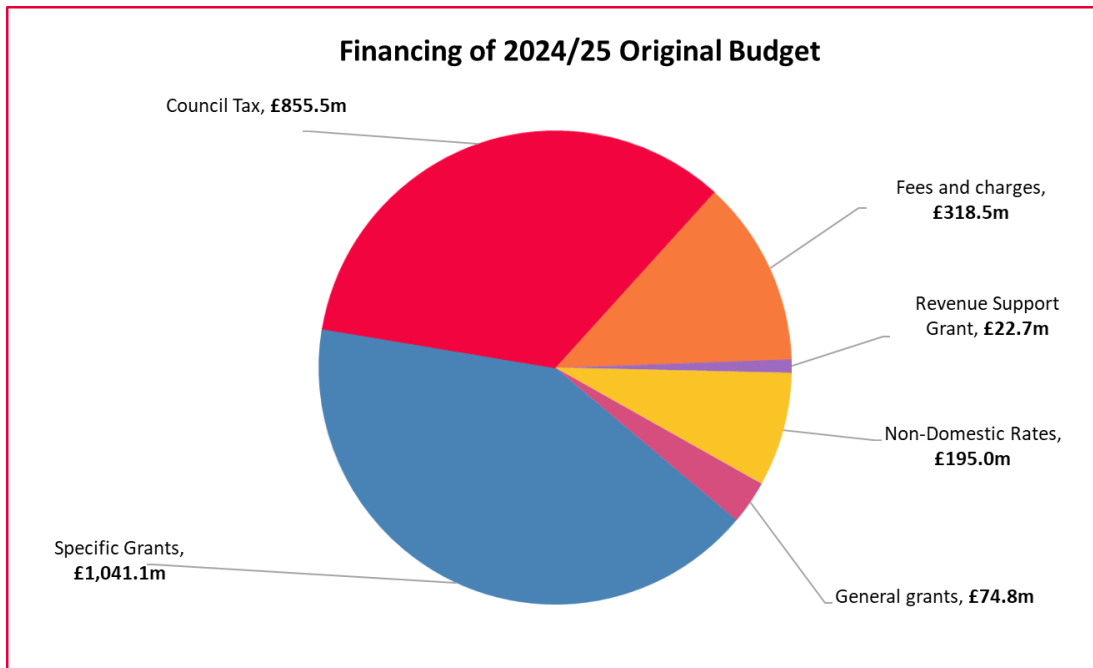
## Revenue spending plans for 2024/25 and beyond

The Council's focus now moves to the extremely challenging period ahead. The economic outlook remains complex and uncertain. While the period of high inflation appears to be ending, events such as the COVID-19 pandemic and the war in Ukraine demonstrate that unexpected events can have a profound impact on the economy. We also face increasing demand for our services, particularly in Social Care, and have uncertainty over central government funding due to the absence of multi-year funding. However, we continue to refine our financial planning, and have launched an ambitious **Whole Council Transformation** programme, to ensure that we continue to spend within our means.

Our 2024/25 budget was approved by the Council in February 2024 and was underpinned by a financial strategy to ensure we can continue to live within our means, while also delivering the Council's political priorities and therefore achieve the [Everyone's Essex](#) Strategic Aims.

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The gross budget amounts to **£2,507.6m**, which we intend to finance from income from Council Tax and Non-Domestic Rates, fees and charges and specific and general government grants.



The Council implemented a **4.99%** increase in Council Tax for 2024/25. This comprised a **2.99%** increase in the general Council Tax precept and a **2%** Social Care precept. This means that the Council Tax for a band D property was set at **£1,522.53** (compared with £1,450.17 in 2023/24); this represented an increase of **£1.39** per household per week.

When the Council set the budget for 2024/25, budget gaps were forecast of **£22m** in 2025/26, **£23m** in 2026/27 and **£51m** in 2027/28. The most significant driver of these gaps is **inflation**, which accounts for **£72m** of the total over the three-year period, followed by **new burdens** and **other** cost pressures of **£77m**. No assumptions are made about future levels of Council Tax in arriving at the forecast budget gaps for 2025/26 and later years.

Some progress has already been made towards balancing the budget over the medium-term. New savings of **£69m** have been identified in the medium-term to 2027/28, which are reflected in the forecast budget gaps referenced above. Work will continue throughout 2024/25, including through our **Whole Council Transformation** programme, to identify proposals to close the remainder of the funding gap.

The Council is fully cognisant of the challenges it faces, including uncertainty regarding future funding, but it is determined to continue to transform how it operates, while 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](#) while achieving a balanced budget position.

Further details of the Council's revenue investment plans are included in the [Essex County Council Annual Plan 2024/25](#), which is available on the Council's website.

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## Capital investment

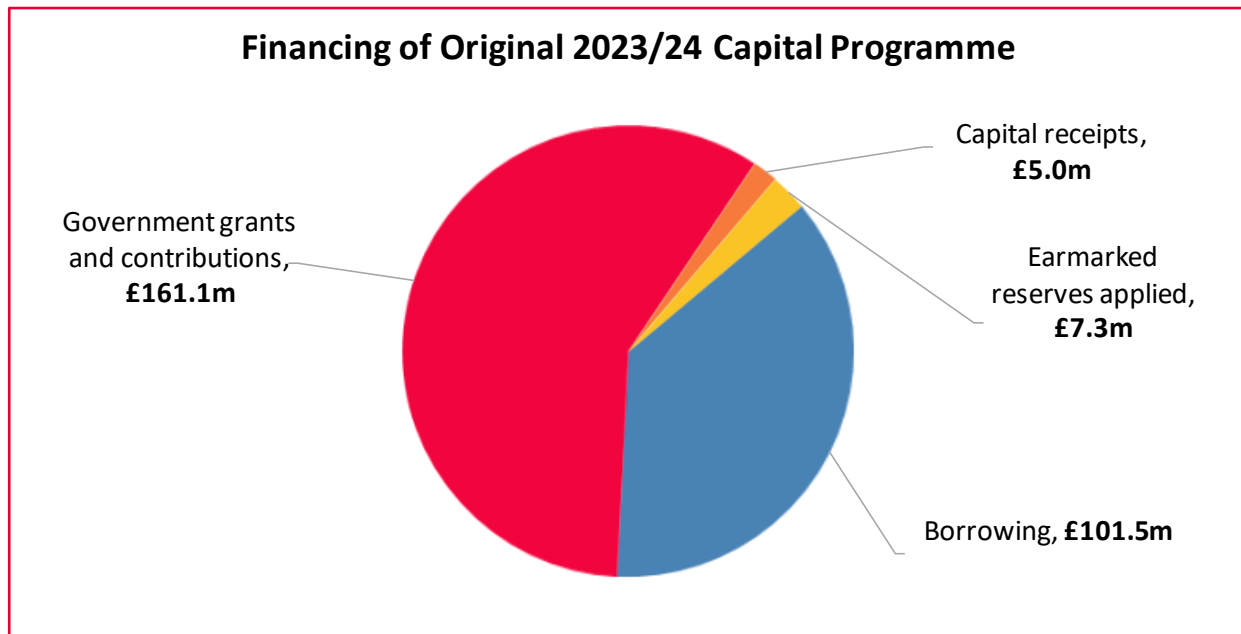
### Background to the 2023/24 Capital Programme

The Capital Programme for 2023/24 was originally set at **£274.9m** 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 (32%)** – projects intended to maintain and extend the life of our assets, including highways and property maintenance.
- **Invest to save / generate return (18%)** – 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 (50%)** – 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.

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

It was intended to finance the 2023/24 Capital Programme from the following sources.



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## 2023/24 Outturn position

The 2023/24 Capital Programme was revised during the year to allow for revisions to project delivery plans. The final approved budget for capital payments amounted to **£306.7m**.

In comparison with the final approved budget, actual expenditure amounted to **£291.7m**. This was **£15.0m (4.9%)** 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
<b>Capital payments</b>				
Children's Services and Early Years	3,010	2,566	2,409	(157)
Climate Czar, Environment, Waste Reduction & Recycling	-	912	927	15
Education Excellence, Lifelong Learning and Employability	55,201	49,664	45,901	(3,763)
Health, Adult Social Care and ICS Integration	2,277	108	(37)	(145)
Highways, Infrastructure and Sustainable Transport	118,183	147,329	131,518	(15,811)
Leader	42,527	74,929	85,330	10,401
Levelling Up and the Economy	100	83	83	-
Planning a Growing Economy	45,442	20,707	16,623	(4,084)
The Arts, Heritage and Culture	1,351	788	173	(615)
The Chancellor of Essex	6,768	9,600	8,734	(866)
<b>Total of capital payments financed</b>	<b>274,859</b>	<b>306,686</b>	<b>291,661</b>	<b>(15,025)</b>
<b>Financed by</b>				
Borrowing	(101,454)	(92,543)	(69,463)	23,080
Government grants and contributions	(161,105)	(196,689)	(203,992)	(7,303)
Capital receipts	(5,000)	(4,547)	(4,547)	-
Earmarked reserves applied	(7,300)	(12,907)	(13,659)	(752)
<b>Total financing</b>	<b>(274,859)</b>	<b>(306,686)</b>	<b>(291,661)</b>	<b>15,025</b>

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 70) because that note includes increases for assets acquired under finance leases and for the Landfill aftercare provision (see note 24.1 which commences on page 85).

During 2023/24, around **345** schemes were undertaken, including:

- Essential work on improving our roads and footways, vital to maintaining a safe network.
- Progression of significant packages of transport improvement work, including:
  - Construction of Beaulieu Park Station in Chelmsford, where works are progressing ahead of schedule.
  - Construction of a new conveyor bridge as part of an early works package for the Chelmsford North-East Bypass.
  - Works on a new junction onto Cambridge Road from Riverway in Harlow, which are nearing completion, and works commencing on the development of the Sustainable Transport Corridor.
  - Our Rapid Transport System project in Colchester, to provide more reliable and improved journey times, which is progressing well.

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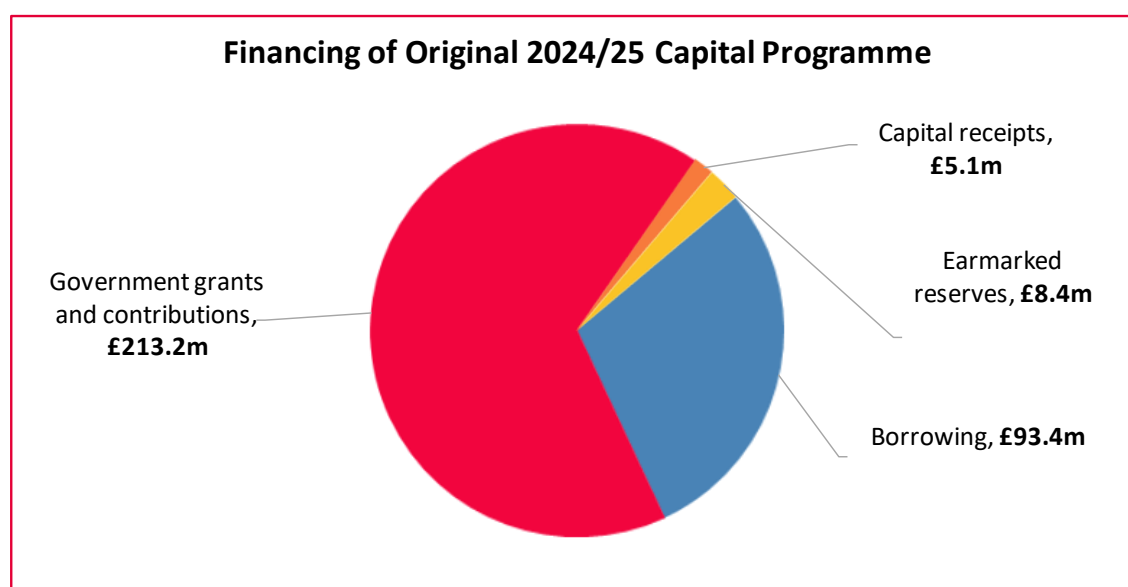
- Provision of **400** new school places and circa **300** new Special Educational Needs and Disabilities (SEND) and Pupil Referral Unit (PRU) places, in the form of new schools, expansion of existing schools and replacement of temporary solutions with permanent ones, all delivered to net zero standards where possible.
- Flood management schemes, benefitting **219** properties, and completion of feasibility studies that will form a pipeline of schemes for design and delivery in 2024/25.
- Continued delivery of local walking and cycling infrastructure projects to create high quality cycle networks.
- Delivery of public sector decarbonisation schemes to reduce energy usage and contribute to environmental carbon savings.

As already noted, the Council finances a significant proportion of its capital investment programme from borrowing. This enables the Council to incur capital expenditure now that it can charge to future years' revenue budgets in annual instalments. The **Capital Financing Requirement** (detailed in Note 16 on page 70 of the Statement of Accounts) provides a measure of the cumulative amount of capital expenditure that has been incurred that has yet to be funded from cash resources. The Capital Financing Requirement increased by **£7.8m** in 2023/24, to stand at **£1.155bn** as at 31 March 2024. This sum will be charged to future years' revenue budgets over the period the associated capital expenditure provides benefit.

## Capital investment plans for 2024/25

The Council's Capital Programme aspirations remain significant into 2024/25, as the Council recognises that continued investment is vital to achieving the ambitions for the county, from schemes to generate economic growth, to unlocking land to develop homes, to levelling up priority places.

Overall, the Capital Programme has been set at **£320.1m** for the year. This Programme will be financed from the following sources:



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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, while maintaining the quality of existing infrastructure for the benefit of our residents and businesses.

Having secured Housing Infrastructure Funding and Levelling Up Funding, schemes are in the design phase or in construction, such as the:

- Beaulieu Park Station and Chelmsford North-East Bypass.
- A133-A120 link road and Colchester Rapid Transit System schemes supporting delivery of the Tendring-Colchester Borders Garden Community.
- Harlow Sustainable Transport Corridor assisting in unlocking new homes in the Gilston Villages.
- Levelling up schemes in Colchester and Clacton.

Alongside these projects, we plan to deliver significant packages of highways works such as improvements to the M11 Junction 8, Army and Navy Sustainable Transport package and the A127/A130 Fairglen Interchange. We also continue to work closely with the Department for Transport, National Highways and other third parties to secure funding for developing a longer-term pipeline covering the next 10 to 15 years.

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. The Council's ambition is to sell **463** units over the next four years.

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.

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 2024/25](#), which is available on the Council's website.

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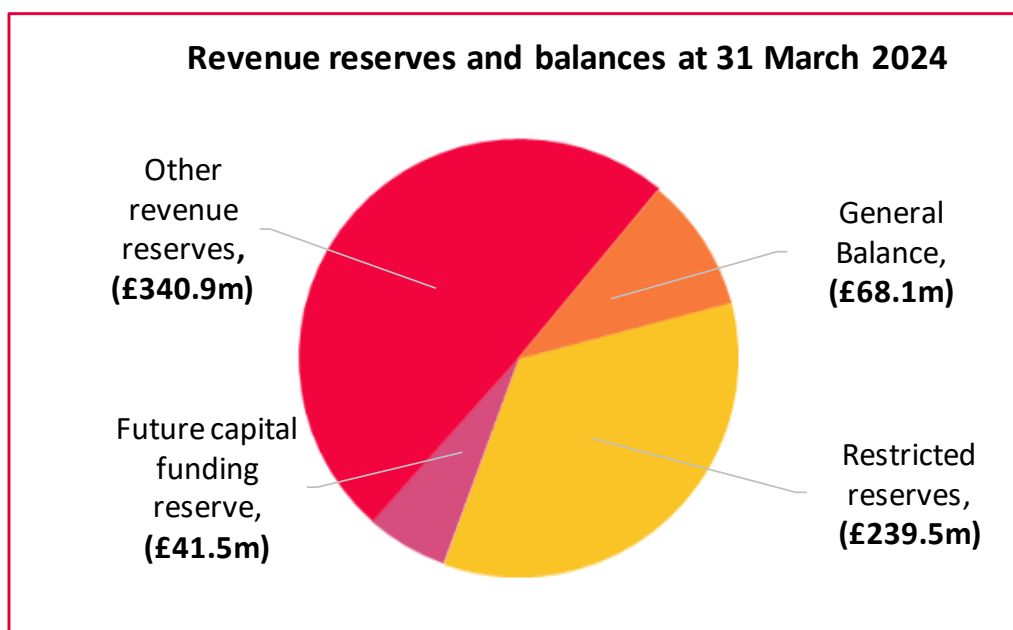
## Revenue reserves and balances

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 (**£239.5m**). 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 **£340.9m** 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 **£41.5m** has been earmarked for funding future capital investment.



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 **22** 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 57).



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## 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. 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.

The Council marginally reduced its reliance on external borrowing during 2023/24, mainly because it was not necessary to replace loans from the Public Works Loan Board when they became repayable in the year.

Some short-term loans were secured during the year, 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 2023/24 were 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 note 19 which commences on page 75).

## 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 2023/24 (the CIPFA Code of Practice). The Statement of Accounts for 2023/24 is presented within this document, commencing on page 20.

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 2024 and of its income and expenditure for the 2023/24 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 24 to 30) summarise the financial effects of transactions and events that occurred during 2023/24. 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.

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- **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 2024 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 2023/24.

While 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. 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 in note 5, which commences on page 49) 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 note 1 on pages 31 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 45) of the judgements and estimates made in 2023/24.

Other notes to the accounts (see pages 47 to 112) provide further information on the Council's financial performance and, where relevant, detailed analysis of the amounts provided in the primary financial statements.

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 complete picture of the Council's economic activities and financial position.

## Annual Governance Statement

The Annual Governance Statement (which commences on page 186 of this publication) summarises the outcome of the Council's review of the Governance Framework that has been in place during 2023/24.

# Narrative Report

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The Annual Governance Statement demonstrates that the Council has effective governance arrangements in place, and that it is satisfied that it has a robust system of internal control, which is a critical component of the Council's overall governance arrangements.

## Conclusion

Despite another exceptional and volatile year, due to pent-up demand for services supporting young people and inflationary pressures on care package costs in Adult Social Care, the Council was able to close its 2023/24 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 allow for one-off investment in the Council's key priorities.

The outlook for 2024/25 and beyond remains challenging though, with ongoing demand pressures and market volatility in social care and home to school transport, and no clarity on funding beyond the next financial year.

The Council will nevertheless continue to plan, moving forward, to ensure that it continues to spend within its means, and to prioritise resources to achieve the [Everyone's Essex](#) strategic aims.



**Stephanie Mitchener**  
**Director, Finance**  
**25 February 2025**

# Statement of Accounts 2023/24

# Statement of Accounts

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## Introduction

### Council's Financial Statements

The Council's financial statements for 2023/24 are set out on pages 24 to 30, 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 31 to 112) to provide further detail on the financial performance of the Council during 2023/24. The notes to the accounts include the Council's **accounting policies** (commencing on page 31), 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 financial 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 113 to 127.

### 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 128 to 179.

### Glossary of terms

A glossary of the terminology used throughout the Statement of Accounts is provided on pages 180 to 185.

# 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 **Director, Finance**.
- 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**.

## Director, Finance responsibilities

The Director, Finance 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 2023/24 (the 'CIPFA Code of Practice'). In preparing this Statement of Accounts, the Director, Finance has:

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

The Director, Finance has also:

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

## Director, Finance 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 2024 and its expenditure and income for the year then ended.



**Stephanie Mitchener**

**Director, Finance**

**25 February 2025**

# Statement of Accounts

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## 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 24 February 2025.



**Clr Anthony Hedley**

**Chairman of the Audit, Governance and Standards Committee**

**25 February 2025**

# Statement of Accounts

## Council's Financial Statements

The financial statements comprise:

- **Comprehensive Income and Expenditure Statement (page 26)**

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 27)**

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 28 and 29)**

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 30)**

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

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- **Notes to the financial statements (pages 31 to 112)**

These present information about the basis of preparation of the financial statements and the material accounting policies applied. 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 49) 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 31 March 2024

Gross expenditure £000	2022/23 Income			Net expenditure £000	Note		2023/24				Net expenditure £000
	Government grants £000	Other income £000	Total gross income				Gross expenditure £000	Government grants £000	Other income £000	Total gross income	
87,081	(90,137)	2,652	(87,485)	(404)		Children's Services and Early Years					
227,908	(51,931)	(12,634)	(64,565)	163,343		Dedicated Schools Budget	99,130	(99,656)	27	(99,629)	(499)
92,445	(2,229)	(14,605)	(16,834)	75,611		Non Dedicated Schools Budget	237,649	(82,246)	(12,373)	(94,619)	143,030
						Climate Czar, Environment, Waste Reduction & Recycling	92,487	(2,521)	(3,719)	(6,240)	86,247
						Education Excellence, Lifelong Learning and Employability					
529,125	(495,665)	(34,275)	(529,940)	(815)		Dedicated Schools Budget	577,202	(545,867)	(34,519)	(580,386)	(3,184)
128,763	(32,035)	(37,043)	(69,078)	59,685		Non Dedicated Schools Budget	98,982	(21,878)	(32,008)	(53,886)	45,096
785,089	(132,361)	(162,562)	(294,923)	490,166		Health, Adult Social Care and ICS Integration	851,307	(225,434)	(175,603)	(401,037)	450,270
194,789	(11,790)	(27,581)	(39,371)	155,418		Highways, Infrastructure and Sustainable Transport	206,778	(5,842)	(32,664)	(38,506)	168,272
1,711	(1)	109	108	1,819		Leader	5,674	(3,103)	35	(3,068)	2,606
9,723	(521)	(2,226)	(2,747)	6,976		Levelling Up and the Economy	9,256	(426)	(2,285)	(2,711)	6,545
34,841	(19,493)	(6,452)	(25,945)	8,896		Planning a Growing Economy	19,451	(2,514)	(8,032)	(10,546)	8,905
51,790	(2,233)	(13,724)	(15,957)	35,833		The Arts, Heritage and Culture	48,200	(2,433)	(15,998)	(18,431)	29,769
12,621	(1,186)	(1,069)	(2,255)	10,366		The Chancellor of Essex	10,208	(1,664)	(320)	(1,984)	8,224
						Strategic Support Services					
7,836	-	-	-	7,836		Levelling Up and the Economy	6,210	-	-	-	6,210
1,348	-	-	-	1,348		Planning a Growing Economy	910	-	-	-	910
117,405	-	-	-	117,405		The Chancellor of Essex	113,831	-	-	-	113,831
2,157	-	-	-	2,157		Leader	1,939	-	-	-	1,939
<b>2,284,632</b>	<b>(839,582)</b>	<b>(309,410)</b>	<b>(1,148,992)</b>	<b>1,135,640</b>		<b>Cost of services - continuing operations</b>	<b>2,379,214</b>	<b>(993,584)</b>	<b>(317,459)</b>	<b>(1,311,043)</b>	<b>1,068,171</b>
21,328	-	-	-	21,328	9	Other Operating Expenditure	30,632	-	-	-	30,632
147,395	-	(98,322)	(98,322)	49,073	10	Financing and Investment Income and Expenditure	177,933	-	(190,299)	(190,299)	(12,366)
-	(369,196)	(813,069)	(1,182,265)	(1,182,265)	12	Taxation and Non-Specific Grant Income	-	(419,041)	(848,921)	(1,267,962)	(1,267,962)
<b>2,453,355</b>	<b>(1,208,778)</b>	<b>(1,220,801)</b>	<b>(2,429,579)</b>	<b>23,776</b>		<b>(Surplus) / deficit on Provision of Services</b>	<b>2,587,779</b>	<b>(1,412,625)</b>	<b>(1,356,679)</b>	<b>(2,769,304)</b>	<b>(181,525)</b>
						Amounts that will not be reclassified to the (Surplus) / Deficit on Provision of Services					
				(56,524)	25.2	(Surplus) / deficit arising on revaluation of non-current assets					11,470
				(735,909)	25.4	Re-measurements of the net defined benefits pension liability					27,639
				(792,433)		<b>Amounts that will not be reclassified to the (Surplus) / Deficit on Provision of Services</b>					39,109
				(768,657)		<b>Total Comprehensive Income and Expenditure</b>					<b>(142,416)</b>

Statement of Accounts

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 2023/24; comparative figures for 2022/23 have been presented on a consistent basis.

# Movement in Reserves Statement

For the years ended 31 March 2023 and 31 March 2024

	Notes	Usable Reserves					Total Unusable Reserves £000	Total Council Reserves £000
		General Fund Balance		Usable Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000		
		Earmarked Reserves £000	General Reserves £000					
<b>Balance at 31 March 2022</b>		(551,375)	(68,096)	(11,513)	(3,094)	(634,078)	(1,191,417)	(1,825,495)
<b>Movement in Reserves during 2022/23</b>								
Total Comprehensive Income and Expenditure		-	23,776	-	-	23,776	(792,433)	(768,657)
Adjustments between accounting basis and funding under regulations	7	-	(55,488)	(1,291)	(5)	(56,784)	56,784	-
<b>Net (increase)/decrease before transfers to earmarked reserves</b>		-	<b>(31,712)</b>	<b>(1,291)</b>	<b>(5)</b>	<b>(33,008)</b>	<b>(735,649)</b>	<b>(768,657)</b>
Transfers to Earmarked Reserves	8	(31,712)	31,712	-	-	-	-	-
<b>(Increase) / decrease in 2022/23</b>		<b>(31,712)</b>	<b>-</b>	<b>(1,291)</b>	<b>(5)</b>	<b>(33,008)</b>	<b>(735,649)</b>	<b>(768,657)</b>
<b>Balance at 31 March 2023</b>		<b>(583,087)</b>	<b>(68,096)</b>	<b>(12,804)</b>	<b>(3,099)</b>	<b>(667,086)</b>	<b>(1,927,066)</b>	<b>(2,594,152)</b>
<b>Movement in Reserves during 2023/24</b>								
Total Comprehensive Income and Expenditure		-	(181,525)	-	-	(181,525)	39,109	(142,416)
Adjustments between accounting basis and funding under regulations	7	-	142,708	4,153	740	147,601	(147,601)	-
<b>Net (increase)/decrease before transfers to earmarked reserves</b>		-	<b>(38,817)</b>	<b>4,153</b>	<b>740</b>	<b>(33,924)</b>	<b>(108,492)</b>	<b>(142,416)</b>
Transfers to Earmarked Reserves	8	(38,821)	38,821	-	-	-	-	-
<b>(Increase) / decrease in 2023/24</b>		<b>(38,821)</b>	<b>4</b>	<b>4,153</b>	<b>740</b>	<b>(33,924)</b>	<b>(108,492)</b>	<b>(142,416)</b>
<b>Balance at 31 March 2024</b>		<b>(621,908)</b>	<b>(68,092)</b>	<b>(8,651)</b>	<b>(2,359)</b>	<b>(701,010)</b>	<b>(2,035,558)</b>	<b>(2,736,568)</b>

Statement of Accounts

# Statement of Accounts

## Balance Sheet as at 31 March 2024

31 March 2023 £000	Note		31 March 2024 £000
		<b>Property, Plant and Equipment</b>	
		<b>Operational assets</b>	
1,440,104		Land and buildings	1,397,355
7,343		Vehicles, plant and equipment	9,278
1,371,632		Infrastructure	1,395,667
4,192		Community assets	4,619
		<b>Non operational assets</b>	
180,896		Assets under construction	309,551
55,023		Surplus assets	55,659
<b>3,059,190</b>	<b>15</b>	<b>Total Property, Plant and Equipment</b>	<b>3,172,129</b>
14,736	<b>15</b>	Heritage assets	14,766
38,963	<b>15</b>	Investment property	37,452
1,207	<b>15</b>	Intangible assets	330
500	<b>19</b>	Long term investments	82
15,237	<b>20</b>	Long term debtors	12,526
<b>3,129,833</b>		<b>Long term assets</b>	<b>3,237,285</b>
10,478	<b>19</b>	Short term investments	-
6,088	<b>15</b>	Assets held for sale	4,899
-	<b>15</b>	Investment properties held for sale	1,980
746		Inventories	7
193,522	<b>20</b>	Short term debtors	247,792
659,349	<b>21</b>	Cash and cash equivalents	688,719
<b>870,183</b>		<b>Current assets</b>	<b>943,397</b>
(33,588)	<b>21</b>	Bank overdraft	(15,405)
(29,549)	<b>19</b>	Short-term borrowing	(38,869)
(313,298)	<b>22</b>	Creditors (current)	(340,206)
(10,165)	<b>24</b>	Provisions (current)	(9,398)
(81,309)	<b>23</b>	Revenue grant receipts in advance	(92,325)
(98,648)	<b>23</b>	Capital grant receipts in advance (current)	(113,542)
(14,486)	<b>17</b>	Finance Lease obligations (current)	(11,411)
<b>(581,043)</b>		<b>Current liabilities</b>	<b>(621,156)</b>
(427)	<b>22</b>	Creditors (non-current)	(220)
(96,580)	<b>23</b>	Capital grant receipts in advance (non-current)	(122,012)
(26,272)	<b>24</b>	Provisions (non-current)	(27,592)
(572,344)	<b>19</b>	Long-term borrowing	(557,694)
(75,967)	<b>17</b>	Finance lease obligations (non-current)	(66,353)
(9,334)		Deferred credits	(8,872)
(43,897)	<b>30</b>	Net Pensions Liability	(40,215)
<b>(824,821)</b>		<b>Long term liabilities</b>	<b>(822,958)</b>
<b>2,594,152</b>		<b>Net Assets</b>	<b>2,736,568</b>

# Statement of Accounts

## Balance Sheet as at 31 March 2024

31 March 2023 £000	Note		31 March 2024 £000
		<b>Usable reserves</b>	
(583,087)	8	General Fund Balance	(621,908)
(68,096)		Earmarked reserves	(68,092)
(12,804)		General reserves	(8,651)
(3,099)		Usable capital receipts reserve	(2,359)
		Capital grants unapplied account	
<b>(667,086)</b>			<b>(701,010)</b>
		<b>Unusable reserves</b>	
(700,032)	25.2	Revaluation reserve	(659,690)
(1,280,811)	25.3	Capital Adjustments Account	(1,429,385)
9,926		Financial Instruments Adjustment Account	9,083
(367)		Pooled Investment Funds Adjustment Account	-
43,897	25.4	Pension reserve	40,215
(2,237)		Deferred capital receipts	(2,237)
(15,186)		Collection Fund Adjustment Account	(12,558)
17,744		Accumulated Absences Account	19,014
<b>(1,927,066)</b>			<b>(2,035,558)</b>
<b>(2,594,152)</b>		<b>Total Reserves</b>	<b>(2,736,568)</b>

These statements replace the unaudited draft financial statements that were certified on 8 November 2024



**Stephanie Mitchener**  
**Director, Finance**  
**25 February 2025**

# Statement of Accounts

## Cash Flow Statement

For year ended 31 March 2024

2022/23 £000	Notes		2023/24 £000
(124,165)	26	Operating activities	(122,974)
21,102	↓	Investing activities	57,510
39,646		Financing activities	17,911
<b>(63,417)</b>		<b>Net increase in cash and cash equivalents</b>	<b>(47,553)</b>
562,344	21	Cash and cash equivalents at 1 April	625,761
<b>625,761</b>	<b>21</b>	<b>Cash and cash equivalents at 31 March</b>	<b>673,314</b>

*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 21, on page 83 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 2023/24 financial year, and its position as at 31 March 2024. 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 2023/24 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 2023/24, 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.

# Statement of Accounts

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Provisions are maintained at the best estimate of the expenditure required to settle the obligation, considering relevant risks and uncertainties.

## **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 Revenue from contracts with service recipients**

The Council recognises revenue from contracts with service recipients when it satisfies a performance obligation (for example, when it has transferred the promised goods or services to a recipient). Revenue is measured as the amount of the overall transaction price allocated to satisfying that obligation.

## **1.7 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 funding; 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 may be 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.



# Statement of Accounts

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.

## 1.8 Council Tax and Non-Domestic Rates

The Council Tax and Non-Domestic Rates 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 Non-Domestic Rates related to arrears, allowances for doubtful debts, overpayments and prepayments and appeals.

## 1.9 Post-employee (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.

# Statement of Accounts

- The assets of the LGPS attributable to the Council are included in the Balance Sheet at their fair value.
- Changes in the net pension 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.
  - **Effect of the asset ceiling** (comprising the limitation on the Council's ability to realise pension assets through reduction in future employer's contributions because of minimum funding requirements) - credited / charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
  - **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.

## 1.10 Property, Plant and Equipment

### 1.10.1 Recognition of Property, Plant and Equipment

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accrual's 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.

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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.

## 1.10.2 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 while 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, plant 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.

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.

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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.

## 1.10.3 Depreciation

Depreciation is provided on 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	
<b>Land</b>	Land is not depreciated.	
<b>Buildings</b>	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	<b>80</b> years
	▪ Roof	<b>25 to 80</b> years
	▪ Plant and machinery	<b>30 to 40</b> years
▪ External works	<b>30</b> years	
<b>Community assets</b>	Community assets are depreciated over <b>60</b> years, on a straight-line basis.	
<b>Vehicles, plant and equipment</b>	Vehicles, plant and equipment are depreciated on a straight-line basis, over an expected lifetime ranging between <b>2</b> and <b>30</b> years.	

# Statement of Accounts

Asset category	Depreciation basis	
<b>Infrastructure</b>	Infrastructure is depreciated on a straight-line basis over the following periods:	
	▪ Carriageways	<b>30</b> years
	▪ Footways and cycletracks	<b>20</b> years
	▪ Structures (e.g. bridges)	<b>100</b> years
	▪ Off-highways drainage	<b>100</b> years
	▪ Street lighting	<b>40</b> years
	▪ Traffic management	<b>25</b> years
	▪ Road signage	<b>20</b> years
	▪ Other infrastructure	<b>20</b> years
	▪ Additions prior to 2008/09	<b>30 to 35</b> years
<b>Assets under construction</b>	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.

## 1.10.4 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 from 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

# Statement of Accounts

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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.

## **1.11 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.

## **1.12 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 amortisation 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, amortisation, revaluation and impairment losses 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.

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## 1.13 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.

## 1.14 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 1.10).

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
<b>Services received</b> - Services that the operator must provide with the Property, Plant and Equipment.	Charged to the relevant service in the Comprehensive Income and Expenditure Statement.
<b>Deferred income</b> - 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.
<b>Finance cost</b> - 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.
<b>Contingent rent</b> - 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.
<b>Payment towards liability</b> - Obligation to pay the operator for the Property, Plant and Equipment.	Applied to write down the Balance Sheet liability towards the PFI operator.
<b>Lifecycle replacement</b> - 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.

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## 1.15 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 purposes.

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

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 write 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.

## 1.16 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
- 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.



# Statement of Accounts

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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.

## **1.17 Financial instruments**

### **1.17.1 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.

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.

### **1.17.2 Financial Assets**

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. The Council holds financial assets measured at:

- Amortised cost
- Fair value through profit and loss

The Council's business model is to hold investments to collect contractual cash flows, rather than to trade in the underlying instruments.

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:

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- 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.

Allowance for impairment losses is calculated for financial assets carried at amortised cost. 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.

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.

Dividend income is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

## 1.18 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 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 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.

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## 1.19 Joint operations

Joint operations are arrangements where the parties that have joint control have rights to the assets and obligations for the liabilities relating to the arrangement.

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.

## 1.20 Schools

While 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.

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.

## 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 2023/24 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.

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Accordingly, it recognises the Property, Plant and Equipment assets in its own Balance Sheet (as detailed in note 18.3, on page 74).

## Local Government Pension Scheme post-employment (retirement) benefits

In calculating the net pension asset, the Council has made a judgement that the statutory framework for setting employer's contributions under the Local Government Pension Scheme constitutes a minimum funding requirement. As a result, the Council's ability to realise the full economic benefit of the net pension asset of **£763.504m**, calculated under the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 provisions for employment benefits, through reductions in future employer's contributions is limited. An asset ceiling therefore applies. The asset ceiling has reduced what would otherwise be the net pension asset of **£763.504m** to a net pension liability of **£23.945m**. The practical effect of this is to move the basis of measurement for the net pension asset/liability closer to the assumptions made in the triennial valuation of the Scheme under which the employer's contributions were set by the Scheme's actuary.

## Group entities

While 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 119 for further details). Consolidation of their financial results into the Council's Group Accounts is considered appropriate on qualitative grounds, to provide a fuller 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 have collectively decided on the priorities 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.

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

Looking ahead, the Government have announced that they no longer intend to provide funding to Local Enterprise Partnerships. The Council therefore anticipates being required to ensure on-going delivery of the projects for which it received funding from the SELEP, and to receive a share of any residual funding held by the SELEP on its dissolution.

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Notwithstanding the probable closure of the SELEP, the Council has concluded that it has acted as an agent for the SELEP in 2023/24. This 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 2024, this creditor amounted to **£16.720m** (2022/23: £19.943m).

## 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 33, which commences on page 101.

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.

While 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.

# Statement of Accounts

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The items in the Balance Sheet at **31 March 2024** 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 ensure 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 68 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 over-stated, as at 31 March 2024, as follows:

- Specialised - **£18.766m**
- Non-specialised - **£3.684m**

The carrying amounts were therefore reduced for these estimates.

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

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However, had the build cost and land value indices been **1%** lower than those assumed by the Council's property advisor, the carrying amount of operational land and buildings would have needed to be further reduced by the following amounts as at 31 March 2024:

- Specialised - **£13.660m**
- Non-specialised - **£760,000**

If it is subsequently necessary to increase the gross book values, this would result in a corresponding increase to the Revaluation Reserve and / or reverse any downward revaluations previously charged to the Comprehensive Income and Expenditure Statement. Conversely, a further decrease in values would reduce the Revaluation Reserve and / or result in a loss being recorded in 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 **£747.234m** at 31 March 2024 compares with a net pension asset at 31 March 2023 of £434.878m (both figures are before the effect of the asset ceiling is applied).

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 30.4 which commences on page 98.

## 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 'CIPFA Code of Practice').

Several accounting changes are being adopted by the CIPFA Code of Practice in 2024/25, but most will have little or no impact on the Council's financial statements. However, the International Accounting Standards Board (IASB) has issued International Financial Reporting Standard 16 Leases (IFRS 16) which has been adopted into the CIPFA Code of Practice and must be implemented prospectively by the Council in 2024/25.

# Statement of Accounts

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Under IFRS 16, the accounting treatment for all leases the Council has entered into as the lessee / tenant (except those with a term of less than 12 months and those involving low value items) will be to recognise:

- A right-of-use asset in the Balance Sheet, measuring the value of the Council's right to use the asset over the remaining term of the lease.
- A liability for the rents payable before the lease expires.

This differs from the current practice of only recognising the assets and liabilities associated with finance leases on the Balance Sheet.

Hence, the main impact of adopting IFRS 16 will be that property and other assets that the Council has secured the use of under the terms of operating leases (except those with a term of less than 12 months and those involving low value items) will need to be recognised on the Balance Sheet, together with the associated liability to pay for those assets. Currently these assets and liabilities are not recognised, and the lease rental payments are generally charged as revenue expenditure as they become payable. Details of the operating lease arrangements the Council has entered into, 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 71.

IFRS 16 requires that, when lease rentals are paid, they will be applied partly to write down the liability and partly charged as interest on the outstanding liability. The cost of the right-of-use asset will be reflected in depreciation charges in the Comprehensive Income and Expenditure Statement. However, statutory arrangements are in place that will allow the impact on the General Fund Balance to be unchanged, such that the overall charge for each year will be the rents payable in that year.

IFRS 16 will require the remeasurement of lease liabilities in the event of a significant event or change that was not pre-determined in the lease contract; for example, where payments are increased in line with an inflation index such as RPI or CPI. In this situation, the liability must be recalculated based on the revised level of payments. This requirement will apply to leases and to Private Finance Initiative (PFI) arrangements from 1 April 2024.



# Statement of Accounts

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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 51).

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

2022/23				2023/24		
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
(401)	(3)	(404)	Children's Services and Early Years	(498)	(1)	(499)
150,189	13,154	163,343	Dedicated Schools Budget	143,933	(903)	143,030
84,031	(8,420)	75,611	Non Dedicated Schools Budget	85,818	429	86,247
			Climate Czar, Environment, Waste Reduction & Recycling			
3,582	(4,397)	(815)	Education Excellence, Lifelong Learning and Employability	(2,382)	(802)	(3,184)
22,791	36,894	59,685	Dedicated Schools Budget	29,442	15,654	45,096
479,355	10,811	490,166	Non Dedicated Schools Budget	450,810	(540)	450,270
117,027	38,391	155,418	Health, Adult Social Care and ICS Integration	124,332	43,940	168,272
2,070	(251)	1,819	Highways, Infrastructure and Sustainable Transport	2,287	319	2,606
6,355	621	6,976	Leader	6,619	(74)	6,545
9,220	(324)	8,896	Levelling Up and the Economy	10,187	(1,282)	8,905
26,450	9,383	35,833	Planning a Growing Economy	25,897	3,872	29,769
11,536	(1,170)	10,366	The Arts, Heritage and Culture	10,870	(2,646)	8,224
			The Chancellor of Essex			
6,715	1,121	7,836	Strategic Support Services	6,371	(161)	6,210
998	350	1,348	Levelling Up and the Economy	1,011	(101)	910
96,899	20,506	117,405	Planning a Growing Economy	110,119	3,712	113,831
1,948	209	2,157	The Chancellor of Essex	1,976	(37)	1,939
1,018,765	116,875	1,135,640	Leader	1,006,792	61,379	1,068,171
(1,050,477)	(61,387)	(1,111,864)	Levelling Up and the Economy	(1,045,609)	(204,087)	(1,249,696)
(31,712)	55,488	23,776	Planning a Growing Economy	(38,817)	(142,708)	(181,525)
			The Arts, Heritage and Culture			
(619,471)			The Chancellor of Essex			
(31,712)			Leader	(38,817)		
(651,183)			Strategic Support Services	(690,000)		
			Levelling Up and the Economy			
			Planning a Growing Economy			
			The Chancellor of Essex			
			Leader			
			Cost of services - continuing operations			
			Other income and expenditure not charged to services			
			Surplus on Provision of Services			
			General Fund Balance			
			Balance as at 1 April			
			Surplus on Provision of Services			
			Balance as at 31 March			

### Notes:

- 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 2023/24; comparative figures for 2022/23 have been presented on a consistent basis.
- The General Fund Balance comprises earmarked and general revenue reserves, which are shown separately within the Movement in Reserves Statement (page 27) and in the Balance Sheet (pages 28 and 29).

## 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.

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
Children's Services and Early Years					
Dedicated Schools Budget	-	-	(3)	-	(3)
Non Dedicated Schools Budget	1,505	12,147	(498)	-	13,154
Climate Czar, Environment, Waste Reduction & Recycling	(9,843)	1,513	(64)	(26)	(8,420)
Education Excellence, Lifelong Learning and Employability					
Dedicated Schools Budget	-	-	(593)	(3,804)	(4,397)
Non Dedicated Schools Budget	20,954	23,828	(72)	(7,816)	36,894
Health, Adult Social Care and ICS Integration	1,137	10,654	(980)	-	10,811
Highways, Infrastructure and Sustainable Transport	48,840	2,075	(55)	(12,469)	38,391
Leader	(816)	(484)	(11)	1,060	(251)
Levelling Up and the Economy	1	647	(27)	-	621
Planning a Growing Economy	(1,864)	1,569	(29)	-	(324)
The Arts, Heritage and Culture	5,662	3,905	(184)	-	9,383
The Chancellor of Essex	2,027	1,339	(9)	(4,527)	(1,170)
Strategic Support Services					
Levelling Up and the Economy	-	1,131	(10)	-	1,121
Planning a Growing Economy	-	484	(63)	(71)	350
The Chancellor of Essex	9,465	11,578	(537)	-	20,506
Leader	-	215	(6)	-	209
<b>Cost of services - continuing operations</b>	<b>77,068</b>	<b>70,601</b>	<b>(3,141)</b>	<b>(27,653)</b>	<b>116,875</b>
Other income and expenditure not charged to services	(99,654)	19,917	(9,303)	27,653	(61,387)
<b>Difference between General Fund (Surplus) / Deficit and Comprehensive Income and Expenditure Statement (Surplus) / Deficit on the Provision of Services</b>	<b>(22,586)</b>	<b>90,518</b>	<b>(12,444)</b>	<b>-</b>	<b>55,488</b>

Notes:

- 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 2023/24; comparative figures for 2022/23 have been presented on a consistent basis.

2023/24	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
Children's Services and Early Years					
Dedicated Schools Budget	-	-	(1)	-	(1)
Non Dedicated Schools Budget	714	(1,174)	(443)	-	(903)
Climate Czar, Environment, Waste Reduction & Recycling	646	(150)	(36)	(31)	429
Education Excellence, Lifelong Learning and Employability					
Dedicated Schools Budget	-	-	3,002	(3,804)	(802)
Non Dedicated Schools Budget	28,960	(5,237)	(183)	(7,886)	15,654
Health, Adult Social Care and ICS Integration	937	(1,280)	(197)	-	(540)
Highways, Infrastructure and Sustainable Transport	56,346	(199)	(76)	(12,131)	43,940
Leader	(1,686)	(71)	(60)	2,136	319
Levelling Up and the Economy	-	(69)	(5)	-	(74)
Planning a Growing Economy	(957)	(193)	(132)	-	(1,282)
The Arts, Heritage and Culture	4,370	(468)	(30)	-	3,872
The Chancellor of Essex	917	(82)	(1)	(3,480)	(2,646)
Strategic Support Services					
Levelling Up and the Economy	-	(120)	(41)	-	(161)
Planning a Growing Economy	-	(45)	(21)	(35)	(101)
The Chancellor of Essex	5,900	(1,680)	(508)	-	3,712
Leader	-	(40)	3	-	(37)
<b>Cost of services - continuing operations</b>	<b>96,147</b>	<b>(10,808)</b>	<b>1,271</b>	<b>(25,231)</b>	<b>61,379</b>
Other income and expenditure not charged to services	(210,956)	(20,513)	2,151	25,231	(204,087)
<b>Difference between General Fund (Surplus) / Deficit and Comprehensive Income and Expenditure Statement (Surplus) / Deficit on the Provision of Services</b>	<b>(114,809)</b>	<b>(31,321)</b>	<b>3,422</b>	<b>-</b>	<b>(142,708)</b>

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## 5.3.2 Adjustments for capital purposes

This column adds the following amounts into service lines:

- Depreciation and impairment 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 pension 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.

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The amount by which finance costs charged to the Comprehensive Income and Expenditure Statement differ from costs chargeable in accordance with statutory requirements.

## 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:

2022/23		2023/24
£000		£000
	<b>Expenditure</b>	
630,080	Employee expenses	588,261
1,565,157	Other service expenditure	1,678,889
89,395	Depreciation, amortisation and impairment	112,064
45,601	Interest payable and similar charges	49,691
3,512	Precepts and levies	3,652
17,816	(Gain) / loss on disposal of fixed assets	26,980
101,794	Corporate amounts	128,242
<b>2,453,355</b>	<b>Total expenditure</b>	<b>2,587,779</b>
	<b>Income</b>	
(309,410)	Fees, charges and other service income	(317,459)
(14,639)	Interest and investment income	(37,273)
(83,683)	Corporate amounts	(153,026)
(813,069)	Income from Council Tax and Non-Domestic Rates	(848,921)
(1,208,778)	Government grants and contributions	(1,412,625)
<b>(2,429,579)</b>	<b>Total income</b>	<b>(2,769,304)</b>
<b>23,776</b>	<b>(Surplus) / deficit on Provision of Services</b>	<b>(181,525)</b>

## 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 arrive at 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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2022/23	Notes	Usable Reserves			
		General Fund Balance £000	Usable Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000
<b>Adjustments involving the Capital Adjustment Account (CAA)</b>	25.3				
<b><u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u></b>					
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)
<b><u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</u></b>					
Statutory provision for the financing of capital investment		49,302	-	-	49,302
Capital expenditure charged against the General Fund		6,000	-	-	6,000
<b>Adjustments involving the Capital Adjustment Account</b>		<b>17,073</b>	<b>-</b>	<b>-</b>	<b>17,073</b>
<b>Adjustments involving the Capital Grants Unapplied Account</b>					
Grants applied to financing (transferred to the CAA)		-	-	667	667
Grants and contributions unapplied		672	-	(672)	-
<b>Adjustments involving the Capital Grants Unapplied Account</b>		<b>672</b>	<b>-</b>	<b>(5)</b>	<b>667</b>
<b>Adjustments involving the Capital Receipts Reserve</b>					
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
<b>Adjustments involving the Capital Receipts Reserve</b>		<b>4,841</b>	<b>(1,291)</b>	<b>-</b>	<b>3,550</b>
<b>Adjustments involving the Financial Instruments Adjustment Account</b>					
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement differ from costs chargeable in accordance with statutory requirements		842	-	-	842
<b>Adjustments involving the Financial Instruments Adjustment Account</b>		<b>842</b>	<b>-</b>	<b>-</b>	<b>842</b>
<b>Adjustments involving the Pooled Investment Funds Adjustment Account</b>					
Gain or loss on the valuation of pooled investment funds		(2,047)	-	-	(2,047)
<b>Adjustments involving the Pooled Invest Funds Adjustment Account</b>		<b>(2,047)</b>	<b>-</b>	<b>-</b>	<b>(2,047)</b>
<b>Adjustments involving the Pensions Reserve</b>	25.4				
Reversal of items debited/credited to the CIES		(155,170)	-	-	(155,170)
Employers' pension contributions payable in the year		64,652	-	-	64,652
<b>Adjustments involving the Pensions Reserve</b>		<b>(90,518)</b>	<b>-</b>	<b>-</b>	<b>(90,518)</b>
<b>Adjustments involving the Collection Fund Adjustment Account</b>					
Amount by which Council Tax and Non-Domestic Rates income credited to the Comprehensive Income and Expenditure Statement differs from income calculated in accordance with statutory requirements		10,486	-	-	10,486
<b>Adjustments involving the Collection Fund Adj Account</b>		<b>10,486</b>	<b>-</b>	<b>-</b>	<b>10,486</b>
<b>Adjustments involving the Accumulated Absences Account</b>					
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
<b>Adjustments involving the Accumulated Absences Account</b>		<b>3,163</b>	<b>-</b>	<b>-</b>	<b>3,163</b>
<b>Total adjustments</b>		<b>(55,488)</b>	<b>(1,291)</b>	<b>(5)</b>	<b>(56,784)</b>

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2023/24	Notes	Usable Reserves			
		General Fund Balance £000	Usable Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000
<b>Adjustments involving the Capital Adjustment Account (CAA)</b>	25.3				
<b><u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u></b>					
Depreciation and impairment of non current assets		(111,187)	-	-	(111,187)
Amortisation of intangible assets		(877)	-	-	(877)
Impairment of assets held for sale		(100)	-	-	(100)
Movement in market value of investment properties		580	-	-	580
Capital grants and contributions applied		202,901	-	-	202,901
Revenue expenditure funded from capital under statute		(22,641)	-	-	(22,641)
Value of assets disposed of during the year		(27,240)	-	-	(27,240)
Gain or loss on valuation of equity investments funded from capital		(418)	-	-	(418)
<b><u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</u></b>					
Statutory provision for the financing of capital investment		59,387	-	-	59,387
Capital expenditure charged against the General Fund		13,659	-	-	13,659
<b>Adjustments involving the Capital Adjustment Account</b>		<b>114,064</b>	<b>-</b>	<b>-</b>	<b>114,064</b>
<b>Adjustments involving the Capital Grants Unapplied Account</b>					
Grants applied to financing (transferred to the CAA)		-	-	1,091	1,091
Grants and contributions unapplied		351	-	(351)	-
<b>Adjustments involving the Capital Grants Unapplied Account</b>		<b>351</b>	<b>-</b>	<b>740</b>	<b>1,091</b>
<b>Adjustments involving the Capital Receipts Reserve</b>					
Sale proceeds (part of gain/loss on disposal)		394	(394)	-	-
Loan repayments - loans awarded for capital purposes		-	(5,117)	-	(5,117)
Use of reserve to finance new capital expenditure		-	4,547	-	4,547
Use of capital receipts to repay debt		-	5,117	-	5,117
<b>Adjustments involving the Capital Receipts Reserve</b>		<b>394</b>	<b>4,153</b>	<b>-</b>	<b>4,547</b>
<b>Adjustments involving the Financial Instruments Adjustment Account</b>					
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement differ from costs chargeable in accordance with statutory requirements		843	-	-	843
<b>Adjustments involving the Financial Instruments Adjustment Account</b>		<b>843</b>	<b>-</b>	<b>-</b>	<b>843</b>
<b>Adjustments involving the Pooled Investment Funds Adjustment Account</b>					
Accumulated gains / losses on assets sold		(367)	-	-	(367)
<b>Adjustments involving Pooled Investment Funds Adjustment Account</b>		<b>(367)</b>	<b>-</b>	<b>-</b>	<b>(367)</b>
<b>Adjustments involving the Pensions Reserve</b>	25.4				
Reversal of items debited/credited to the CIES		(39,002)	-	-	(39,002)
Employers' pension contributions payable in the year		70,323	-	-	70,323
<b>Adjustments involving the Pensions Reserve</b>		<b>31,321</b>	<b>-</b>	<b>-</b>	<b>31,321</b>
<b>Adjustments involving the Collection Fund Adjustment Account</b>					
Amount by which Council Tax and Non-Domestic Rates income credited to the Comprehensive Income and Expenditure Statement differs from income calculated in accordance with statutory requirements		(2,628)	-	-	(2,628)
<b>Adjustments involving the Collection Fund Adj Account</b>		<b>(2,628)</b>	<b>-</b>	<b>-</b>	<b>(2,628)</b>
<b>Adjustments involving the Accumulated Absences Account</b>					
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement differs from remuneration chargeable in accordance with statutory requirements		(1,270)	-	-	(1,270)
<b>Adjustments involving the Accumulated Absences Account</b>		<b>(1,270)</b>	<b>-</b>	<b>-</b>	<b>(1,270)</b>
<b>Total adjustments</b>		<b>142,708</b>	<b>4,153</b>	<b>740</b>	<b>147,601</b>



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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
<b>RESTRICTED USE RESERVES</b>	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.
<b>OTHER RESERVES</b>	Adults' investment	Set up to support delivery of ongoing future sustainability work in relation to Adult Social Care.
	Adults' risk	To manage commercial price pressures related to Adult Social Care provision.
	Ambition Fund	To support investment that will deliver new delivery models and ways of working.
	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.

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	Reserves	Purpose and usage
<b>OTHER RESERVES</b>	Children's transformation	Set up to support transformation capability in relation to the Children's sustainability programme.
	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.
	DSG general risk	To provide resilience to the potential risks faced with deficits on the Dedicated Schools Grant.
	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.
	Quadrennial elections	To meet costs associated with the Council's local elections.
	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	2022/23 movements		Balance	2023/24 movements		Balance
	1 April	Contributions	Withdrawals	31 March	Contributions	Withdrawals	31 March
	2022			2023			2024
	£000	£000	£000	£000	£000	£000	£000
<b>Restricted use</b>							
Grants equalisation	(36,839)	(11,790)	4,696	(43,933)	(10,771)	10,740	(43,964)
COVID-19 equalisation	(40,769)	-	14,495	(26,274)	(352)	11,504	(15,122)
PFI equalisation	(32,122)	(1,848)	11,961	(22,009)	(2,325)	12,082	(12,252)
Waste	(114,869)	-	281	(114,588)	(18,453)	12,688	(120,353)
Partnerships	(2,376)	(539)	648	(2,267)	(170)	59	(2,378)
Schools	(49,211)	(3,053)	8,560	(43,704)	(7,963)	8,360	(43,307)
Trading activities	(1,514)	(215)	-	(1,729)	(388)	48	(2,069)
<b>Total restricted reserves</b>	<b>(277,700)</b>	<b>(17,445)</b>	<b>40,641</b>	<b>(254,504)</b>	<b>(40,422)</b>	<b>55,481</b>	<b>(239,445)</b>
<b>Reserves earmarked for future use</b>							
Future capital funding	(14,437)	(27,858)	6,000	(36,295)	(18,912)	13,659	(41,548)
Other reserves							
Adults' investment	(12,718)	-	2,916	(9,802)	(21,768)	9,118	(22,452)
Adults' risk	(14,221)	-	1,660	(12,561)	(54)	2,256	(10,359)
Ambition Fund	(6,524)	(8,800)	4,773	(10,551)	(10,595)	11,705	(9,441)
Capital receipts pump priming	(4,034)	(6,000)	-	(10,034)	(1,000)	58	(10,976)
Carry forwards	(24,744)	(11,917)	21,622	(15,039)	(6,667)	7,046	(14,660)
Children's risk	-	(2,500)	2,500	-	(5,000)	5,000	-
Children's transformation	(7,187)	-	1,177	(6,010)	-	1,793	(4,217)
Collection Fund investment risk	(7,586)	(9,498)	-	(17,084)	(9,114)	-	(26,198)
Commercial investment in Essex places	(15,659)	-	190	(15,469)	(504)	701	(15,272)
DSG general risk	-	-	-	-	(10,000)	-	(10,000)
EES pension risk	(4,000)	-	-	(4,000)	-	-	(4,000)
Emergency	(17,564)	(9,094)	3,431	(23,227)	(4,000)	9	(27,218)
Essex Climate Change Commission	(4,331)	-	1,264	(3,067)	(1,039)	2,152	(1,954)
Everyone's Essex	(47,272)	(1,000)	3,286	(44,986)	(9,784)	7,502	(47,268)
General risk	(13,859)	(5,671)	4,689	(14,841)	(11,742)	437	(26,146)
Health and safety	(4,656)	-	7	(4,649)	-	-	(4,649)
Highways	-	(3,000)	-	(3,000)	-	3,000	-
Insurance	(6,260)	(4,865)	-	(11,125)	-	-	(11,125)
Property Fund	(1,302)	-	340	(962)	(100)	28	(1,034)
Quadrennial elections	(999)	(500)	8	(1,491)	(500)	22	(1,969)
Renewal Fund	(2,523)	-	96	(2,427)	-	181	(2,246)
Technology and digitisation	(11,641)	(11,777)	3,299	(20,119)	(10,281)	5,232	(25,168)
Transformation	(48,505)	(15,635)	5,260	(58,880)	(12,614)	9,753	(61,741)
Other reserves	(3,653)	(352)	1,041	(2,964)	(378)	520	(2,822)
<b>Total other reserves</b>	<b>(259,238)</b>	<b>(90,609)</b>	<b>57,559</b>	<b>(292,288)</b>	<b>(115,140)</b>	<b>66,513</b>	<b>(340,915)</b>
<b>Total earmarked revenue reserves</b>	<b>(551,375)</b>	<b>(135,912)</b>	<b>104,200</b>	<b>(583,087)</b>	<b>(174,474)</b>	<b>135,653</b>	<b>(621,908)</b>

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## 9. Other operating expenditure

Other operating expenditure is comprised of the following:

2022/23 £000		2023/24 £000
	<b>(Gains)/losses on the disposal of non current assets</b>	
(4,841)	Disposal proceeds	(394)
22,286	Carrying value of assets and inventory disposed of during the year	27,240
300	Impairment of Assets Held for Sale	100
71	Disposal costs	34
<b>17,816</b>	<b>Total losses on the disposal of non current assets</b>	<b>26,980</b>
	<b>Precepts and levies</b>	
1,289	Lee Valley Regional Park	1,400
1,811	Environment Agency	1,828
412	Kent and Essex Inshore Fisheries and Conservation Authority	424
<b>3,512</b>	<b>Precepts and levies</b>	<b>3,652</b>
<b>21,328</b>	<b>Total Other Operating Expenditure</b>	<b>30,632</b>

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.

## 10. Financing and investment income and expenditure

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

2022/23 £000		2023/24 £000
	Net interest on the net defined benefit asset / liability	
96,972	Interest cost	124,436
(79,899)	Interest on assets	(146,976)
1,774	Administrative costs	2,134
<b>18,847</b>	<b>Net interest on the net defined benefit asset / liability</b>	<b>(20,406)</b>
39,956	Interest payable and similar charges	41,214
(8,994)	Interest receivable and similar income	(28,796)
(182)	Income and expenditure related to investment properties and changes in their value	(2,441)
529	Net (surplus) / deficit on trading activities	(748)
(1,083)	Other investment income (Dividends receivable)	(1,189)
<b>49,073</b>	<b>Financing and Investment income and expenditure</b>	<b>(12,366)</b>

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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
<b>1 April 2022</b>	(261)	(1,253)	(1,514)
Income	(4,495)	(4,494)	(8,989)
Expenditure	5,058	4,460	9,518
<b>Net (surplus)/ deficit</b>	<b>563</b>	<b>(34)</b>	<b>529</b>
Appropriations	(587)	(157)	(744)
<b>31 March 2023</b>	<b>(285)</b>	<b>(1,444)</b>	<b>(1,729)</b>
Income	(4,772)	(4,500)	(9,272)
Expenditure	4,757	3,767	8,524
<b>Net (surplus)/ deficit</b>	<b>(15)</b>	<b>(733)</b>	<b>(748)</b>
Appropriations	63	345	408
<b>31 March 2024</b>	<b>(237)</b>	<b>(1,832)</b>	<b>(2,069)</b>

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:

2022/23 £000		2023/24 £000
	<b>Taxation</b>	
(772,491)	Council Tax	(802,085)
(40,578)	Non-Domestic Rates	(46,836)
(369,196)	<b>Non specific grant income</b>	(419,041)
<b>(1,182,265)</b>	<b>Taxation and non specific grant income</b>	<b>(1,267,962)</b>

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

2022/23 £000		2023/24 £000
	<b>Non ring-fenced grants</b>	
(135,705)	Non-Domestic Rates (Top up grant and Safety net / levy)	(139,991)
(53,235)	Social Care grant (see note below)	-
(38,884)	Non-Domestic Rates (Section 31 grants)	(42,426)
(22,982)	Private Finance Initiative grants	(22,982)
(19,295)	Revenue Support grant	(21,284)
(12,177)	Services grant	(7,144)
(3,432)	New Homes Bonus / New Homes Bonus Adjustment grant	(1,786)
(5,089)	Independent Living Fund grant	-
(1,690)	Other non ring-fenced grants	(1,710)
<b>(292,489)</b>		<b>(237,323)</b>
	<b>Capital grants and contributions</b>	
(4,749)	Department for Energy Security and Net Zero	(244)
(12,622)	Department for Education grants	(13,405)
	Department for Transport grants	
(13,720)	Pot hole funding	(20,020)
(12,750)	Direct funding	(17,047)
(8,322)	Integrated transport grant	(6,324)
(5,377)	Other	(8,678)
(7,121)	Homes England - Housing Infrastructure Fund	(92,383)
(3,163)	Other local authorities	(4,192)
	South East Local Enterprise Partnership (Local Growth & Get Building	
(2,436)	funding)	-
(6,447)	Other grants and contributions	(19,425)
<b>(76,707)</b>		<b>(181,718)</b>
<b>(369,196)</b>	<b>Total non-specific grant income</b>	<b>(419,041)</b>

Notes:

1. The Social Care Grant was deemed to be a general government grant in 2022/23. However, due to a change in the terms and conditions of the grant, effective from 1 April 2023, the grant has been classified as a specific revenue grant in 2023/24.

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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:

2022/23				2023/24		
Capital grants £000	Specific revenue grants £000	Total £000		Capital grants £000	Specific revenue grants £000	Total £000
			<b>Department for Education (incl. Education and Skills Funding Agency)</b>			
(18,029)	(15,006)	(33,035)	Department for Education grants	(7,835)	(20,076)	(27,911)
-	(540,825)	(540,825)	Education and Skills Funding Agency grants			
-	(17,811)	(17,811)	Dedicated Schools grant	-	(588,595)	(588,595)
-	(8,289)	(8,289)	Pupil Premium grant	-	(19,286)	(19,286)
-	(8,718)	(8,718)	Universal Infants Free School Meals	-	(8,591)	(8,591)
-	(7,752)	(7,752)	Adult Community Learning	-	(8,544)	(8,544)
-	(9,244)	(9,244)	Schools supplementary grant	-	-	-
-			Other grants	-	(28,106)	(28,106)
<b>(18,029)</b>	<b>(607,645)</b>	<b>(625,674)</b>		<b>(7,835)</b>	<b>(673,198)</b>	<b>(681,033)</b>
			<b>Department of Health and Social Care</b>			
-	(65,420)	(65,420)	Public Health grant	-	(67,756)	(67,756)
-	(9,394)	(9,394)	Other grants	-	(11,961)	(11,961)
-	<b>(74,814)</b>	<b>(74,814)</b>		-	<b>(79,717)</b>	<b>(79,717)</b>
			<b>Department for Levelling Up, Housing and Communities</b>			
-	-	-	Social Care grant ( <i>see note 2 below</i> )	-	(89,891)	(89,891)
-	(46,152)	(46,152)	Additional Better Care Fund grant	-	(50,561)	(50,561)
-	(4,923)	(4,923)	Ukraine Refugee grants	-	(5,233)	(5,233)
-	(16,994)	(16,994)	Other grants	(177)	(32,781)	(32,958)
-	<b>(68,069)</b>	<b>(68,069)</b>		<b>(177)</b>	<b>(178,466)</b>	<b>(178,643)</b>
			<b>Department for Work and Pensions</b>			
-	(18,818)	(18,818)	Household support fund	-	(18,729)	(18,729)
-	(517)	(517)	Other grants	-	(533)	(533)
-	<b>(19,335)</b>	<b>(19,335)</b>		-	<b>(19,262)</b>	<b>(19,262)</b>
			<b>Grants awarded by other bodies</b>			
(4,297)	(4,933)	(9,230)	Department for Transport (incl. National Highways)	-	(3,331)	(3,331)
-	(12,195)	(12,195)	Home Office	-	(13,310)	(13,310)
(10,325)	(475)	(10,800)	South East Local Enterprise Partnership	(1,891)	(117)	(2,008)
(6,561)	(12,904)	(19,465)	Other grants	(2,097)	(14,183)	(16,280)
<b>(21,183)</b>	<b>(30,507)</b>	<b>(51,690)</b>		<b>(3,988)</b>	<b>(30,941)</b>	<b>(34,929)</b>
<b>(39,212)</b>	<b>(800,370)</b>	<b>(839,582)</b>		<b>(12,000)</b>	<b>(981,584)</b>	<b>(993,584)</b>

Notes:

1. Comparative figures for the prior year have been grouped on a basis consistent with 2023/24.
2. The Social Care Grant was deemed to be a general government grant in 2022/23. However, due to a change in the terms and conditions of the grant, effective from 1 April 2023, the grant has been classified as a specific revenue grant with effect from 2023/24.

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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 2023.

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 2023/24 are provided in the following table.

2022/23		2023/24 Total	Deployment in 2023/24	
			Central Expenditure	Individual Schools Budget
£000		£000	£000	£000
(1,332,635)	Final DSG for the year (before Academy recoupment)	(1,433,324)		
775,531	Academy and other recoupments	834,900		
<b>(557,104)</b>	<b>Total DSG after Academy and other recoupment</b>	<b>(598,424)</b>		
(6,747)	Brought forward from previous year	(24,331)		
<b>(563,851)</b>	<b>Agreed initial budgeted distribution</b>	<b>(622,755)</b>	<b>(148,963)</b>	<b>(473,792)</b>
(1,305)	In year adjustments	(2,312)	1,533	(3,845)
<b>(565,156)</b>	<b>Final budgeted distribution</b>	<b>(625,067)</b>	<b>(147,430)</b>	<b>(477,637)</b>
540,825	Actual central expenditure / ISB deployed	588,595	110,958	477,637
<b>(24,331)</b>	<b>Surplus carried forward to next year</b>	<b>(36,472)</b>	<b>(36,472)</b>	-



## 15. Property, plant, equipment and similar assets

### 15.1 Movement in balances – 2022/23

	Property, plant and equipment						Intangible Assets	Investment Property	Heritage Assets	Assets held for sale	Investment Properties 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	£000
<b>Gross Book Value</b>											
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	-	-
<b>As at 31 March 2023</b>	<b>1,466,061</b>	<b>39,339</b>		<b>4,745</b>	<b>180,896</b>	<b>55,269</b>	<b>18,199</b>	<b>38,963</b>	<b>14,788</b>	<b>6,088</b>	<b>-</b>
<b>Depreciation / Amortisation</b>											
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	-	-	-	-
<b>As at 31 March 2023</b>	<b>(25,957)</b>	<b>(31,996)</b>		<b>(553)</b>	<b>-</b>	<b>(246)</b>	<b>(16,992)</b>	<b>-</b>	<b>(52)</b>	<b>-</b>	<b>-</b>
<b>Net Book Value at 31 March 2022</b>	<b>1,421,734</b>	<b>5,522</b>	<b>1,265,684</b>	<b>3,924</b>	<b>200,447</b>	<b>47,968</b>	<b>2,118</b>	<b>40,402</b>	<b>14,711</b>	<b>12,453</b>	<b>-</b>
<b>Net Book Value at 31 March 2023</b>	<b>1,440,104</b>	<b>7,343</b>	<b>1,371,632</b>	<b>4,192</b>	<b>180,896</b>	<b>55,023</b>	<b>1,207</b>	<b>38,963</b>	<b>14,736</b>	<b>6,088</b>	<b>-</b>
<b>Movement in Net Book Value in 2022/23</b>	<b>18,370</b>	<b>1,821</b>	<b>105,948</b>	<b>268</b>	<b>(19,551)</b>	<b>7,055</b>	<b>(911)</b>	<b>(1,439)</b>	<b>25</b>	<b>(6,365)</b>	<b>-</b>
<b>Analysis of movements in Net Book Value in 2022/23</b>											
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)	-	-
<b>Total movements in Net Book Value</b>	<b>18,370</b>	<b>1,821</b>	<b>105,948</b>	<b>268</b>	<b>(19,551)</b>	<b>7,055</b>	<b>(911)</b>	<b>(1,439)</b>	<b>25</b>	<b>(6,365)</b>	<b>-</b>

## 15.2 Movement in balances – 2023/24

	Property, plant and equipment						Intangible Assets	Investment Property	Heritage Assets	Assets held for sale	Investment Properties 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					
<b>Gross Book Value</b>											
As at 1 April 2023	1,466,061	39,339		4,745	180,896	55,269	18,199	38,963	14,788	6,088	-
Additions	651	4,129	-	-	256,886	-	-	-	-	-	-
Revaluation increases / (decreases) recognised in:											
Revaluation Reserve	(38,433)	-		-	-	2,986	-	-	-	-	-
Surplus/Deficit on the provision of services	(18,029)	-		-	-	101	-	580	-	(100)	-
Derecognition - disposals	(27,548)	(2,485)	-	-	-	-	(11,253)	-	(9)	-	-
Reclassifications to / (from) other categories	5,713	-	6	-	-	(4,188)	-	(2,422)	-	(1,089)	1,980
Transfers from assets under construction	35,873	163	89,631	545	(128,231)	1,639	-	331	49	-	-
<b>As at 31 March 2024</b>	<b>1,424,288</b>	<b>41,146</b>		<b>5,290</b>	<b>309,551</b>	<b>55,807</b>	<b>6,946</b>	<b>37,452</b>	<b>14,828</b>	<b>4,899</b>	<b>1,980</b>
<b>Depreciation / Amortisation</b>											
As at 1 April 2023	(25,957)	(31,996)		(553)	-	(246)	(16,992)	-	(52)	-	-
Depreciation / amortisation for the year	(29,131)	(2,136)	(65,602)	(118)	-	(570)	(877)	-	(10)	-	-
Revaluations and restatements written out to:											
Revaluation Reserve	23,442	-		-	-	535	-	-	-	-	-
Surplus/Deficit on the provision of services	4,178	-		-	-	130	-	-	-	-	-
Derecognition - disposals	538	2,264	-	-	-	-	11,253	-	-	-	-
Other movements in depreciation / impairment	(3)	-		-	-	3	-	-	-	-	-
<b>As at 31 March 2024</b>	<b>(26,933)</b>	<b>(31,868)</b>		<b>(671)</b>	<b>-</b>	<b>(148)</b>	<b>(6,616)</b>	<b>-</b>	<b>(62)</b>	<b>-</b>	<b>-</b>
<b>Net Book Value at 31 March 2023</b>	<b>1,440,104</b>	<b>7,343</b>	<b>1,371,632</b>	<b>4,192</b>	<b>180,896</b>	<b>55,023</b>	<b>1,207</b>	<b>38,963</b>	<b>14,736</b>	<b>6,088</b>	<b>-</b>
<b>Net Book Value at 31 March 2024</b>	<b>1,397,355</b>	<b>9,278</b>	<b>1,395,667</b>	<b>4,619</b>	<b>309,551</b>	<b>55,659</b>	<b>330</b>	<b>37,452</b>	<b>14,766</b>	<b>4,899</b>	<b>1,980</b>
<b>Movement in Net Book Value in 2023/24</b>	<b>(42,749)</b>	<b>1,935</b>	<b>24,035</b>	<b>427</b>	<b>128,655</b>	<b>636</b>	<b>(877)</b>	<b>(1,511)</b>	<b>30</b>	<b>(1,189)</b>	<b>1,980</b>
<b>Analysis of movements in Net Book Value in 2023/24</b>											
Additions	651	4,129	-	-	256,886	-	-	-	-	-	-
Revaluation increases / (decreases) recognised in:											
Revaluation Reserve	(14,991)	-		-	-	3,521	-	-	-	-	-
Surplus/Deficit on the provision of services	(13,851)	-		-	-	231	-	580	-	(100)	-
Derecognition - disposals	(27,010)	(221)	-	-	-	-	-	-	(9)	-	-
Reclassifications to / (from) other categories	5,710	-	6	-	-	(4,185)	-	(2,422)	-	(1,089)	1,980
Transfers from assets under construction	35,873	163	89,631	545	(128,231)	1,639	-	331	49	-	-
Depreciation / amortisation for the year	(29,131)	(2,136)	(65,602)	(118)	-	(570)	(877)	-	(10)	-	-
<b>Total movements in Net Book Value</b>	<b>(42,749)</b>	<b>1,935</b>	<b>24,035</b>	<b>427</b>	<b>128,655</b>	<b>636</b>	<b>(877)</b>	<b>(1,511)</b>	<b>30</b>	<b>(1,189)</b>	<b>1,980</b>

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In accordance with the temporary relief offered by the CIPFA Code of Practice, 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 2024 are as follows:

31 March 2023 £000		31 March 2024 £000
	<b>Surplus properties</b>	
27,243	Former school sites	<b>27,217</b>
12,288	Land	<b>11,747</b>
15,738	Other	<b>16,843</b>
<b>55,269</b>	<b>Surplus properties</b>	<b>55,807</b>
	<b>Investment properties</b>	
10,475	Retail Park	<b>10,700</b>
8,650	Office Block	<b>7,310</b>
6,200	Industrial Unit	<b>6,200</b>
12,305	Agricultural tenancies	<b>13,242</b>
1,333	Other	-
<b>38,963</b>	<b>Sub total</b>	<b>37,452</b>
-	Investment properties held for sale	<b>1,980</b>
<b>38,963</b>	<b>Investment properties</b>	<b>39,432</b>

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 2024, the Council had entered into contracts for the construction or enhancement of Property, Plant and Equipment. These commitments are as follows:

31 March 2023 £000		31 March 2024 £000
48,387	Highways and Transportation (see note below)	108,807
22,717	Education (schools)	21,136
5,410	Information Services	4,767
16,444	Other	4,263
<b>92,958</b>		<b>138,973</b>

Having secured Housing Infrastructure Funding and Levelling Up Funding, the Council has various highways and transportation schemes in the design or construction phases, including:

- Beaulieu Park Station and Chelmsford North-East Bypass.
- Colchester Rapid Transit System schemes supporting delivery of the Tendring-Colchester Borders Garden Community.
- Harlow Sustainable Transport Corridor assisting in unlocking new homes in the Gilston Villages.

## 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 2019 £000	1 April 2020 £000	1 April 2021 £000	1 April 2022 £000	1 April 2023 £000	
<b>Operational Assets</b>							
Land and buildings	-	109,667	184,197	243,665	353,559	533,200	1,424,288
Vehicles, plant & equipment	41,146	-	-	-	-	-	41,146
Community Assets	5,290	-	-	-	-	-	5,290
<b>Non-Operational Assets</b>							
Surplus assets	-	1,785	14,195	5,128	10,585	24,114	55,807
Assets under construction	309,551	-	-	-	-	-	309,551
<b>Gross book value</b>	<b>355,987</b>	<b>111,452</b>	<b>198,392</b>	<b>248,793</b>	<b>364,144</b>	<b>557,314</b>	<b>1,836,082</b>

# Statement of Accounts

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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 Council's property advisor.

Operational land and buildings are either valued at their 'existing use value' (EUV) 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 (the current value of **95%** of the Council's land and buildings is 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).

Historical cost is used as a proxy for current value for assets under construction.

The held historical value is not disclosed for infrastructure assets, 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 current value measurement for surplus assets is 'fair value', estimated at highest and best use from a market participants perspective (see note 15.3, on page 67, for further details).

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## 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 the capital expenditure.

The Capital Financing Requirement provides a measure of the capital expenditure incurred by the Council that has yet to be financed from cash resources.

The movement in the Capital Financing Requirement is analysed in the second part of this note.

2022/23 £000		2023/24 £000
1,122,808	<b>Opening Capital Financing Requirement</b>	1,147,435
	<b>Capital investment</b>	
160,457	Property, plant and equipment	261,666
399	Inventories	-
-	Capital investment	(741)
50,684	Written off balances	22,641
4,103	Revenue expenditure funded from capital under statute	10,965
	Loans awarded for capital purposes	
<b>215,643</b>	<b>Total capital investment</b>	<b>294,531</b>
	<b>Sources of finance</b>	
(9,172)	Capital receipts	(9,664)
(126,542)	Government grants and contributions	(203,992)
(6,000)	Earmarked revenue reserves applied	(13,659)
(49,302)	Revenue provision for the repayment of debt	(59,387)
<b>(191,016)</b>	<b>Total sources of finance</b>	<b>(286,702)</b>
<b>24,627</b>	<b>Increase in the Capital Financing Requirement</b>	<b>7,829</b>
<b>1,147,435</b>	<b>Closing Capital Financing Requirement</b>	<b>1,155,264</b>
	<b>Explanation of movements in year</b>	
23,848	Increase in underlying need to borrow	5,321
779	Increase for assets acquired under finance lease	2,508
<b>24,627</b>	<b>Increase in the Capital Financing Requirement</b>	<b>7,829</b>

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## 17. Leases

### 17.1 Council as Lessee – Finance leases

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

31 March 2023				31 March 2024	
Short Term	Long Term	Short Term		Long Term	
£000	£000	£000		£000	
4	376	Property	4	372	
745	2,165	Vehicles, plant and equipment	1,008	2,953	
13,737	73,426	Private Finance Initiative contracts	10,399	63,028	
<b>14,486</b>	<b>75,967</b>		<b>11,411</b>	<b>66,353</b>	

Further detail on the liabilities related to Private Finance Initiative contracts is provided in note 18, which commences on page 72.

### 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 2023				31 March 2024		
Property	Other	Total		Property	Other	Total
£000	£000	£000		£000	£000	£000
2,401	1,012	3,413	One year	2,290	942	3,232
7,362	1,176	8,538	Two to five years	8,005	1,118	9,123
41,868	-	41,868	Over five years	40,110	-	40,110
<b>51,631</b>	<b>2,188</b>	<b>53,819</b>	<b>Total rentals</b>	<b>50,405</b>	<b>2,060</b>	<b>52,465</b>

### 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 2024 (31 March 2023: £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 67), and properties for the provision of community and voluntary services.

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

31 March 2023 £000		31 March 2024 £000
2,155	Not later than one year	2,421
4,554	Later than one year and not later than five years	5,189
2,107	Later than five years	2,260
<b>8,816</b>	<b>Total</b>	<b>9,870</b>

The future minimum lease payments receivable as at 31 March 2024 reflect the amounts receivable up to the earliest date that the lessees can exit from the arrangements without penalty.

## 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
<b>A130 Bypass</b>	<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. Construction and land costs were estimated at <b>£80m</b>.</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.</p> <p>The road will be passed to the Council in a repaired/neutral state at the end of the arrangement in 2030.</p>
<b>Debden Park School</b>	<p>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 <b>£15m</b>. The contractor is operating and maintaining the school facilities for a contract term of <b>25</b> 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>



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Scheme	Nature and significant terms
<b>Clacton Secondary Schools</b>	<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 <b>£34m</b>. The contract also provides for a full facilities management service for all sites for the contract term of <b>30</b> 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>
<b>Castleview, Cornelius Vermuyden and Columbus Schools</b>	<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 <b>25</b> years.</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 <b>£22.3m</b>.</p>
<b>Woodlands School</b>	<p>The contract includes buildings and grounds maintenance, security, caretaking and cleaning. The operational term for the PFI contract is <b>23</b> years (excluding the construction period). Construction costs for this school amounted to <b>£27m</b>. The school became operational in January 2014.</p> <p>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				
	Within one year	2 - 5 years	6 - 10 years	11 - 15 years	Total
	£000	£000	£000	£000	£000
Service charges	8,489	33,873	38,446	16,037	96,845
Interest and similar charges	15,110	33,597	19,276	6,773	74,756
Repayment of liability	10,399	23,490	22,557	16,981	73,427
Lifecycle replacement	3,576	9,501	15,513	2,463	31,053
<b>Total</b>	<b>37,574</b>	<b>100,461</b>	<b>95,792</b>	<b>42,254</b>	<b>276,081</b>

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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.

## 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 2023 £000		31 March 2024 £000
	<b>Gross Book Value</b>	
104,882	As at 1 April	107,068
	Revaluation increases / (decreases) recognised in:	
2,507	Revaluation Reserve	(263)
(321)	Surplus/Deficit on the provision of services	-
<b>107,068</b>	<b>As at 31 March</b>	<b>106,805</b>
	<b>Depreciation / Amortisation</b>	
(40,355)	As at 1 April	(42,015)
842	Revaluations and restatements	175
(2,502)	Depreciation / amortisation for the year	(2,555)
<b>(42,015)</b>	<b>As at 31 March</b>	<b>(44,395)</b>
64,527	<i>Net book value at 1 April</i>	65,053
65,053	<i>Net book value at 31 March</i>	62,410

## 18.4 Value of PFI liabilities for capital expenditure

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

2022/23 £000		2023/24 £000
(99,671)	<b>Balance as at 1 April</b>	<b>(87,163)</b>
12,508	Liabilities repaid	13,736
<b>(87,163)</b>	<b>Balance as at 31 March</b>	<b>(73,427)</b>

## 19. Financial instruments

### 19.1 Categories of Financial Instruments

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

31 March 2023				31 March 2024		
Long term £000	Short term £000	Total £000		Long term £000	Short term £000	Total £000
			<b>Financial assets</b>			
			Investments			
500	10,478	<b>10,978</b>	Fair value through Profit or Loss	82	-	<b>82</b>
<b>500</b>	<b>10,478</b>	<b>10,978</b>		<b>82</b>	<b>-</b>	<b>82</b>
5,547	106,176	<b>111,723</b>	Debtors (contractual)	2,841	126,323	<b>129,164</b>
-	659,349	<b>659,349</b>	Cash and cash equivalents	-	688,719	<b>688,719</b>
<b>6,047</b>	<b>776,003</b>	<b>782,050</b>	<b>Total</b>	<b>2,923</b>	<b>815,042</b>	<b>817,965</b>
			<b>Financial liabilities (amortised cost)</b>			
(572,344)	(29,549)	<b>(601,893)</b>	Borrowing	(557,694)	(38,869)	<b>(596,563)</b>
(75,967)	(14,486)	<b>(90,453)</b>	PFI / Finance lease liabilities	(66,353)	(11,411)	<b>(77,764)</b>
(427)	(266,913)	<b>(267,340)</b>	Creditors (contractual)	(220)	(287,968)	<b>(288,188)</b>
-	(33,588)	<b>(33,588)</b>	Bank overdraft	-	(15,405)	<b>(15,405)</b>
<b>(648,738)</b>	<b>(344,536)</b>	<b>(993,274)</b>	<b>Total</b>	<b>(624,267)</b>	<b>(353,653)</b>	<b>(977,920)</b>

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:

2022/23 £000		2023/24 £000
	<b>Net (gains) / losses</b>	
2,046	Financial assets classified as Fair Value through Profit or Loss	712
	<b>Interest revenue</b>	
(441)	Financial assets classified as Fair value through profit or loss	(256)
(10,599)	Financial assets classified as amortised cost	(29,252)
39,956	<b>Interest expense</b>	41,214
<b>30,962</b>	<b>Net (gain) / loss for the year</b>	<b>12,418</b>

## 19.3 Fair values of financial assets carried at fair value

The financial asset classified as 'Fair Value through Profit and Loss' in note 19.1 is 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 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 asset described in note 19.3, all financial assets and all financial liabilities are carried in the Balance Sheet at amortised cost. The following table compares, for all financial assets and liabilities held at amortised cost, the carrying and fair values:

31 March 2023			31 March 2024	
Carrying amount £000	Fair Value £000		Carrying amount £000	Fair Value £000
		<b>Financial liabilities</b>		
		Borrowing		
(502,227)	(462,168)	Public Works Loans Board	(492,360)	(434,011)
(77,928)	(74,147)	Money Market loans	(77,937)	(66,328)
(21,738)	(20,006)	Other	(26,266)	(23,897)
<b>(601,893)</b>	<b>(556,321)</b>	<b>Total borrowing</b>	<b>(596,563)</b>	<b>(524,236)</b>
(90,453)	(117,297)	PFI / finance lease liabilities	(77,764)	(98,118)
(33,588)	(33,588)	Bank overdraft	(15,405)	(15,405)
(267,340)	(267,340)	Creditors (contractual)	(288,188)	(288,188)
<b>(993,274)</b>	<b>(974,546)</b>	<b>Total financial liabilities</b>	<b>(977,920)</b>	<b>(925,947)</b>
		<b>Financial assets</b>		
659,349	659,349	Cash and cash equivalents	688,719	688,719
111,723	111,723	Debtors (contractual)	129,164	129,164
<b>771,072</b>	<b>771,072</b>	<b>Total financial assets</b>	<b>817,883</b>	<b>817,883</b>

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## Financial liabilities – Public Works Loan Board

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 (£492.360m) and the fair value of the PWLB loans (£434.011m) 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 some of the Council's existing loans. The exit price for the PWLB loans would therefore be £477.596m.

## 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 and debtors is taken to be the invoiced or billed amount.

## 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 2024 for loans receivable is **4.9%**. This rate is 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.

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## Financial liabilities

- No early repayment is recognised.
- The estimated range of interest rates at 31 March 2024, for loans payable, is **4.61%** to **5.67%**. These rates are 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 because 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.

This framework includes:

- Compliance with statutory regulations and 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.

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## 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 2023/24 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 2023/24 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).

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 2023/24, this limit was **£30m** (2022/23: £30m). No new longer-term investments were made during 2023/24 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

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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 2023				Repayment period	31 March 2024			
PWLB £000	Money Market £000	Other £000	Total £000		PWLB £000	Money Market £000	Other £000	Total £000
26,209	3,162	14,686	44,057	Less than one year	31,960	3,162	18,049	53,171
<b>26,209</b>	<b>3,162</b>	<b>14,686</b>	<b>44,057</b>	<b>Short term borrowing</b>	<b>31,960</b>	<b>3,162</b>	<b>18,049</b>	<b>53,171</b>
31,960	3,162	1,483	36,605	Between 1 and 2 years	32,245	3,162	3,131	38,538
100,876	9,487	5,569	115,932	Between 2 - 5 years	102,804	9,487	5,085	117,376
167,848	15,811	-	183,659	Between 5 - 10 years	165,793	15,811	-	181,604
276,880	47,435	-	324,315	Between 10 - 25 years	252,647	47,435	-	300,082
231,112	47,435	-	278,547	Between 25 - 40 years	223,227	47,435	-	270,662
-	31,623	-	31,623	Between 40 - 50 years	-	31,623	-	31,623
-	88,767	-	88,767	Over 50 years	-	85,605	-	85,605
<b>808,676</b>	<b>243,720</b>	<b>7,052</b>	<b>1,059,448</b>	<b>Long term borrowing</b>	<b>776,716</b>	<b>240,558</b>	<b>8,216</b>	<b>1,025,490</b>
<b>834,885</b>	<b>246,882</b>	<b>21,738</b>	<b>1,103,505</b>	<b>Total borrowing</b>	<b>808,676</b>	<b>243,720</b>	<b>26,265</b>	<b>1,078,661</b>

## 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.



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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 (2022/23: 30%).

If interest rates had been **1%** higher throughout 2023/24 (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:

2022/23 £000		2023/24 £000
	Impact on the Comprehensive Income and Expenditure Statement	
483	Interest payable on variable rate borrowing	588
(1,987)	Interest receivable on variable rate investments	(1,872)
<b>(1,504)</b>	<b>Net (gain) / loss</b>	<b>(1,284)</b>

## 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 allowance that would reflect the Council's exposure to this risk:

Asset type	Credit risk management practices	Estimation of impairment loss allowances
<b>Deposits with banks and other financial institutions</b>	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.
<b>Deposits with subsidiaries of the Council</b>	Deposits are governed by formal agreements between the Council and its subsidiaries.	The need to make provision for expected credit losses is kept under review as part of the Council's general oversight of its subsidiaries.
<b>Contractual debtors - General</b>	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.
<b>Contractual debtors – capital loans awarded to subsidiaries of the Council</b>	The loans are governed by formal loan agreements between the Council and its subsidiaries. The loan agreements stipulate the loan terms and the arrangements for repayment.	The need to make provision for expected credit losses is kept under review as part of the Council's general oversight of its subsidiaries.

# Statement of Accounts

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

	Credit risk rating Low £000	Not subject to credit rating £000	Gross carrying amount £000
<b>Deposits</b>			
Deposits with banks and other financial institutions	628,600	-	628,600
Deposits with subsidiaries of the Council	-	2,530	2,530
	<b>628,600</b>	<b>2,530</b>	<b>631,130</b>
<b>Contractual debtors</b>			
General debtors	-	118,141	118,141
Capital loans awarded to subsidiary companies	-	11,023	11,023
	<b>-</b>	<b>129,164</b>	<b>129,164</b>
<b>Total amount exposed to credit risk</b>	<b>628,600</b>	<b>131,694</b>	<b>760,294</b>

The following movements in the impairment loss allowances for financial assets took place in 2023/24:

	Cash and cash equivalents £000	Investments at amortised cost £000	Other debtors (contractual) £000	Total £000
Allowance at 1 April 2022	99	8	14,813	14,920
Assets derecognised	(7)	(8)	-	(15)
Assets recognised	-	-	503	503
<b>Allowance at 31 March 2023</b>	<b>92</b>	<b>-</b>	<b>15,316</b>	<b>15,408</b>
Assets derecognised	-	-	-	-
Assets recognised	483	-	2,238	2,721
<b>Allowance at 31 March 2024</b>	<b>575</b>	<b>-</b>	<b>17,554</b>	<b>18,129</b>

The total credit loss allowance for contractual debtors, at **£17.554m**, equates to **13.6%** of the debt outstanding at 31 March 2024 (31 March 2023: £15.316m, equating to 13.1% of the debt outstanding).

# Statement of Accounts

## 20. Debtors

The following table analyses short and long-term debtors:

31 March 2023				31 March 2024		
Short term £000	Long term £000	Total £000		Short term £000	Long term £000	Total £000
89,390	-	89,390	Trade debtors	108,431	-	108,431
10,546	-	10,546	Recoverable Value Added Tax	10,819	-	10,819
			Council Tax and Non Domestic Rates			
10,323	-	10,323	Billing authorities	9,985	-	9,985
85,780	-	85,780	Taxpayers	94,447	-	94,447
29,055	474	29,529	Prepayments	44,516	897	45,413
16,864	-	16,864	Grants and accrued income	39,040	-	39,040
6,241	14,763	21,004	Other debtors	7,074	11,629	18,703
<b>248,199</b>	<b>15,237</b>	<b>263,436</b>		<b>314,312</b>	<b>12,526</b>	<b>326,838</b>
			Credit loss allowances			
(15,316)	-	(15,316)	Sundry debtors	(17,554)	-	(17,554)
(39,361)	-	(39,361)	Council Tax and Non-Domestic Rates	(48,966)	-	(48,966)
<b>193,522</b>	<b>15,237</b>	<b>208,759</b>	<b>Total</b>	<b>247,792</b>	<b>12,526</b>	<b>260,318</b>

## 21. Cash and cash equivalents

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

31 March 2023				31 March 2024		
Assets £000	Liabilities £000	Net total £000		Assets £000	Liabilities £000	Net total £000
			<b>Amounts that are an integral part of the Council's cash management</b>			
173,169	-	173,169	Cash repayable on demand	152,799	-	152,799
428,614	-	428,614	Cash equivalents	479,773	-	479,773
-	(33,826)	(33,826)	Bank overdraft	-	(15,527)	(15,527)
-	238	238	Petty cash balances	-	122	122
<b>601,783</b>	<b>(33,588)</b>	<b>568,195</b>		<b>632,572</b>	<b>(15,405)</b>	<b>617,167</b>
57,566	-	57,566	Cash held by schools	56,147	-	56,147
<b>659,349</b>	<b>(33,588)</b>	<b>625,761</b>	<b>Total of cash and cash equivalents</b>	<b>688,719</b>	<b>(15,405)</b>	<b>673,314</b>

The cash balances for several of the Council's main bank accounts can fluctuate significantly, and the accounts may individually become overdrawn. However, the Council's banking arrangement means that overdraft charges are only applied when these accounts are in an overdraft position in aggregate.

# Statement of Accounts

## 22. Creditors

The following table analyses short and long-term creditors:

31 March 2023				31 March 2024		
Short term £000	Long term £000	Total £000		Short term £000	Long term £000	Total £000
(187,663)	-	(187,663)	Trade creditors	(202,706)	-	(202,706)
(30,397)	-	(30,397)	Cash held on behalf of partnerships	(33,300)	-	(33,300)
			Council Tax and Non-Domestic Rates			
(17,865)	-	(17,865)	Billing authorities	(21,940)	-	(21,940)
(19,076)	-	(19,076)	Taxpayers	(17,140)	-	(17,140)
(30,709)	-	(30,709)	Employee related creditors	(33,100)	-	(33,100)
(18,143)	-	(18,143)	Other creditors	(18,862)	-	(18,862)
(9,445)	(427)	(9,872)	Receipts in advance	(13,158)	(220)	(13,378)
<b>(313,298)</b>	<b>(427)</b>	<b>(313,725)</b>	<b>Total</b>	<b>(340,206)</b>	<b>(220)</b>	<b>(340,426)</b>

## 23. 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 grant receipt in advance is as follows:

31 March 2023				31 March 2024		
Revenue Short term £000	Capital Short term £000      Long term £000			Revenue Short term £000	Capital Short term £000      Long term £000	
(2,460)	(16,870)	(19,390)	Dept for Education and related			
(28,965)	-	-	Department for Education grants	(1,518)	(28,917)	(19,707)
			Education and Skills Funding Agency	(38,338)	-	-
<b>(31,425)</b>	<b>(16,870)</b>	<b>(19,390)</b>		<b>(39,856)</b>	<b>(28,917)</b>	<b>(19,707)</b>
(18,048)	-	-	Dept for Levelling Up, Housing and Communities			
(18,159)	-	-	Improved Better Care Fund	(13,868)	-	-
(2,516)	(2,276)	(146)	Ukraine refugee funding	(16,295)	-	-
			Other	(2,652)	(2,482)	(146)
<b>(38,723)</b>	<b>(2,276)</b>	<b>(146)</b>		<b>(32,815)</b>	<b>(2,482)</b>	<b>(146)</b>
(7,216)	(18,984)	(3,493)	Other grants			
(1,766)	-	-	Department for Transport	(13,445)	(15,178)	(2,915)
(533)	-	-	Home Office	(3,346)	-	-
-	(885)	-	Department of Health and Social Care	(957)	-	-
-	(1,886)	(13,190)	Dept for Energy Security and Net Zero	-	-	-
(1,631)	(1,866)	-	South East Local Enterprise Partnership	-	(14,390)	(686)
			Other	(1,891)	(6,009)	(4,939)
<b>(11,146)</b>	<b>(23,621)</b>	<b>(16,683)</b>		<b>(19,639)</b>	<b>(35,577)</b>	<b>(8,540)</b>
<b>(81,294)</b>	<b>(42,767)</b>	<b>(36,219)</b>	<b>Total of grant receipts in advance</b>	<b>(92,310)</b>	<b>(66,976)</b>	<b>(28,393)</b>
(15)	(55,881)	(60,361)	Developer contributions (S106)	(15)	(46,566)	(93,619)
<b>(81,309)</b>	<b>(98,648)</b>	<b>(96,580)</b>	<b>Total</b>	<b>(92,325)</b>	<b>(113,542)</b>	<b>(122,012)</b>

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## 24. Provisions and contingencies

### 24.1 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).

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

	Insurance Provision £000	Landfill aftercare £000	Non-domestic rating appeals £000	Other provisions £000	Total £000
<b>Current provisions</b>					
<b>Balance at 31 March 2023</b>	(4,000)	(557)	(4,616)	(992)	<b>(10,165)</b>
Amounts arising	-	-	(1,161)	(900)	<b>(2,061)</b>
Provisions reversed	-	-	130	881	<b>1,011</b>
Provisions utilised	7,113	619	1,819	47	<b>9,598</b>
Unwinding of discount	-	(31)	-	-	<b>(31)</b>
Amounts reclassified as (current) / non current	(7,113)	(637)	-	-	<b>(7,750)</b>
<b>Balance at 31 March 2024</b>	<b>(4,000)</b>	<b>(606)</b>	<b>(3,828)</b>	<b>(964)</b>	<b>(9,398)</b>
<b>Non-current provisions</b>					
<b>Balance at 31 March 2023</b>	(14,653)	(11,619)	-	-	<b>(26,272)</b>
Amounts arising	(8,706)	(364)	-	-	<b>(9,070)</b>
Provisions reversed	-	-	-	-	-
Provisions utilised	-	-	-	-	-
Amounts reclassified as current / (non current)	7,113	637	-	-	<b>7,750</b>
<b>Balance at 31 March 2024</b>	<b>(16,246)</b>	<b>(11,346)</b>	<b>-</b>	<b>-</b>	<b>(27,592)</b>
<b>Total current and non-current provisions</b>					
31 March 2023	(18,653)	(12,176)	(4,616)	(992)	<b>(36,437)</b>
31 March 2024	(20,246)	(11,952)	(3,828)	(964)	<b>(36,990)</b>

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An explanation of each provision is as follows:

Provision	Purpose
<b>Insurance</b>	<p>The Insurance Provision represents the estimated outstanding liabilities of the Council that are likely to be paid over several 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 57).</p>
<b>Landfill aftercare</b>	<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>
<b>Non-domestic rating appeals</b>	<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-domestic rating appeals.</p>
<b>Other</b>	<p>Various provisions have been established in respect of legal claims and constructive obligations.</p>

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## 25. Unusable reserves

### 25.1 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 25.2 to 25.4 explain the purpose of the most significant of these unusable reserves and the movements in these reserves during the year.

### 25.2 Revaluation Reserve

This reserve records the gains made by the Council arising from increases in the value of its Property, Plant and Equipment assets. 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.
- 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 (which is explained in note 25.3).

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

2022/23		2023/24
£000		£000
(667,530)	<b>Balance as at 1 April</b>	<b>(700,032)</b>
(76,970)	Revaluation of non current assets (increases)	<b>(42,972)</b>
20,446	Revaluation of non current assets (subsequent decreases)	<b>54,442</b>
<b>(56,524)</b>	<b>(Surplus) / deficit on revaluations</b>	<b>11,470</b>
15,378	Depreciation on revaluation gains	<b>16,090</b>
8,644	Accumulated gains on assets sold or scrapped	<b>12,782</b>
<b>24,022</b>	<b>Amounts written off to the Capital Adjustment Account</b>	<b>28,872</b>
<b>(700,032)</b>	<b>Balance as at 31 March</b>	<b>(659,690)</b>

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## 25.3 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.

2022/23 £000		2023/24 £000
(1,233,399)	<b>Balance as at 1 April</b>	(1,280,811)
	<b>Reversal of items related to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement</b>	
92,169	Depreciation	98,444
(2,774)	Impairment of non-current assets	13,620
300	Impairment of assets held for sale	100
50,684	Revenue expenditure financed from capital under statute	22,641
-	(Gain)/loss on valuation of investments financed from capital	418
22,286	Cost / value of assets disposed of during the year	27,240
<b>162,665</b>		<b>162,463</b>
	<b>Adjusting amounts written out of the Revaluation Reserve</b>	
(15,378)	Difference between fair value and historical cost depreciation	(16,090)
(8,644)	Revaluation gains outstanding for assets upon disposal	(12,782)
<b>(24,022)</b>		<b>(28,872)</b>
<b>138,643</b>	<b>Net written out amount of the cost of non current assets consumed in the year</b>	<b>133,591</b>
	<b>Capital financing applied in the year</b>	
(6,000)	Revenue reserves applied	(13,659)
	Provision for the financing of capital investment	
(49,302)	Statutory provision	(55,905)
-	Voluntary provision	(3,482)
(9,172)	Capital receipts applied	(9,664)
	Capital grants and contributions applied to finance:	
(76,035)	Capital Expenditure	(181,369)
(49,840)	Revenue expenditure funded from capital	(21,532)
(667)	Application of grants from the Capital Grants Unapplied Account	(1,091)
<b>(191,016)</b>		<b>(286,702)</b>
<b>3,522</b>	<b>Repayment of loans awarded for capital purposes</b>	<b>5,117</b>
<b>1,439</b>	<b>Movement in market value of investment properties</b>	<b>(580)</b>
<b>(1,280,811)</b>	<b>Balance as at 31 March</b>	<b>(1,429,385)</b>



# Statement of Accounts

## 25.4 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 Pension Reserve shows the 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.

2022/23				2023/24		
LGPS £000	Teachers £000	Total £000		LGPS £000	Teachers £000	Total £000
666,071	23,217	689,288	Balance as at 1 April	25,854	18,043	43,897
			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			
154,598	572	155,170	Expenditure line of the Comprehensive Income and Expenditure Statement	38,198	804	39,002
(62,205)	(2,447)	(64,652)	Council contributions to the schemes	(67,698)	(2,625)	(70,323)
92,393	(1,875)	90,518	<b>Total appropriation from Pension Reserve</b>	<b>(29,500)</b>	<b>(1,821)</b>	<b>(31,321)</b>
(1,211,385)	(3,299)	(1,214,684)	Remeasurements of the net pension asset / liability	(281,083)	48	(281,035)
478,775	-	478,775	Change in effect of asset ceiling	308,674	-	308,674
25,854	18,043	43,897	Balance as at 31 March	23,945	16,270	40,215

## 26. 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.

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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.

2022/23		2023/24
£000		£000
	<b>Cash flows from operating activities</b>	
	<b>Cash inflows</b>	
(802,583)	Taxation	(851,549)
(1,169,480)	Grants	(1,238,488)
(314,637)	Sales of goods and rendering of services	(308,309)
(13,753)	Interest received	(36,413)
(1,083)	Dividends received	(1,189)
<b>(2,301,536)</b>		<b>(2,435,948)</b>
	<b>Cash outflows</b>	
519,147	Cash paid to and on behalf of employees	547,031
40,494	Interest paid	41,464
1,430,129	Cash paid to suppliers of goods and services	1,552,078
	Other payments for operating activities	
130,702	Employer's national insurance and pension contributions	139,102
50,684	Revenue expenditure funded from capital under statute	22,641
6,215	Other payments	10,658
<b>2,177,371</b>		<b>2,312,974</b>
<b>(124,165)</b>	<b>Net inflow of cash from operating activities</b>	<b>(122,974)</b>
	<b>Cash flows from investing activities</b>	
	<b>Cash inflows</b>	
(6,941)	Proceeds from the sale of Property, Plant and Equipment and Investment Property assets	(394)
(15,000)	Proceeds from short and long term investments	(10,000)
	Other receipts from investing activities	
(124,805)	Capital grants received	(198,795)
(3,182)	Other capital cash received	(7,204)
<b>(149,928)</b>		<b>(216,393)</b>
	<b>Cash outflows</b>	
166,307	Purchase of Property, Plant and Equipment, Investment Property and Intangible assets	262,094
4,723	Other payments for investing activities	11,809
<b>171,030</b>		<b>273,903</b>
<b>21,102</b>	<b>Net outflow of cash from investing activities</b>	<b>57,510</b>
	<b>Cash flows generated from financing activities</b>	
	<b>Cash inflows</b>	
(7,211)	Cash receipts of short and long term borrowing	(6,427)
-	Other receipts from financing activities	(2,903)
<b>(7,211)</b>		<b>(9,330)</b>
	<b>Cash outflows</b>	
13,495	Cash payments for the reduction of liabilities related to Finance Leases (incl. PFI contracts)	15,197
11,246	Repayment of short and long term borrowing	12,044
22,116	Other payments for financing activities	-
<b>46,857</b>		<b>27,241</b>
<b>39,646</b>	<b>Net outflow of cash from financing activities</b>	<b>17,911</b>
<b>(63,417)</b>	<b>Net increase in cash and cash equivalents</b>	<b>(47,553)</b>

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## 27. Changes in liabilities arising from financing activities

	Long term borrowing £000	Short term borrowing £000	Lease liabilities £000	Cash held on behalf of third parties £000	Total £000
<b>Balance at 1 April 2022</b>	<b>(582,194)</b>	<b>(23,402)</b>	<b>(103,169)</b>	<b>(52,513)</b>	<b>(761,278)</b>
Cash flows	(2,217)	6,252	13,495	22,116	39,646
Non cash adjustments	12,067	(12,399)	(779)	-	(1,111)
<b>Balance at 31 March 2023</b>	<b>(572,344)</b>	<b>(29,549)</b>	<b>(90,453)</b>	<b>(30,397)</b>	<b>(722,743)</b>
Cash flows	(3,309)	8,926	15,197	(2,903)	17,911
Non cash adjustments	17,959	(18,246)	(2,508)	-	(2,795)
<b>Balance at 31 March 2024</b>	<b>(557,694)</b>	<b>(38,869)</b>	<b>(77,764)</b>	<b>(33,300)</b>	<b>(707,627)</b>

## 28. Termination benefits

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

2022/23 £000		2023/24 £000
85	Children's Services and Early Years	-
-	Climate Czar, Environment, Waste Reduction & Recycling	65
418	Education Excellence, Lifelong Learning and Employability	431
-	Health, Adult Social Care and ICS Integration	27
22	Planning a Growing Economy	37
-	The Arts, Heritage and Culture Strategic Support Services	392
49	Levelling Up and the Economy	-
45	The Chancellor of Essex	926
<b>619</b>	<b>Total</b>	<b>1,878</b>

The above figures include movements in provisions for termination benefits, which are recognised based on 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:

2022/23				Value of exit packages	2023/24			
No. of agreed packages			Cost of packages £000		No. of agreed packages			Cost of packages £000
Compulsory	Other	Total			Compulsory	Other	Total	
14	16	30	178	Less than £20,000	31	40	71	505
3	2	5	145	£20,000 to £39,999	8	3	11	308
3	2	5	258	More than £40,000	5	2	7	512
<b>20</b>	<b>20</b>	<b>40</b>	<b>581</b>	<b>Total no. of agreed packages</b>	<b>44</b>	<b>45</b>	<b>89</b>	<b>1,325</b>
			<b>38</b>	<b>Other termination benefits</b>				<b>553</b>
			<b>619</b>					<b>1,878</b>

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.

## 29. 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 **12,400** 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 **7,850** 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:

2022/23				2023/24		
Teachers £000	NHS £000	Total £000		Teachers £000	NHS £000	Total £000
32,527	118	32,645	Employer's contributions	33,731	108	33,839
12,488	106	12,594	Employee contributions	12,781	82	12,863
<b>45,015</b>	<b>224</b>	<b>45,239</b>	<b>Total</b>	<b>46,512</b>	<b>190</b>	<b>46,702</b>

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	
	2022/23	2023/24	2022/23	2023/24
Employer's contribution rate	23.68%	<b>23.68%</b>	16.88%	<b>16.88%</b>
Employee contribution rate	7.4% to 11.7%	<b>7.4% to 11.7%</b>	5.0% to 14.5%	<b>5.0% to 13.5%</b>

As at 31 March 2024, no contributions remained payable for the Teachers' pension scheme but **£8,000** was outstanding for the NHS pension scheme (31 March 2023: £8,000 for the NHS pension scheme).

The employer's contributions due to be paid in 2024/25 are estimated to be **£32.6m** for the teachers' pension scheme and **£112,000** 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 30 below.

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## 30. Defined Benefit Pension Schemes

### 30.1 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 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.

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 because 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 several 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 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** - if the members live longer than assumed, a deficit will emerge in the Fund. There are also other demographic risks.

In addition, as many unrelated employers participate in the 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.

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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 1.9 (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.

## 30.2 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:

2022/23				2023/24		
LGPS £000	Teachers £000	Total £000		LGPS £000	Teachers £000	Total £000
			<b>Comprehensive Income and Expenditure Statement</b>			
			<b>Cost of Services</b>			
137,144	-	137,144	Current service cost	59,390	-	59,390
737	-	737	Past service cost	361	-	361
(1,558)	-	(1,558)	(Gain) / loss on settlement	(343)	-	(343)
<b>136,323</b>	<b>-</b>	<b>136,323</b>		<b>59,408</b>	<b>-</b>	<b>59,408</b>
			<b>Financing and Investment Income and Expenditure</b>			
16,501	572	17,073	Net interest expense	(23,344)	804	(22,540)
1,774	-	1,774	Administrative costs	2,134	-	2,134
<b>18,275</b>	<b>572</b>	<b>18,847</b>		<b>(21,210)</b>	<b>804</b>	<b>(20,406)</b>
<b>154,598</b>	<b>572</b>	<b>155,170</b>	<b>Total charged to the Surplus / Deficit on Provision of Services</b>	<b>38,198</b>	<b>804</b>	<b>39,002</b>
			<b>Re-measurements of the net pensions liability</b>			
69,080	-	69,080	Return on scheme assets	(229,659)	-	(229,659)
			Actuarial (gains) / losses arising from changes in:			
(1,597,373)	(4,039)	(1,601,412)	Financial assumptions	(23,200)	207	(22,993)
-	(728)	(728)	Demographic assumptions	(36,612)	(320)	(36,932)
316,908	1,468	318,376	Experience (gain) / loss on defined benefit obligation	8,388	161	8,549
-	-	-	Other	-	-	-
478,775	-	478,775	Change in the effect of the asset ceiling	308,674	-	308,674
<b>(732,610)</b>	<b>(3,299)</b>	<b>(735,909)</b>	<b>Total charged to Other Comprehensive Income and Expenditure</b>	<b>27,591</b>	<b>48</b>	<b>27,639</b>
<b>(578,012)</b>	<b>(2,727)</b>	<b>(580,739)</b>	<b>Total charged to Comprehensive Income and Expenditure Statement</b>	<b>65,789</b>	<b>852</b>	<b>66,641</b>
			<b>Movement in Reserves Statement</b>			
(154,598)	(572)	(155,170)	Reversal of net charges made to the Surplus / Deficit on the Provision of Services	(38,198)	(804)	(39,002)
62,205	2,447	64,652	Actual amount charged against the General Fund Balance for pensions in the year	67,698	2,625	70,323
<b>(92,393)</b>	<b>1,875</b>	<b>(90,518)</b>		<b>29,500</b>	<b>1,821</b>	<b>31,321</b>

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## 30.3 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:

2022/23				2023/24		
LGPS £000	Teachers £000	Total £000		LGPS £000	Teachers £000	Total £000
2,621,898	18,043	<b>2,639,941</b>	Present value of the defined benefit obligation	2,660,237	16,270	<b>2,676,507</b>
(3,074,819)	-	<b>(3,074,819)</b>	Fair value of plan assets	(3,423,741)	-	<b>(3,423,741)</b>
<b>(452,921)</b>	<b>18,043</b>	<b>(434,878)</b>	<b>Sub total</b>	<b>(763,504)</b>	<b>16,270</b>	<b>(747,234)</b>
478,775	-	<b>478,775</b>	Change in effect of the asset ceiling	787,449	-	<b>787,449</b>
<b>25,854</b>	<b>18,043</b>	<b>43,897</b>	<b>Net (asset) / liability arising from defined benefit obligations</b>	<b>23,945</b>	<b>16,270</b>	<b>40,215</b>

The Scheme actuaries have assessed the Council's estimated future service costs less the estimated minimum funding requirement contributions to establish the economic benefit that is available to the Council. The net pensions asset has therefore been adjusted by the effect of the asset ceiling.

The effect of the asset ceiling has been determined by the Scheme's Actuary on the basis of the limitation on the Council's ability to recover the full economic benefit of its assets through reductions in future employer's contributions. This is because of the minimum funding requirement imposed on it by the Funding Strategy for the Scheme in place as at 31 March 2024.

The net liability shows the underlying commitments that the Council has in the long run to pay retirement benefits.

The current total net liability of the two Schemes of **£40.215m** (2022/23: deficit of £43.897m) 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.



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## Scheme Liabilities

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

2022/23				2023/24		
LGPS £000	Teachers £000	Total £000		LGPS £000	Teachers £000	Total £000
3,747,314	23,217	3,770,531	<b>Balance as at 1 April</b>	2,621,898	18,043	2,639,941
137,144	-	137,144	Current service cost	59,390	-	59,390
96,400	572	96,972	Interest cost	123,632	804	124,436
20,202	-	20,202	Contributions by scheme participants	21,634	-	21,634
			Remeasurement (gains)/losses arising from:			
-	(728)	(728)	Changes in demographic assumptions	(36,612)	(320)	(36,932)
(1,597,373)	(4,039)	(1,601,412)	Changes in financial assumptions	(23,200)	207	(22,993)
316,908	1,468	318,376	Other	8,388	161	8,549
737	-	737	Past service costs	361	-	361
(95,874)	(2,447)	(98,321)	Benefits paid	(109,793)	(2,625)	(112,418)
(3,560)	-	(3,560)	Liabilities extinguished on settlements	(5,461)	-	(5,461)
<b>2,621,898</b>	<b>18,043</b>	<b>2,639,941</b>	<b>Balance as at 31 March</b>	<b>2,660,237</b>	<b>16,270</b>	<b>2,676,507</b>

## Scheme Assets

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

2022/23				2023/24		
LGPS £000	Teachers £000	Total £000		LGPS £000	Teachers £000	Total £000
3,081,243	-	3,081,243	<b>Balance as at 1 April</b>	3,074,819	-	3,074,819
79,899	-	79,899	Interest income	146,976	-	146,976
(1,774)	-	(1,774)	Administrative costs	(2,134)	-	(2,134)
			Remeasurement gain/(loss)			
(69,080)	-	(69,080)	Return on plan assets (excl. amount incl in net interest expense)	229,659	-	229,659
-	-	-	Other	-	-	-
62,205	2,447	64,652	Contributions by the Council	67,698	2,625	70,323
20,202	-	20,202	Contributions from employees into the scheme	21,634	-	21,634
(95,874)	(2,447)	(98,321)	Benefits paid	(109,793)	(2,625)	(112,418)
(2,002)	-	(2,002)	Amounts made for settlements	(5,118)	-	(5,118)
<b>3,074,819</b>	<b>-</b>	<b>3,074,819</b>	<b>Balance as at 31 March</b>	<b>3,423,741</b>	<b>-</b>	<b>3,423,741</b>

Local Government Pension Scheme assets comprised:

31 March 2023			31 March 2024	
£000	%		£000	%
1,771,153	57.6%	Equities	1,896,420	55.3%
44,969	1.5%	Gilts	61,171	1.8%
251,830	8.2%	Property	236,318	6.9%
99,142	3.2%	Cash and cash equivalents	84,461	2.5%
486,647	15.8%	Alternative assets	520,529	15.2%
421,078	13.7%	Other managed funds	624,842	18.3%
<b>3,074,819</b>	<b>100.0%</b>	<b>Total assets</b>	<b>3,423,741</b>	<b>100.0%</b>

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

31 March 2023						31 March 2024				
UK		Overseas		Total		UK		Overseas		Total
Quoted	Unquoted	Quoted	Unquoted			Quoted	Unquoted	Quoted	Unquoted	
-	-	52.6%	5.0%	57.6%	Equities	-	-	51.0%	4.3%	55.3%
1.5%	-	-	-	1.5%	Gilts	1.8%	-	-	-	1.8%
1.9%	6.3%	-	-	8.2%	Property	1.5%	5.4%	-	-	6.9%
-	3.2%	-	-	3.2%	Cash and cash equivalents	-	2.5%	-	-	2.5%
-	-	-	15.8%	15.8%	Alternative assets	-	-	-	15.2%	15.2%
-	13.7%	-	-	13.7%	Other managed funds	-	18.3%	-	-	18.3%
3.4%	23.2%	52.6%	20.8%	100.0%	<b>Total assets</b>	3.3%	26.2%	51.0%	19.5%	100.0%

## 30.4 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 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	2022/23	2023/24
Rate of inflation (RPI)	3.25%	3.25%
Rate of increase in salaries	3.90%	3.95%
Rate of increase in pensions (CPI)	2.90%	2.95%
Discount rate	4.80%	4.90%
Mortality assumptions for members retiring in normal health:		
▪ Life expectancy for future pensioners retiring in 20 years' time at 65:		
- Male	22.3 years	22.0 years
- Female	25.0 years	24.7 years
▪ Life expectancy of current pensioners retiring today aged 65:		
- Male	21.1 years	20.8 years
- Female	23.5 years	23.3 years
Expected rate of return on assets in the scheme	0.35%	12.3%

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The actuarial assumptions used in the calculation of the liabilities for Teachers' additional unfunded pensions were those shown on page 98 for the Local Government Pension Scheme, with the following exceptions:

Assumptions	2022/23	2023/24
Rate of increase in pensions	2.80%	2.95%
Discount rate	4.80%	4.70%

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, while 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).

Local Government Pension Scheme	Effect of change in assumptions				
	£000	£000	£000	£000	£000
<b>Adjustment to discount rate</b>	<b>+ 0.5%</b>	<b>+ 0.1%</b>	<b>0.0%</b>	<b>- 0.1%</b>	<b>- 0.5%</b>
Present value of total obligation	2,464,348	2,619,052	2,660,237	2,702,493	2,882,966
Projected Service Cost	50,133	58,113	60,283	62,529	72,339
<b>Adjustment to long term salary increase</b>	<b>+ 0.5%</b>	<b>+ 0.1%</b>	<b>0.0%</b>	<b>- 0.1%</b>	<b>- 0.5%</b>
Present value of total obligation	2,672,922	2,662,733	2,660,237	2,657,762	2,648,060
Projected Service Cost	60,484	60,323	60,283	60,243	60,082
<b>Adjustment to pension increases and deferred revaluation</b>	<b>+ 0.5%</b>	<b>+ 0.1%</b>	<b>0.0%</b>	<b>- 0.1%</b>	<b>- 0.5%</b>
Present value of total obligation	2,873,615	2,700,766	2,660,237	2,620,717	2,472,134
Projected Service Cost	72,658	62,559	60,283	58,083	49,830
<b>Adjustment to life expectancy assumptions</b>		<b>+ 1 year</b>	<b>None</b>	<b>- 1 year</b>	
Present value of total obligation		2,772,336	2,660,237	2,553,255	
Projected Service Cost		62,617	60,283	58,012	

Unfunded Teachers' Pensions	Effect of change in assumptions		
	£000	£000	£000
<b>Adjustment to discount rate</b>	<b>+ 0.1%</b>	<b>0.0%</b>	<b>- 0.1%</b>
Present value of total obligation	16,174	16,270	16,368
<b>Adjustment to pension increases</b>	<b>+ 0.1%</b>	<b>0.0%</b>	<b>- 0.1%</b>
Present value of total obligation	16,370	16,270	16,172
<b>Adjustment to life expectancy assumptions</b>	<b>+ 1 year</b>	<b>None</b>	<b>- 1 year</b>
Present value of total obligation	16,885	16,270	15,678

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

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## 30.5 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 **£71.415m**. 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 **£704,000** as at 31 March 2024.

The weighted average duration of the pension obligation for the Local Government Pension Scheme members is **16** years. For the Teachers additional unfunded pensions, it is **6** years.

## 31. Audit costs

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

2022/23 Estimate £000		2023/24 Estimate £000
230	External audit services carried out by appointed auditor	399
14	Other services carried out by appointed auditor	21
<b>244</b>	<b>Net total</b>	<b>420</b>

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.

## 32. Members' allowances and expenses

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

2022/23 £000		2023/24 £000
	<b>Members allowances</b>	
912	Basic allowances	965
675	Special responsibility allowances	718
<b>1,587</b>		<b>1,683</b>
28	<b>Members expenses</b>	30
<b>1,615</b>		<b>1,713</b>

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## 33. Pooled budgets

The Council participates in three pooled budget arrangements:

- **Better Care Fund**

This arrangement is a pooled fund comprised of multiple funding sources: NHS Integrated Care Board (ICB) contributions to social care (including reablement), the Improved Better Care Fund grant, the Disabled Facilities Grant, and the Discharge Fund grant.

The pool is governed by a Section 75 Agreement, with an overarching collaboration agreement signed by the Council and each of the 3 ICBs within the Essex Health and Wellbeing Board area. For each service included within the Section 75 agreement, either the Council or an ICB is responsible for the delivery of the service.

While 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 2023/24 were as follows:

2022/23					Total £000	2023/24				
Mid and South Essex	Suffolk and NE Essex	Hertfordshire & West Essex	Central Pool	Mid and South Essex		Suffolk and NE Essex	Hertfordshire & West Essex	Central Pool	Total	
£000	£000	£000	£000	£000		£000	£000	£000	£000	
<b>Contributions</b>										
(63,667)	-	-	-	(63,667)	Integrated Care Boards					
-	(26,113)	-	-	(26,113)	Mid and South Essex	(67,691)	-	-	-	(67,691)
-	-	(23,666)	-	(23,666)	Suffolk and North East Essex	-	(27,804)	-	-	(27,804)
-	-	-	(59,155)	(59,155)	Hertfordshire and West Essex	-	-	(25,173)	-	(25,173)
(1,148)	(1,270)	(1,622)	-	(4,040)	Essex County Council	-	-	-	(65,806)	(65,806)
-	-	-	-	-	Discharge Fund	(4,987)	(1,650)	(1,501)	-	(8,138)
<b>(64,815)</b>	<b>(27,383)</b>	<b>(25,288)</b>	<b>(59,155)</b>	<b>(176,641)</b>	<b>Total Contributions</b>	<b>(72,678)</b>	<b>(29,454)</b>	<b>(26,674)</b>	<b>(65,806)</b>	<b>(194,612)</b>
<b>Expenditure</b>										
38,483	-	-	-	38,483	Integrated Care Boards					
-	16,379	-	-	16,379	Mid Essex	40,506	-	-	-	40,506
-	-	14,597	-	14,597	Suffolk and North East Essex	-	17,306	-	-	17,306
25,184	9,734	9,069	59,155	103,142	Hertfordshire and West Essex	-	-	15,404	-	15,404
1,148	1,270	1,622	-	4,040	Essex County Council	27,185	10,498	9,768	65,806	113,257
-	-	-	-	-	Discharge Fund	4,987	1,650	1,502	-	8,139
<b>64,815</b>	<b>27,383</b>	<b>25,288</b>	<b>59,155</b>	<b>176,641</b>	<b>Total Expenditure</b>	<b>72,678</b>	<b>29,454</b>	<b>26,674</b>	<b>65,806</b>	<b>194,612</b>
-	-	-	-	-	<b>Net (surplus) / deficit</b>	-	-	-	-	-

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

2022/23				Total £000	2023/24			
Equipment		Transforming Care			Equipment		Transforming Care	
Contributions	Expenditure	Contributions	Expenditure		Contributions	Expenditure	Contributions	Expenditure
£000	£000	£000	£000	£000	£000	£000	£000	
<b>Local authorities</b>								
(10,777)	10,777	(1,124)	7,071	Essex County Council	(9,004)	9,004	(1,201)	8,581
-	-	(310)	513	Southend Council	-	-	(35)	408
(1,430)	1,430	(310)	527	Thurrock Council	(591)	591	(35)	431
<b>Integrated Care Boards</b>								
(1,231)	1,231	(8,049)	2,823	Mid and South Essex	(3,074)	3,074	(7,582)	2,096
-	-	(1,474)	737	Suffolk and North East Essex	-	-	(2,227)	534
-	-	(1,050)	646	Hertfordshire and West Essex	-	-	(1,436)	466
<b>NHS Trusts</b>								
(1,094)	1,094	-	-	East Suffolk and North Essex NHS Foundation Trust	(1,125)	1,125	-	-
(63)	63	-	-	Mid Essex Hospital Service NHS Trust	-	-	-	-
(356)	356	-	-	Essex Partnership University NHS Foundation Trust	(283)	283	-	-
(798)	798	-	-	North East London Foundation Trust	-	-	-	-
<b>(15,749)</b>	<b>15,749</b>	<b>(12,317)</b>	<b>12,317</b>	<b>Total</b>	<b>(14,077)</b>	<b>14,077</b>	<b>(12,516)</b>	<b>12,516</b>

### 34. 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.

2022/23			Remuneration band			2023/24		
Non-schools	Schools	Total				Non-schools	Schools	Total
283	116	399	£50,000	to	£54,999	416	192	608
172	90	262	£55,000	to	£59,999	158	110	268
177	57	234	£60,000	to	£64,999	199	67	266
88	58	146	£65,000	to	£69,999	148	58	206
34	39	73	£70,000	to	£74,999	51	50	101
35	29	64	£75,000	to	£79,999	20	37	57
38	16	54	£80,000	to	£84,999	45	25	70
24	10	34	£85,000	to	£89,999	36	19	55
9	8	17	£90,000	to	£94,999	17	11	28
21	2	23	£95,000	to	£99,999	14	8	22
3	2	5	£100,000	to	£104,999	14	2	16
4	1	5	£105,000	to	£109,999	1	1	2
7	2	9	£110,000	to	£114,999	8	2	10
12	1	13	£115,000	to	£119,999	6	2	8
4	-	4	£120,000	to	£124,999	11	1	12
2	-	2	£125,000	to	£129,999	1	-	1
-	-	-	£130,000	to	£134,999	1	1	2
2	-	2	£135,000	to	£139,999	1	-	1
1	-	1	£140,000	to	£144,999	3	-	3
-	-	-	£145,000	to	£149,999	1	-	1
-	-	-	£150,000	to	£154,999	1	-	1
<b>916</b>	<b>431</b>	<b>1,347</b>	<b>Total</b>			<b>1,152</b>	<b>586</b>	<b>1,738</b>

Note: Senior officers whose individual remuneration is disclosed in note 35 (page 105) are excluded from the remuneration bandings shown in the above analysis.

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## 35. Senior officers' remuneration

### 35.1 Senior officers

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

### 35.2 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.

### 35.3 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 2023/24. The fees payable by the Council in respect of some of these individuals amounted to **£150,000** or more in 2023/24, as follows:

2022/23 £	Position	2023/24 £
-	<b>Service Director</b> (Eduardo Garcez)	<b>242,643</b>
177,140	<b>Educational Psychologist</b> (Yashica Prithvirajh)	<b>182,093</b>
77,714	<b>Strategy and Policy Consultant</b> (Daniel Gee)	<b>168,732</b>
-	<b>Programme Director</b> (Teresa Heaney)	<b>164,108</b>
109,721	<b>Solutions Architect</b> (Andreas McLennan)	<b>159,686</b>
-	<b>Head of Service</b> (David Brett)	<b>155,450</b>
-	<b>Head of Service</b> (Sarah Coote)	<b>151,348</b>

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.



## Senior officers' remuneration

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 Nicolas 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	(vii)	169,675	1,394	171,069	32,047	203,116
Director, Wellbeing, Public Health and Communities	(viii)	147,857	-	147,857	20,264	168,121
Director, Legal and Assurance	(ix)	139,005	-	139,005	26,892	165,897
Director of Policy		139,005	1,046	140,051	26,892	166,943

2023/24	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)	205,836	12,394	218,230	41,579	259,809
Executive Director, Adult Social Care - Mr Nicolas Presmeg	(ii)	176,104	-	176,104	34,159	210,263
Executive Director, Children and Families and Education - Ms Helen Lincoln	(iii)	169,104	8,690	177,794	34,159	211,953
Executive Director, Climate, Environment & Customer Services - Mr Mark Ash	(iv)	174,382	-	174,382	34,159	208,541
Executive Director, Corporate Services - Miss Nicole Wood	(v)	182,914	1,441	184,355	35,801	220,156
Executive Director, Economy, Investment & Public Health - Mr Tom Walker	(vi)	176,104	-	176,104	34,159	210,263
Executive Director, People and Transformation - Ms Pam Parkes	(vii)	176,104	1,922	178,026	34,159	212,185
Director, Wellbeing, Public Health and Communities	(viii)	153,650	-	153,650	20,844	174,494
Director, Legal and Assurance	(ix)	144,466	-	144,466	28,677	173,143
Director of Policy		144,466	1,922	146,388	28,677	175,065

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Notes	Senior Officer
<b>(i)</b>	<p>The <b>Chief Executive</b> is the Council's <b>Head of Paid Service</b>.</p> <p>He was appointed, by the Secretary of State for Levelling Up, Housing and Communities, as the Lead Commissioner at Slough Borough Council with effect from <b>12 January 2022</b> and as the Lead Commissioner at Thurrock Council with effect from <b>5 October 2023</b>. Both are part time roles and are fulfilled alongside the Chief Executive's substantive role at Essex County Council.</p> <p>The Chief Executive does not receive payment for these roles, but the Council is remunerated for the time he spends at each authority; the Council received <b>£96,731</b> as reimbursement in 2023/24, of which <b>£28,862</b> was outstanding as at 31 March 2024 (2022/23: £54,800, with no amounts outstanding as at 31 March 2023).</p>
<b>(ii)</b>	The <b>Executive Director, Adult Social Care</b> fulfils the statutory role of Director for Adult Social Services (DASS).
<b>(iii)</b>	The <b>Executive Director, Children and Families</b> fulfils the statutory role of Director of Children's Services, appointed under Section 18 of the Children Act 2004.
<b>(iv)</b>	The <b>Executive Director, Climate, Environment and Customer Services</b> was appointed with effect from 4 April 2022.
<b>(v)</b>	<p>The <b>Executive Director, Corporate Services</b>, fulfilled the statutory role of Chief Finance Officer under Section 151 of the Local Government Act 1972 throughout 2023/24.</p> <p>The Executive Director was appointed by the Secretary of State for Levelling Up, Housing and Communities, on a part time basis, as Finance Commissioner at Thurrock Council with effect from <b>5 October 2023</b>.</p> <p>Although the Executive Director does not receive payment for this role, she received a one-off payment of <b>£8,130</b> in 2023/24 in recognition of support provided while Essex County Council was the Commissioner at Thurrock. This payment is included in the salaries, fees and allowances figures shown above.</p> <p>The Council received <b>£32,152</b> as reimbursement for the time spent at Thurrock in 2023/24, of which <b>£17,726</b> was outstanding as at 31 March 2024.</p>
<b>(vi)</b>	The <b>Executive Director, Economy, Investment and Public Health</b> was appointed with effect from <b>4 April 2022</b> .
<b>(vii)</b>	The <b>Executive Director, People and Transformation</b> was appointed, on a part time basis, as a Commissioner at Birmingham City Council with effect from <b>5 October 2023</b> . She did not receive payment for this role, but the Council received payment of <b>£50,818</b> (of which, <b>£30,650</b> was outstanding at 31 March 2024) for the time she spent at Birmingham City Council.
<b>(viii)</b>	The <b>Director, Wellbeing, Public Health and Communities</b> , who fulfils the statutory role of Director of Public Health, joined the Council on <b>4 April 2022</b> and left the Council on <b>31 March 2024</b> .
<b>(ix)</b>	The Council's <b>Director, Legal and Assurance</b> fulfils the statutory role of <b>Monitoring Officer</b> .

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## 36. 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
<b>UK Government</b>	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 61) and 13 (page 63).
<b>Elected members</b>	<p>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.</p> <p>Based on these declarations, the following matters are disclosed for transparency purposes:</p> <p><b>Abberton Rural Training (ART)</b></p> <p>ART supports people living in rural locations to access jobs, further education and training. The Council paid <b>£106,000</b> to ART during 2023/24 to deliver training (2022/23: £656,000).</p> <p><b>Cllr Lewis Barber</b> was appointed as a trustee in October 2022.</p> <p><b>Active Essex Foundation</b></p> <p>The Active Essex Foundation supports the most deprived communities across Essex through the promotion of physical activity and sport. The Council paid grants of <b>£254,000</b> to the Foundation during 2023/24 (2022/23: £70,000).</p> <p><b>Cllr Ray Gooding</b> is a trustee of the Active Essex Foundation.</p>

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Related party	Declaration
<p><b>Elected Members</b></p>	<p><b>Essex Cares Ltd</b> Essex Cares Ltd is a wholly owned subsidiary of the Council (see page 110 for further details).</p> <p><b>Cllr Ian Grundy</b> was a non-executive director of Essex Cares throughout 2023/24. He received an allowance of <b>£12,000</b> from Essex Cares in respect of this role in 2023/24 (2022/23: £12,000).</p>
	<p><b>Essex Recovery Foundation</b> This charity is focussed on revolutionising recovery from drug addiction. The Council paid <b>£795,000</b> to this charity in 2023/24 (2022/23: £260,000).</p> <p><b>Cllr Andrew Sheldon</b> is a trustee of this charity.</p>
	<p><b>Kids Inspire</b> This charity helps children and young people through the provision of therapy, mentoring, home visits and parental support for identified issues such as bereavement and domestic abuse.</p> <p>The Council paid <b>£580,000</b> to this charity in 2023/24 (2022/23: £417,000).</p> <p><b>Cllr John Spence's</b> spouse is a trustee of this charity.</p>
	<p><b>Provide Wellbeing Ltd</b> Provide Wellbeing Ltd is an organisation that exists to bridge the gap between private healthcare and the NHS; it is a wholly owned subsidiary of the Provide Community Interest Company.</p> <p>The Provide Community Interest Company provides funding to Provide Wellbeing Ltd and has given it a 100% guarantee in respect of its liabilities.</p> <p>The Council made payments totalling <b>£29.479m</b> to the Provide Community Interest Company in 2023/24 (including <b>£9.120m</b> via the Better Care Fund) (2022/23: £35.5m, including £16.564m via the Better Care Fund).</p> <p><b>Cllr Derrick Louis</b> is a Director of Provide Wellbeing Ltd.</p>

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Related party	Declaration
<b>Elected Members</b>	<p><b>Rayleigh, Rochford and District Association Voluntary Services (RRAVS)</b></p> <p>The RRAVS is an umbrella organisation representing the interests of all voluntary and charitable groups in the area. The Council provided <b>£45,000</b> to this organisation during 2023/24 (2022/23: £50,000).</p> <p><b>Cllr June Lumley</b> is a trustee of this charity.</p>
	<p><b>Rural Community Council of Essex (RCCE)</b></p> <p>The RCCE is a registered charity that works with local community groups in villages and market towns across the County. The Council provided <b>£150,000</b> to the charity during 2023/24 (2022/23: £386,000).</p> <p><b>Cllr Graham Butland</b> is a trustee of the charity.</p>
	<p><b>Tendring Eldercare</b></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 <b>£65,000</b> to this charity in 2023/24 (2022/23: £53,000).</p> <p><b>Cllr Mark Platt</b> is a trustee of this charity.</p>
	<p><b>Wyvern Community Transport</b></p> <p>This charity provides transport to people who find mainstream public transport difficult to access. The Council provided <b>£129,000</b> to this charity in 2023/24 (2022/23: £126,000).</p> <p><b>Cllr June Lumley</b> and <b>Cllr Peter May</b> are trustees of this charity.</p>
	<p>The total of members' allowances paid is shown in note 32 (page 100).</p>
<b>Officers</b>	<p>Members of the Council's Corporate Leadership Team, and other officers with independent statutory powers, can significantly influence 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>
<b>Essex Pension Fund</b>	<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 <b>£4.416m</b> for administering the Fund during 2023/24, of which <b>£370,000</b> was outstanding at 31 March 2024 (2022/23: £3.930m, of which £321,000 was outstanding at 31 March 2023).</p>

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Related party	Declaration
<p><b>Essex Cares Ltd</b></p>	<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 113 to 127.</p> <p>The Council commissioned services from Essex Cares Ltd to the value of <b>£40.038m</b> in 2023/24 (2022/23: £49.415m).</p> <p>The Council provided financial, internal audit and other support services to Essex Cares Ltd during 2023/24; the value of these services in 2023/24 was <b>£85,400</b> (2022/23: £131,200).</p> <p>The Council also provided cash management support to Essex Cares Ltd. The Council paid interest of <b>£636,100</b> on the amounts it borrowed from Essex Cares Ltd during 2023/24 (2022/23: £226,700).</p> <p>As noted on page 108, Cllr Ian Grundy held a position on the Essex Cares' Board of Directors during 2023/24.</p>
<p><b>Essex Housing Development LLP</b></p>	<p>The Council is a member and designated member of the Essex Housing Development LLP.</p> <p>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 113 to 127.</p> <p>The Council provided financial and other support services to the Essex Housing Development LLP during 2023/24. 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 2023/24 was <b>£1.761m</b>, of which <b>£1.365m</b> was outstanding at 31 March 2024 (2022/23: £1.548m, of which £73,000 was outstanding at 31 March 2023).</p> <p>The Council also provided development and working capital loan funding to the LLP in 2023/24 of <b>£13.231m</b> (2022/23: £7.312m). The Council charged interest of <b>£1.209m</b> on the sums loaned, of which <b>£348,000</b> was outstanding as at 31 March 2024 (2022/23: £219,000, all of which was outstanding at 31 March 2023).</p>

# Statement of Accounts

Related party	Declaration
<p><b>Thurrock Council</b></p>	<p>In September 2022, the Government appointed Essex County Council as 'Best Value Commissioner' and 'Best Value Inspector' for Thurrock Council. Essex County Council fulfilled this role until 4 October 2023.</p> <p>As Commissioner, Essex County Council had 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 determined that Essex County Council could 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 <b>£133,000</b> in 2023/24 in relation to its Best Value Commissioner and Best Value Inspector roles, none of which was outstanding at 31 March 2024 (2022/23: £396,000 of which £199,000 was outstanding at 31 March 2023).</p> <p>Individual officers of the Council were appointed as Commissioners at Thurrock Council from 5 October 2023 (see note 35, on page 106, for further details).</p>

## 37. 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.

# Statement of Accounts

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

2022/23						2023/24				
Nursery schools	Primary Schools	Secondary schools	Special schools	Total		Nursery schools	Primary Schools	Secondary schools	Special schools	Total
2	109	-	5	116	Community schools	2	104	-	5	111
-	27	1	1	29	Foundation schools	-	25	1	1	27
-	4	-	-	4	Foundation schools (C of E)	-	4	-	-	4
-	40	-	-	40	Voluntary controlled schools	-	34	-	-	34
-	40	3	-	43	Voluntary aided schools	-	37	3	-	40
<b>2</b>	<b>220</b>	<b>4</b>	<b>6</b>	<b>232</b>	<b>Total</b>	<b>2</b>	<b>204</b>	<b>4</b>	<b>6</b>	<b>216</b>

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 64) shows the total of the Individual Schools budget, which is divided into a budget share for each maintained school.

## 38. Events after the Reporting Date

The Statement of Accounts was certified by the Director, Finance on **25 February 2025**. Events taking place after this date were not reflected in the financial statements or notes. The financial statements have not been adjusted for the following event, which took place after 31 March 2024:

### Defined Benefit Pension Scheme – Virgin Media case

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments for contracted-out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. The judgement was upheld by the Court of Appeal on 25 July 2024. The applicability of this case to public sector pension schemes, including the LGPS, is currently uncertain and it is not possible to quantify the potential impact (if any) on the associated transactions and balances in the Council's accounts. For this reason, no allowance for the potential impact of the Virgin Media case has been recognised in the Statement of Accounts. The Council, assisted by its actuary, will continue to monitor developments in this area.



# Statement of Accounts

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## Group Financial Statements

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 24*), 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 31 March 2024

2022/23						2023/24				
Gross expenditure £000	Income			Net expenditure £000		Gross expenditure £000	Income			Net expenditure £000
	Government grants £000	Other income £000	Total gross income £000				Government grants £000	Other income £000	Total gross income £000	
87,081	(90,137)	2,652	(87,485)	(404)	Children's Services and Early Years	99,130	(99,656)	27	(99,629)	(499)
227,908	(51,931)	(12,634)	(64,565)	163,343	Dedicated Schools Budget	237,649	(82,246)	(12,373)	(94,619)	143,030
92,445	(2,229)	(14,605)	(16,834)	75,611	Non Dedicated Schools Budget	92,487	(2,521)	(3,719)	(6,240)	86,247
529,125	(495,665)	(34,275)	(529,940)	(815)	Climate Czar, Environment, Waste Reduction & Recycling	577,202	(545,867)	(34,519)	(580,386)	(3,184)
128,763	(32,035)	(37,043)	(69,078)	59,685	Education Excellence, Lifelong Learning and Employability	98,982	(21,878)	(32,008)	(53,886)	45,096
793,627	(132,361)	(171,969)	(304,330)	489,297	Dedicated Schools Budget	855,625	(225,434)	(183,941)	(409,375)	446,250
194,789	(11,790)	(27,581)	(39,371)	155,418	Non Dedicated Schools Budget	206,778	(5,842)	(32,664)	(38,506)	168,272
1,711	(1)	109	108	1,819	Health, Adult Social Care and ICS Integration	5,674	(3,103)	35	(3,068)	2,606
9,723	(521)	(2,226)	(2,747)	6,976	Highways, Infrastructure and Sustainable Transport	9,256	(426)	(2,285)	(2,711)	6,545
33,600	(19,493)	(4,922)	(24,415)	9,185	Leader	22,259	(2,514)	(8,284)	(10,798)	11,461
51,790	(2,233)	(13,724)	(15,957)	35,833	Levelling Up and the Economy	48,200	(2,433)	(15,998)	(18,431)	29,769
12,621	(1,186)	(1,069)	(2,255)	10,366	Planning a Growing Economy	10,208	(1,664)	(320)	(1,984)	8,224
7,836	-	-	-	7,836	The Arts, Heritage and Culture	6,210	-	-	-	6,210
1,348	-	-	-	1,348	The Chancellor of Essex	910	-	-	-	910
117,405	-	-	-	117,405	Strategic Support Services	113,831	-	-	-	113,831
2,157	-	-	-	2,157	Levelling Up and the Economy	1,939	-	-	-	1,939
<b>2,291,929</b>	<b>(839,582)</b>	<b>(317,287)</b>	<b>(1,156,869)</b>	<b>1,135,060</b>	Planning a Growing Economy	<b>2,386,340</b>	<b>(993,584)</b>	<b>(326,049)</b>	<b>(1,319,633)</b>	<b>1,066,707</b>
20,473	-	226	226	20,699	Leader	38,160	-	(8,038)	(8,038)	30,122
146,941	-	(96,900)	(96,900)	50,041	Other Operating Expenditure	176,375	-	(188,310)	(188,310)	(11,935)
-	(370,866)	(813,069)	(1,183,935)	(1,183,935)	Financing and Investment Income and Expenditure	-	(420,410)	(848,921)	(1,269,331)	(1,269,331)
<b>2,459,343</b>	<b>(1,210,448)</b>	<b>(1,227,030)</b>	<b>(2,437,478)</b>	<b>21,865</b>	Taxation and non specific grant income	<b>2,600,875</b>	<b>(1,413,994)</b>	<b>(1,371,318)</b>	<b>(2,785,312)</b>	<b>(184,437)</b>
					<b>(Surplus) / deficit on Provision of Services</b>					
					Amounts that will not be reclassified to the (Surplus) / Deficit on Provision of Services					
				(56,524)	(Surplus) / deficit arising on revaluation of non-current assets					11,119
				(722,205)	Re-measurements of the net defined benefits pension liability					30,794
					<b>Amounts that will not be reclassified to the (Surplus) / Deficit on Provision of Services</b>					
				(778,729)	Provision of Services					41,913
				(756,864)	<b>Total Comprehensive Income and Expenditure</b>					<b>(142,524)</b>

Statement of Accounts

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 2023/24; comparative figures for 2022/23 have been presented on a consistent basis.

## Group Movement in Reserves Statement

For the years ended 31 March 2023 and 31 March 2024

	General Fund Balance		Usable Reserves					Total Unusable Reserves	Total Reserves	Analysis of Reserves	
	Earmarked Reserves	General Reserves	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	
<b>Balance at 31 March 2022</b>	(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)
<b>Movement in Reserves during 2022/23</b>											
Total Comprehensive Expenditure and Income	-	22,244	(379)	13,704	-	-	35,569	(792,433)	(756,864)	(770,189)	13,325
Adjustments between accounting basis and funding under regulations	-	(53,956)	-	-	(318)	(5)	(54,279)	54,279	-	-	-
<b>Net (increase)/decrease before transfers to earmarked reserves</b>	-	(31,712)	(379)	13,704	(318)	(5)	(18,710)	(738,154)	(756,864)	(770,189)	13,325
Transfers to Earmarked Reserves	(31,712)	31,712	-	-	-	-	-	-	-	-	-
<b>(Increase) / decrease in 2022/23</b>	(31,712)	-	(379)	13,704	(318)	(5)	(18,710)	(738,154)	(756,864)	(770,189)	13,325
<b>Balance at 31 March 2023</b>	(583,087)	(68,096)	(7,832)	(10,841)	(11,831)	(3,099)	(684,786)	(1,929,571)	(2,614,357)	(2,595,684)	(18,673)
<b>Movement in Reserves during 2023/24</b>											
Total Comprehensive Expenditure and Income	-	(181,525)	(2,912)	3,155	-	-	(181,282)	38,758	(142,524)	(142,767)	243
Adjustments between accounting basis and funding under regulations	-	142,708	-	-	4,153	740	147,601	(147,601)	-	-	-
<b>Net (increase)/decrease before transfers to earmarked reserves</b>	-	(38,817)	(2,912)	3,155	4,153	740	(33,681)	(108,843)	(142,524)	(142,767)	243
Transfers to Earmarked Reserves	(38,821)	38,821	-	-	-	-	-	-	-	-	-
<b>(Increase) / decrease in 2023/24</b>	(38,821)	4	(2,912)	3,155	4,153	740	(33,681)	(108,843)	(142,524)	(142,767)	243
<b>Balance at 31 March 2024</b>	(621,908)	(68,092)	(10,744)	(7,686)	(7,678)	(2,359)	(718,467)	(2,038,414)	(2,756,881)	(2,738,451)	(18,430)

# Statement of Accounts

## Group Balance Sheet as at 31 March 2024

31 March 2023	Note		31 March 2024
£000			£000
		<b>Property, Plant and Equipment</b>	
		<b>Operational assets</b>	
1,441,396		Land and buildings	1,399,010
8,017		Vehicles, plant and equipment	9,772
1,371,632		Infrastructure	1,395,667
4,192		Community assets	4,619
		<b>Non operational assets</b>	
180,896		Assets under construction	309,551
55,023		Surplus assets held pending disposal	55,659
<b>3,061,156</b>		<b>Total Property, Plant and Equipment</b>	<b>3,174,278</b>
14,736		Heritage assets	14,766
38,963		Investment property	37,452
1,364		Intangible assets	361
500		Long term investments	82
13,989		Long term debtors	11,752
<b>3,130,708</b>		<b>Long term assets</b>	<b>3,238,691</b>
10,478		Short term investments	-
5,430	5	Inventories	7,965
195,791	6	Short term debtors	241,450
657,161		Cash and cash equivalents	685,984
12,865		Assets held for sale	11,676
-		Investment Properties held for sale	1,980
<b>881,725</b>		<b>Current assets</b>	<b>949,055</b>
(33,660)		Bank overdraft	(15,765)
(19,272)		Short-term borrowing	(18,155)
(318,409)	6	Creditors (current)	(347,125)
(81,309)		Revenue grant receipts in advance	(92,325)
(98,648)		Capital grant receipts in advance	(112,120)
(10,389)		Provisions (current)	(9,565)
(14,486)		Finance lease obligations (current)	(11,411)
<b>(576,173)</b>		<b>Current liabilities</b>	<b>(606,466)</b>
(427)		Creditors (non-current)	(220)
(96,580)		Capital grant receipts in advance (non-current)	(122,012)
(26,272)		Provisions (non-current)	(27,592)
(574,516)		Long term borrowing	(562,826)
(75,967)		Finance lease obligations (non-current)	(66,353)
(9,334)		Deferred credits	(8,872)
(38,807)	7	Net Pensions liability	(36,524)
<b>(821,903)</b>		<b>Long term liabilities</b>	<b>(824,399)</b>
<b>2,614,357</b>		<b>Net Assets</b>	<b>2,756,881</b>

# Statement of Accounts

## Group Balance Sheet as at 31 March 2024

31 March 2023	Note		31 March 2024
£000			£000
		<b>Usable reserves</b>	
		General Fund Balance	
(583,087)		Earmarked reserves	(621,908)
(68,096)		General reserves	(68,092)
(7,832)		Profit and Loss reserve	(10,744)
(10,841)	7	Pension reserve	(7,686)
(11,831)		Usable capital receipts reserve	(7,678)
(3,099)		Capital grants unapplied account	(2,359)
<b>(684,786)</b>			<b>(718,467)</b>
		<b>Unusable reserves</b>	
(700,032)		Revaluation reserve	(660,041)
(1,285,488)		Capital Adjustments Account	(1,434,062)
9,926		Financial Instruments Adjustment Account	9,083
(367)		Pooled Investment Funds Adjustment Account	-
43,897	7	Pension reserve	40,215
(65)		Deferred capital receipts	(65)
(15,186)		Collection Fund Adjustment Account	(12,558)
17,744		Accumulating Compensated Absences Adjustment Account	19,014
<b>(1,929,571)</b>			<b>(2,038,414)</b>
<b>(2,614,357)</b>		<b>Total Reserves</b>	<b>(2,756,881)</b>

# Statement of Accounts

## Group Cash Flow Statement

For the year ended 31 March 2024

2022/23 £000	Notes		2023/24 £000
(129,040)	8	Operating activities	(134,042)
22,396	↓	Investing activities	65,886
44,867		Financing activities	21,438
<b>(61,777)</b>		<b>Net increase in cash and cash equivalents</b>	<b>(46,718)</b>
561,724		Cash and cash equivalents at 1 April	623,501
<b>623,501</b>		<b>Cash and cash equivalents at 31 March</b>	<b>670,219</b>

*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. While 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

2022/23				2023/24		
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
(401)	(3)	(404)	Children's Services and Early Years	(498)	(1)	(499)
150,189	13,154	163,343	Dedicated Schools Budget	143,933	(903)	143,030
84,031	(8,420)	75,611	Non Dedicated Schools Budget	85,818	429	86,247
3,582	(4,397)	(815)	Climate Czar, Environment, Waste Reduction & Recycling	(2,382)	(802)	(3,184)
22,791	36,894	59,685	Education Excellence, Lifelong Learning and Employability	29,442	15,654	45,096
478,486	10,811	489,297	Dedicated Schools Budget	446,790	(540)	446,250
117,027	38,391	155,418	Non Dedicated Schools Budget	124,332	43,940	168,272
2,070	(251)	1,819	Health, Adult Social Care and ICS Integration	2,287	319	2,606
6,355	621	6,976	Highways, Infrastructure and Sustainable Transport	6,619	(74)	6,545
10,931	(1,746)	9,185	Leader	12,743	(1,282)	11,461
26,450	9,383	35,833	Levelling Up and the Economy	25,897	3,872	29,769
11,536	(1,170)	10,366	Planning a Growing Economy	10,870	(2,646)	8,224
6,715	1,121	7,836	The Arts, Heritage and Culture	6,371	(161)	6,210
998	350	1,348	The Chancellor of Essex	1,011	(101)	910
96,899	20,506	117,405	Strategic Support Services	110,119	3,712	113,831
1,948	209	2,157	Levelling Up and the Economy	1,976	(37)	1,939
1,019,607	115,453	1,135,060	Planning a Growing Economy	1,005,328	61,379	1,066,707
(1,051,698)	(61,497)	(1,113,195)	The Chancellor of Essex	(1,047,057)	(204,087)	(1,251,144)
(32,091)	53,956	21,865	Leader	(41,729)	(142,708)	(184,437)
(626,924)			<b>Cost of services - continuing operations</b>			
(32,091)			Other income and expenditure not charged to services			
(659,015)			<b>Surplus on Provision of Services</b>			
			<b>General Fund Balance and Profit and Loss Reserve</b>			
			Balance as at 1 April	(659,015)		
			Surplus on Provision of Services	(41,729)		
			<b>Balance as at 31 March</b>	<b>(700,744)</b>		

#### Notes:

- 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 2023/24; comparative figures for 2022/23 have been presented on a consistent basis.
- The General Fund Balance comprises earmarked and general revenue reserves.



#### 4. Note to the Group Expenditure and Funding Analysis

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
Children's Services and Early Years					
Dedicated Schools Budget	-	-	(3)	-	(3)
Non Dedicated Schools Budget	1,505	12,147	(498)	-	13,154
Climate Czar, Environment, Waste Reduction & Recycling	(9,843)	1,513	(64)	(26)	(8,420)
Education Excellence, Lifelong Learning and Employability					
Dedicated Schools Budget	-	-	(593)	(3,804)	(4,397)
Non Dedicated Schools Budget	20,954	23,828	(72)	(7,816)	36,894
Health, Adult Social Care and ICS Integration	1,137	10,654	(980)	-	10,811
Highways, Infrastructure and Sustainable Transport	48,840	2,075	(55)	(12,469)	38,391
Leader	(816)	(484)	(11)	1,060	(251)
Levelling Up and the Economy	1	647	(27)	-	621
Planning a Growing Economy	(3,286)	1,569	(29)	-	(1,746)
The Arts, Heritage and Culture	5,662	3,905	(184)	-	9,383
The Chancellor of Essex	2,027	1,339	(9)	(4,527)	(1,170)
Strategic Support Services					
Levelling Up and the Economy	-	1,131	(10)	-	1,121
Planning a Growing Economy	-	484	(63)	(71)	350
The Chancellor of Essex	9,465	11,578	(537)	-	20,506
Leader	-	215	(6)	-	209
<b>Cost of services - continuing operations</b>	<b>75,646</b>	<b>70,601</b>	<b>(3,141)</b>	<b>(27,653)</b>	<b>115,453</b>
Other income and expenditure not charged to services	(99,764)	19,917	(9,303)	27,653	(61,497)
<b>Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>(24,118)</b>	<b>90,518</b>	<b>(12,444)</b>	<b>-</b>	<b>53,956</b>

Notes:

- 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 2023/24; comparative figures for 2022/23 have been presented on a consistent basis.

2023/24	Adjustments for capital purposes	Net change for Pension Adjustments	Other adjustments between funding and accounting	Other differences	Adjustments between the Funding and Accounting basis
	£000	£000	£000	£000	£000
Children's Services and Early Years					
Dedicated Schools Budget	-	-	(1)	-	(1)
Non Dedicated Schools Budget	714	(1,174)	(443)	-	(903)
Climate Czar, Environment, Waste Reduction & Recycling	646	(150)	(36)	(31)	429
Education Excellence, Lifelong Learning and Employability					
Dedicated Schools Budget	-	-	3,002	(3,804)	(802)
Non Dedicated Schools Budget	28,960	(5,237)	(183)	(7,886)	15,654
Health, Adult Social Care and ICS Integration	937	(1,280)	(197)	-	(540)
Highways, Infrastructure and Sustainable Transport	56,346	(199)	(76)	(12,131)	43,940
Leader	(1,686)	(71)	(60)	2,136	319
Levelling Up and the Economy	-	(69)	(5)	-	(74)
Planning a Growing Economy	(957)	(193)	(132)	-	(1,282)
The Arts, Heritage and Culture	4,370	(468)	(30)	-	3,872
The Chancellor of Essex	917	(82)	(1)	(3,480)	(2,646)
Strategic Support Services					
Levelling Up and the Economy	-	(120)	(41)	-	(161)
Planning a Growing Economy	-	(45)	(21)	(35)	(101)
The Chancellor of Essex	5,900	(1,680)	(508)	-	3,712
Leader	-	(40)	3	-	(37)
<b>Cost of services - continuing operations</b>	<b>96,147</b>	<b>(10,808)</b>	<b>1,271</b>	<b>(25,231)</b>	<b>61,379</b>
Other income and expenditure not charged to services	(210,956)	(20,513)	2,151	25,231	(204,087)
<b>Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>(114,809)</b>	<b>(31,321)</b>	<b>3,422</b>	<b>-</b>	<b>(142,708)</b>

# Statement of Accounts

## 5. Inventories

	Council £000	Subsidiaries £000	Total £000
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)
<b>Balance as at 1 April 2023</b>	<b>746</b>	<b>4,684</b>	<b>5,430</b>
Purchases	8	7,469	7,477
Donations	-	-	-
Recognised as an expense in the year	(6)	(4,195)	(4,201)
Written off balances	(741)	-	(741)
<b>Balance as at 31 March 2024</b>	<b>7</b>	<b>7,958</b>	<b>7,965</b>

## 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 30 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 30 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.

# Statement of Accounts

The following transactions have been made in the Group Comprehensive Income and Expenditure Statement during 2023/24 in relation to participation in the **Local Government Pension Scheme**.

2022/23				2023/24		
Council £000	Essex Cares £000	Group £000		Council £000	Essex Cares £000	Group £000
<b>Comprehensive Income and Expenditure Statement</b>						
<b>Cost of Services</b>						
137,144	1,502	<b>138,646</b>	Current service cost	59,390	637	<b>60,027</b>
737	-	<b>737</b>	Past service cost	361	-	<b>361</b>
(1,558)	(47)	<b>(1,605)</b>	Gain / loss on settlement	(343)	(311)	<b>(654)</b>
<b>136,323</b>	<b>1,455</b>	<b>137,778</b>		<b>59,408</b>	<b>326</b>	<b>59,734</b>
<b>Financing and Investment Income and Expenditure</b>						
16,501	(509)	<b>15,992</b>	Net interest expense	(23,344)	(2,028)	<b>(25,372)</b>
1,774	59	<b>1,833</b>	Administrative costs	2,134	63	<b>2,197</b>
<b>18,275</b>	<b>(450)</b>	<b>17,825</b>		<b>(21,210)</b>	<b>(1,965)</b>	<b>(23,175)</b>
<b>154,598</b>	<b>1,005</b>	<b>155,603</b>	<b>Total charge to the Surplus / Deficit on Provision of Services</b>	<b>38,198</b>	<b>(1,639)</b>	<b>36,559</b>
<b>Re-measurement of the net pensions liability</b>						
69,080	2,225	<b>71,305</b>	Return on scheme assets	(229,659)	(7,116)	<b>(236,775)</b>
Actuarial (gains) / losses arising from changes in:						
(1,597,373)	(33,037)	<b>(1,630,410)</b>	Financial assumptions	(23,200)	(496)	<b>(23,696)</b>
-	-	<b>-</b>	Demographic assumptions	(36,612)	(686)	<b>(37,298)</b>
316,908	6,712	<b>323,620</b>	Experience (gain) / loss on defined benefit obligation	8,388	171	<b>8,559</b>
-	1	<b>1</b>	Other	-	-	<b>-</b>
478,775	37,803	<b>516,578</b>	Change in effect of the asset ceiling	308,674	11,282	<b>319,956</b>
<b>(732,610)</b>	<b>13,704</b>	<b>(718,906)</b>	<b>Total charged to Other Comprehensive Income and Expenditure</b>	<b>27,591</b>	<b>3,155</b>	<b>30,746</b>
<b>(578,012)</b>	<b>14,709</b>	<b>(563,303)</b>	<b>Total charged to the Comprehensive Income and Expenditure Statement</b>	<b>65,789</b>	<b>1,516</b>	<b>67,305</b>
<b>Movement on the Authority's General Fund Balance</b>						
(154,598)	-	<b>(154,598)</b>	Reversal of net charges made for retirement benefits in accordance with IAS 19	(38,198)	-	<b>(38,198)</b>
62,205	263	<b>62,468</b>	Actual amount charged against the General Fund Balance for pensions in the year	67,698	117	<b>67,815</b>
<b>(92,393)</b>	<b>263</b>	<b>(92,130)</b>		<b>29,500</b>	<b>117</b>	<b>29,617</b>

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

2022/23				2023/24		
Council £000	Essex Cares £000	Total £000		Council £000	Essex Cares £000	Total £000
2,621,898	55,864	<b>2,677,762</b>	Present value of the defined benefit obligation	2,660,237	53,463	<b>2,713,700</b>
(3,074,819)	(98,757)	<b>(3,173,576)</b>	Fair value of plan assets	(3,423,741)	(106,239)	<b>(3,529,980)</b>
<b>(452,921)</b>	<b>(42,893)</b>	<b>(495,814)</b>	<b>Sub total</b>	<b>(763,504)</b>	<b>(52,776)</b>	<b>(816,280)</b>
478,775	37,803	<b>516,578</b>	Change in the effect of the asset ceiling	787,449	49,085	<b>836,534</b>
<b>25,854</b>	<b>(5,090)</b>	<b>20,764</b>	<b>Net (asset) / liability arising from defined benefit obligations</b>	<b>23,945</b>	<b>(3,691)</b>	<b>20,254</b>

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

2022/23				2023/24		
Council £000	Essex Cares £000	Group £000		Council £000	Essex Cares £000	Group £000
3,747,314	80,169	<b>3,827,483</b>	Balance as at 1 April	2,621,898	55,864	<b>2,677,762</b>
137,144	1,502	<b>138,646</b>	Current service cost	59,390	637	<b>60,027</b>
96,400	2,067	<b>98,467</b>	Interest Cost	123,632	2,485	<b>126,117</b>
20,202	244	<b>20,446</b>	Contributions by scheme participants	21,634	172	<b>21,806</b>
-	-	-	Actuarial (gains) / losses arising from			
-	-	-	Changes in demographic assumptions	(36,612)	(686)	<b>(37,298)</b>
(1,597,373)	(33,037)	<b>(1,630,410)</b>	Changes in financial assumptions	(23,200)	(496)	<b>(23,696)</b>
-	6,712	<b>6,712</b>	Experience loss ( gain) on defined benefit obligation	-	171	<b>171</b>
316,908	-	<b>316,908</b>	Other	8,388	-	<b>8,388</b>
737	-	<b>737</b>	Past service costs	361	-	<b>361</b>
(95,874)	(1,708)	<b>(97,582)</b>	Benefits paid	(109,793)	(1,876)	<b>(111,669)</b>
(3,560)	(85)	<b>(3,645)</b>	Liabilities extinguished on settlements	(5,461)	(2,808)	<b>(8,269)</b>
<b>2,621,898</b>	<b>55,864</b>	<b>2,677,762</b>	<b>Balance as at 31 March</b>	<b>2,660,237</b>	<b>53,463</b>	<b>2,713,700</b>

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

2022/23				2023/24		
Council £000	Essex Cares £000	Group £000		Council £000	Essex Cares £000	Group £000
3,081,243	99,705	<b>3,180,948</b>	Balance as at 1 April	3,074,819	98,757	<b>3,173,576</b>
79,899	2,576	<b>82,475</b>	Interest income	146,976	4,513	<b>151,489</b>
(1,774)	(59)	<b>(1,833)</b>	Administrative costs	(2,134)	(63)	<b>(2,197)</b>
-	-	-	Remeasurement gain / (loss)			
(69,080)	(2,225)	<b>(71,305)</b>	Return on plan assets (excl. amount incl in net interest expense)	229,659	7,116	<b>236,775</b>
-	(1)	<b>(1)</b>	Other	-	-	<b>-</b>
62,205	263	<b>62,468</b>	Contributions by Employer	67,698	117	<b>67,815</b>
20,202	244	<b>20,446</b>	Contributions by scheme participants	21,634	172	<b>21,806</b>
(95,874)	(1,708)	<b>(97,582)</b>	Benefits paid	(109,793)	(1,876)	<b>(111,669)</b>
(2,002)	(38)	<b>(2,040)</b>	Settlements	(5,118)	(2,497)	<b>(7,615)</b>
<b>3,074,819</b>	<b>98,757</b>	<b>3,173,576</b>	<b>Balance as at 31 March</b>	<b>3,423,741</b>	<b>106,239</b>	<b>3,529,980</b>

The Local Government Pension Scheme assets comprised:

31 March 2023			31 March 2024	
£000	%		£000	%
1,828,037	57.6%	Equities	<b>1,955,266</b>	<b>55.3%</b>
46,414	1.5%	Gilts	<b>63,069</b>	<b>1.8%</b>
259,918	8.2%	Property	<b>243,652</b>	<b>6.9%</b>
102,326	3.2%	Cash and cash equivalents	<b>87,081</b>	<b>2.5%</b>
502,278	15.8%	Alternative Assets	<b>536,682</b>	<b>15.2%</b>
434,603	13.7%	Other managed funds	<b>644,230</b>	<b>18.3%</b>
<b>3,173,576</b>	<b>100.0%</b>	<b>Total assets</b>	<b>3,529,980</b>	<b>100.0%</b>

Note 30.4 of the Council's 'single entity' accounts, which commences on page 98, 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

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for the rate of increase in salaries where the rate for Essex Cares Ltd is estimated at **3.70%** (2022/23: 3.65%).

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
<b>Adjustment to discount rate</b>	<b>+ 0.1%</b>	<b>0.0%</b>	<b>- 0.1%</b>
Present value of total obligation	2,676,224	2,713,700	2,761,508
Projected Service Cost	58,720	60,903	63,168
<b>Adjustment to long term salary increase</b>	<b>+ 0.1%</b>	<b>0.0%</b>	<b>- 0.1%</b>
Present value of total obligation	2,720,863	2,713,700	2,715,795
Projected Service Cost	60,943	60,903	60,863
<b>Adjustment to pension increases and deferred revaluation</b>	<b>+ 0.1%</b>	<b>0.0%</b>	<b>- 0.1%</b>
Present value of total obligation	2,759,750	2,713,700	2,677,918
Projected Service Cost	63,192	60,903	58,690
<b>Adjustment to life expectancy assumption</b>	<b>+ 1 year</b>	<b>None</b>	<b>- 1 year</b>
Present value of total obligation	2,832,434	2,713,700	2,609,390
Projected Service Cost	63,261	60,903	58,611

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## 8. Cash Flow

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

2022/23 £000		2023/24 £000
	<b>Cash flows from operating activities</b>	
	Cash inflows	
(802,583)	Taxation	(851,549)
(1,171,150)	Grants	(1,239,857)
(371,701)	Sales of goods and rendering of services	(372,383)
(13,753)	Interest received	(36,413)
(1,083)	Dividends received	(1,189)
<b>(2,360,270)</b>		<b>(2,501,391)</b>
	Cash outflows	
547,789	Cash paid to and on behalf of employees	576,922
40,494	Interest paid	41,464
1,455,346	Cash paid to suppliers of goods and services	1,576,562
	Other payments for operating activities	
130,702	Employer's national insurance and pension contributions	139,102
50,684	Revenue expenditure funded from capital under statute	22,641
6,215	Other payments for operating activities	10,658
<b>2,231,230</b>		<b>2,367,349</b>
<b>(129,040)</b>	<b>Net inflow of cash from operating activities</b>	<b>(134,042)</b>
	<b>Cash flows from investing activities</b>	
	Cash inflows	
(6,941)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(394)
(15,000)	Proceeds from short and long term investments	(10,000)
	Other receipts from investing activities	
(124,805)	Capital grants received	(198,795)
(3,456)	Other capital cash received	(9,690)
<b>(150,202)</b>		<b>(218,879)</b>
	Cash outflows	
166,319	Purchase of property, plant and equipment, investment property and intangible assets	261,800
-	Purchase of short and long term investments	-
6,279	Other payments for investing activities	22,965
<b>172,598</b>		<b>284,765</b>
<b>22,396</b>	<b>Net outflow of cash from investing activities</b>	<b>65,886</b>
	<b>Cash flows generated from financing activities</b>	
	Cash inflows	
(1,990)	Cash receipts of short and long term borrowing	(2,900)
-	Other receipts from financing activities	(2,903)
<b>(1,990)</b>		<b>(5,803)</b>
	Cash outflows	
13,495	Cash payments for the reduction of liabilities related to Finance Leases (incl. PFI contracts)	15,197
11,246	Repayment of short and long term borrowing	12,044
22,116	Other payments for financing activities	-
<b>46,857</b>		<b>27,241</b>
<b>44,867</b>	<b>Net outflow of cash from financing activities</b>	<b>21,438</b>
<b>(61,777)</b>	<b>Net increase in cash and cash equivalents</b>	<b>(46,718)</b>

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## 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 31 March 2024

2022/23 £000	Note		2023/24 £000
		<b>Dealing with members and others directly involved in the Fund</b>	
		<b>Income</b>	
(73,663)	9	Contributions receivable	(79,265)
(240,659)	9	Member contributions	(269,048)
(17,821)		Employers' contributions	(26,920)
(3,052)		Transfers in from other Pension Funds	(3,223)
		Other income	(3,223)
<b>(335,195)</b>		<b>Total income</b>	<b>(378,456)</b>
		<b>Expenditure</b>	
237,646	9	Benefits payable	266,113
35,146	9	Pensions	48,530
6,379	9	Commutation of pensions & lump sum retirement benefits	9,071
20,546	9	Lump sum death benefits	29,269
		Payments to and on account of Leavers	29,269
<b>299,717</b>		<b>Total expenditure</b>	<b>352,983</b>
<b>(35,478)</b>		<b>Net (additions) / withdrawals from dealings with members</b>	<b>(25,473)</b>
84,332	10	Management expenses	70,405
<b>48,854</b>		<b>Net (additions) / withdrawals including Fund Management expenses</b>	<b>44,932</b>
		<b>Returns on investments</b>	
(162,153)	11	Investment income	(183,190)
82,873	12	Profit and losses on disposal of investments and changes in the value of investments	(1,103,709)
7,500		Taxes on income	1,436
<b>(71,780)</b>		<b>Net returns on investments</b>	<b>(1,285,463)</b>
<b>(22,926)</b>		<b>Net (increase) / decrease in the assets available for benefits during the year</b>	<b>(1,240,531)</b>
(9,645,581)		Opening net assets as at 1 April	(9,668,507)
<b>(9,668,507)</b>		<b>Closing net assets as at 31 March</b>	<b>(10,909,038)</b>

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## Pension Fund Accounts

Net Assets Statement as at 31 March 2024

31 March 2023 £000	Note		31 March 2024 £000
	<b>12</b>	<b>Investments at market value</b>	
		Investment assets	
		Pooled Investments	
		Fixed interest securities	-
1,324,048		Fixed income - ACCESS pooled fixed income funds	1,986,594
2,562,441		Equities - ACCESS unit life assurance policies	2,973,501
2,175,693		Equities - ACCESS pooled global equity funds	2,223,271
-		Equities - ACCESS Emerging Markets equity funds	364,786
346,963		Equities - Emerging Markets ETF	-
141,401		Index linked securities - ACCESS fund	194,485
185,726		Property unit trusts	167,600
-		Other managed funds	-
21		Equities - market quoted	21
606,134		Property	583,739
487,572		Private equity	475,935
996,279		Infrastructure	1,064,220
341,308		Timber	365,386
192,639		Private debt	225,342
263,338		Cash/deposits	234,468
6,099		Other investment balances	7,677
<b>9,629,662</b>			<b>10,867,025</b>
		Investment liabilities	
(173)		Other investment balances	(2,222)
<b>(173)</b>			<b>(2,222)</b>
<b>9,629,489</b>		<b>Total net investments</b>	<b>10,864,803</b>
		<b>Long term debtors</b>	
776	<b>14</b>	Contributions due from employers	539
		<b>Current assets and liabilities</b>	
		<b>Current Assets</b>	
20,401		Cash	24,525
26,045		Contributions due from employers and other current assets	29,815
<b>9,676,711</b>			<b>10,919,682</b>
		<b>Current liabilities</b>	
(8,204)		Unpaid benefits and other current liabilities	(10,644)
<b>9,668,507</b>		<b>Net assets of the scheme available to fund benefits at the end of the reporting period</b>	<b>10,909,038</b>

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 was delegated to the Executive Director, Corporate Services during 2023/24, along with the Director for Essex Pension Fund.

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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](http://www.essexpensionfund.co.uk)).

## 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 Waystone (formerly Link Solutions Limited (Link)) was appointed to act as operator of the ACCESS's Authorised Contractual Scheme (ACS). As at 31 March 2024 Waystone had launched **31** sub funds.

The Fund had transitioned **£9.083bn** into the Access Pool as at 31 March 2024. **£4.575bn** was managed by Waystone, the Pool Operator, including a **£874m** new investment in the 2023/24 financial year (one new asset was transitioned in 2022/23 totalling £425m). The remaining **£4.508bn** was under ACCESS Pool governance and managed by ACCESS's passive provider, property and infrastructure managers.

It is anticipated that during 2024/25 further investment will be made into illiquid solutions when available. For more details, please refer to the Essex Pension Fund website [www.essexpensionfund.co.uk](http://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.

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There are **796** active employer organisations within Essex Pension Fund including the County Council itself. Membership details are set out below:

31 March 2023		31 March 2024
59,160	Contributors	<b>58,853</b>
72,337	Deferred pensioners	<b>73,395</b>
48,780	Pensioners	<b>52,142</b>
<b>180,277</b>	<b>Total</b>	<b>184,390</b>

## 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 2024. 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](http://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](http://www.essexpensionfund.co.uk).

## 2. Basis of preparation

The financial statements have been prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 issued by CIPFA, which is based upon International Financial Reporting Standards (IFRS) as amended for UK public sector. The accounts have been prepared on a going concern basis.

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In carrying out its assessment that this basis is appropriate, made to 31 May 2024, management of the Pension Fund have considered the additional qualitative and quantitative key requirements:

The basis for preparation is supported by legislation for local authorities, and the Code requirements on the basis of the continuation of services.

The Fund is cashflow positive meaning that the contributions received from the employers and members of the scheme exceed the benefits amount paid out. All employers within the Fund are paying contributions as per the rates and adjustment certificate.

The improved funding position at the March 2022 Valuation has resulted in stable contributions being set. Some Employers will be paying only primary contribution rates from 1 April 2023 which could impact the income from contributions over the next 3 years. The Fund has forecast a positive cashflow of **£24.9m** for 2024/25.

As at 31 March 2024, the Fund had a positive funding level, as per Note 3.3.

The Pension Fund has not utilised any borrowing during the 2023/24 financial year or within the 2024/25 year to date.

The Pension Fund has a strategic allocation of 45% to equities and **18%** to bonds, which are assets that could be liquidated to pay benefits should the need arise. **£5.891bn** of assets would be able to be realised in 7 days.

On this basis, the Pension Fund has a reasonable expectation that it will have adequate resources to continue in operational existence to 31 March 2026 following the date of the auditor's report, and it will be able to meet its liabilities as they fall due for payment. For this reason, alongside the statutory guidance, the Fund continues to adopt the going concern basis in preparing these financial statements.

The financial statements summarise the Fund's transactions for the financial year ended 31 March 2024 and its position as at 31 March 2024. 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 (IAS26) as at 31 March 2024 using IAS19 methodology is included in the notes to the accounts and can be found in Note 3. The actuarial position of the scheme as at 31 March 2022 is dealt with in Section 7 of the Pension Fund Annual Report and Accounts.

### 3. Actuarial valuation

The contributions payable for 2022/23 were determined by the 2019 Actuarial Valuation. The contributions payable for 2023/24 were determined by the 2022 Valuations.

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## 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](http://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.

## 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.



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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 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

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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 2024 is **17 years** which in turn means a discount rate of **4.90%** per annum (4.80% as at 31 March 2023). 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 2023 £000		31 March 2024 £000
(7,987,386)	Present value of the defined benefit obligation	(8,126,042)
9,668,537	Fair value of the Fund assets (bid value) *	10,885,289
<b>1,681,151</b>	<b>Net (liability) / asset</b>	<b>2,759,247</b>

\* 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 2023 %		31 March 2024 %
2.85	Pension increases	2.90
3.85	Salary increases	3.90
4.80	Discount rate	4.90

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

31 March 2023 Years	Life expectancy from age 65	31 March 2024 Years
	Retiring today	
21.1	Males	20.8
23.5	Females	23.3
	Retiring in 20 years	
22.3	Males	22.0
25.0	Females	24.7

## **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 148).

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.

### · **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.

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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 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 on an accruals' basis.

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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 2023/24, **£1.376m** of fees is based on such estimates (2022/23: £1.253m). 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 Managers have been assessed and a single level has been applied, based on their overall characteristics.

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## 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 2023/24, the majority of these investments have been valued as at 31 December 2023 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 2023 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 2024, 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 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

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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 2024 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 **£8,000** as at 31 March 2023 (**0.0001%** of the Fund's value). The value of these investments reflected in the accounts as at 31 March 2024 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 Financial liabilities**

A financial liability is recognised in the net asset statement on the date the fund becomes legally responsible for that liability. The fund recognises financial liabilities relating to investment trading at fair value and any gains or losses arising from changes in the fair value of the liability between contract date, the year-end date and the eventual settlement date are recognised in the fund account as part of the change in value of investments.

Other financial liabilities classed as amortised cost are carried in the net asset statement at the value of the outstanding principal at 31 March each year. Any interest due not yet paid is accounted for on an accruals basis and included in administration costs.

### **4.3.6 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.



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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.

## 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 2024 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	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	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a <b>0.1%</b> decrease in the discount rate assumption would result in an increase in the pension liability of <b>£134m</b> . A <b>0.1%</b> increase in the Pensions and deferred revaluations would result in an increase in the pension liability of <b>£128m</b> . A <b>0.1%</b> increase in the long-term rate of salary increase would increase the value of liabilities by approximately <b>£9m</b> .
<i>Note: Results are taken from the 2024 Actuary IAS 26 Report</i>		

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Item	Uncertainties	Effect if actual results differ from assumptions
	<p>with expert advice about the assumptions to be applied.</p>	<p>Increasing the life expectancy assumptions by <b>1 year</b> would increase the liability by approximately <b>£282m</b>.</p> <p>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 not impact on the amounts recognised in the Net Asset Statement.</p>
Property	<p><b>Direct property</b></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 +/- 10% an increase or decrease of <b>£38.963m</b>, on current value of <b>£389.625m</b> (notes 17.1 and 17.4).</p>

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Item	Uncertainties	Effect if actual results differ from assumptions
Property	<p><b>Pooled property funds and global property</b></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. 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"> <li>• pooled property funds by +/- 10% an increase or decrease of <b>£16.760m</b>, on current value of <b>£167.600m</b> (notes 17.1 and 17.4).</li> <li>• global held property by +/- 15.6% an increase or decrease of <b>£30.282m</b>, on current value of <b>£194.114m</b> (notes 17.1 and 17.4).</li> </ul>
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 rates used can impact valuations.</p>	<p>The total private equity, infrastructure, timber and private debt investments in the financial statements are <b>£2.131bn</b>. There is a risk that this investment may be under or overstated in the accounts, totalling an increase / decrease of <b>£191.755m</b> (notes 17.1 and 17.4).</p>

## 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:

- those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period), and
- 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 2024 and **25 February 2025**.

The Statement of Accounts was certified by the Director, Finance on **25 February 2025**. Events taking place after this date were not reflected in the financial statements or notes.

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## 8. Accounting standards issued but not yet adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 requires the disclosure of information relating to the expected impact of changes that will be required by a new standard that has been introduced but not yet adopted, and applies to the adoption of the following disclosures as amended in the 2024/25 code:

- **IFRS 16 Leases** – issued in January 2016.
- **Classification of Liabilities as Current or Non-current (Amendments to IAS 1)** – issued in January 2020.
- **Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)** – issued in September 2022.
- **Non-current Liabilities with Covenants (Amendments to IAS 1)** – issued in October 2022.
- **International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12)** – issued in May 2023.
- **Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)** – issued in May 2023.

The Code of Practice requires implementation of the above disclosures from 1 April 2024. These charges are not considered to have a material effect on 2023/24 Essex Pension Fund accounts.

## 9. Membership activities

### 9.1 Pension benefits payable

2022/23				2023/24		
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
80,849	8,216	1,499	Administering Authority	89,112	12,004	2,752
132,329	23,017	4,315	Scheduled Bodies	149,413	31,562	6,010
14,104	2,128	120	Community Admission Bodies	15,709	2,567	24
9,431	1,616	424	Transferee Admission Bodies	10,766	1,863	233
933	169	21	Resolution Bodies	1,113	534	52
<b>237,646</b>	<b>35,146</b>	<b>6,379</b>	<b>Total</b>	<b>266,113</b>	<b>48,530</b>	<b>9,071</b>

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## 9.2 Contributions receivable

Contributions receivable from employers are set out below.

### 9.2.1 By category

2022/23 £000			2023/24 £000	
73,663		<b>Employee's normal contributions</b>		<b>79,265</b>
		<b>Employers' contributions</b>		
222,175		Normal contributions		<b>255,630</b>
16,498		Deficit recovery contributions		<b>8,903</b>
1,986		Augmentation contributions		<b>4,515</b>
<b>240,659</b>		<b>Employers' contributions</b>		<b>269,048</b>
<b>314,322</b>		<b>Total</b>		<b>348,313</b>

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.

### 9.2.2 By type

2022/23			2023/24	
Member £000	Employer £000		Member £000	Employer £000
20,372	60,558	Administering Authority	<b>21,750</b>	<b>65,206</b>
50,159	168,697	Scheduled Bodies	<b>54,549</b>	<b>196,271</b>
1,594	6,490	Community Admission Bodies	<b>1,511</b>	<b>2,542</b>
1,130	3,401	Transferee Admission Bodies	<b>994</b>	<b>3,178</b>
408	1,513	Resolution Bodies	<b>461</b>	<b>1,851</b>
<b>73,663</b>	<b>240,659</b>	<b>Total</b>	<b>79,265</b>	<b>269,048</b>

## 9.3 Payments to and on account of leavers

2022/23 £000			2023/24 £000	
1,130		Refunds of contributions		<b>1,566</b>
19,416		Transfers out - individual transfers		<b>27,703</b>
<b>20,546</b>		<b>Total</b>		<b>29,269</b>

In 2023/24 and 2022/23, no bulk transfers were made.

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## 10. Management expenses

### 10.1 By type

2022/23 £000		2023/24 £000
3,765	Administration costs	4,368
75,014	Investment management expenses	63,862
1,810	Oversight and governance	1,977
3,743	Other *	198
<b>84,332</b>	<b>Total</b>	<b>70,405</b>

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

ACCESS ongoing costs were **£146,000** for 2023/24 (2022/23: £107,000). These costs are shown under oversight and governance costs line of the above note.

In 2023/24, amounts payable to the external auditor were **£99,000** of which **£13,000** was rechargeable and relates to additional fees for work undertaken to provide assurance for scheduled bodies on IAS 19 disclosures (2022/23: £52,000 and £8,000 respectively).

### 10.2 Investment management expenses

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 - ACCESS unit life assurance policies	1,172	-	-	1,172
Equities - ACCESS pooled global equity funds	7,903	-	-	7,903
Equities - ACCESS Emerging Markets equity funds	-	-	-	-
Equities - Emerging Markets ETF	-	-	504	504
Index linked securities	17	-	-	17
Property unit trusts	1,036	-	-	1,036
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
	<b>51,657</b>	<b>21,884</b>	<b>1,233</b>	<b>74,774</b>
Custody fees				240
<b>Total</b>				<b>75,014</b>

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2023/24	Management fees £000	Performance related fees £000	Transaction costs £000	Total £000
Pooled Investments				
Fixed Interest Securities	-	-	-	-
Fixed Income - ACCESS pooled fixed income funds	4,955	-	-	4,955
Equities - ACCESS unit life assurance policies	1,411	-	-	1,411
Equities - ACCESS pooled global equity funds	8,060	-	-	8,060
Equities - ACCESS Emerging Markets equity funds	1,075	-	-	1,075
Equities - Emerging Markets ETF	-	-	46	46
Index linked securities	8	-	-	8
Property unit trusts	1,122	-	-	1,122
Equities - market quoted	-	-	-	-
Property	3,103	-	-	3,103
Global property	5,572	(5,332)	-	240
Private equity	7,672	3,577	1	11,250
Infrastructure	13,435	8,676	-	22,111
Timber	3,410	-	-	3,410
Private Debt	3,306	3,392	-	6,698
Other investment management costs	365	-	-	365
	<b>53,494</b>	<b>10,313</b>	<b>47</b>	<b>63,854</b>
Custody fees				8
<b>Total</b>				<b>63,862</b>

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 **£64,000** and **£1,000** in 2023/24 respectively (2022/23: **£91,000** and **£149,000** in 2022/23), offset in 2023/24 by a custody fee rebate of **£57,000**.

## 11. Investment Income

### 11.1 By Type

2022/23 £000		2023/24 £000
15,365	Dividends from equity	3,208
28,632	Dividends from equity pooled funds	36,042
11,298	Private Equity income	3,323
49,661	Infrastructure / timberland income	29,897
8,478	Direct Lending/Private Debt income	16,553
16,573	Income from fixed income pooled funds	50,340
6,126	Income from pooled property investments	5,765
11,789	Net rent from property	19,948
4,688	Interest from cash deposits	13,413
2,185	Other	2,509
<b>154,795</b>	<b>Total investment income showing net property rent</b>	<b>180,998</b>
	Add back:	
7,358	Property operating expenses	2,192
<b>162,153</b>	<b>Total investment income showing gross property rent</b>	<b>183,190</b>

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

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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

2022/23 £000		2023/24 £000
19,063	Rental Income from investment property	21,955
84	Other Property income	185
(7,358)	Direct operating expenses arising from investment property	(2,192)
<b>11,789</b>	<b>Total</b>	<b>19,948</b>

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 2023			31 March 2024	
£m	%		£m	%
<b>Investments managed inside the ACCESS Pool</b>				
628	6.5	Waystone - Long Term Global Growth Fund	708	6.5
802	8.3	Waystone - Global Dividend Fund	688	6.3
746	7.7	Waystone - Global Equity Fund	828	7.6
-	-	Waystone - Emerging Markets Equity (Columbia Threadneedle)	177	1.6
-	-	Waystone - Emerging Markets Equity (Robeco)	187	1.7
898	9.3	Waystone - Alpha Opportunities Fund	894	8.2
425	4.4	Waystone - Multi Credit Fund - Janus Henderson	584	5.4
-	-	Waystone - Sterling Investment Grade Credit Fund	509	4.7
2,704	28.1	UBS Asset Management	3,168	29.2
-	-	CBRE	647	6.0
-	-	IFM Investors	359	3.3
-	-	JP Morgan Asset Management	334	3.1
<b>6,203</b>	<b>64.3</b>		<b>9,083</b>	<b>83.6</b>
<b>Investments managed outside of the ACCESS Pool</b>				
101	1.1	Alcentra Ltd	83	0.8
662	6.9	Aviva Investors	-	-
1	-	Stewart Investors	-	-
347	3.6	Emerging Markets ETF	-	-
585	6.1	Hamilton Lane	538	4.9
344	3.6	IFM Investors	-	-
330	3.4	JPMorgan Asset Management	-	-
1	-	Marathon Asset Management Ltd	1	-
325	3.4	Partners Group Management II S.à r.l (Infrastructure)	371	3.4
191	2.0	Partners Group Management II S.à r.l (Global Property)	194	1.8
92	1.0	Permira	143	1.3
341	3.5	Stafford Timberland Limited	365	3.4
106	1.1	Other *	87	0.8
<b>3,426</b>	<b>35.7</b>		<b>1,782</b>	<b>16.4</b>
<b>9,629</b>	<b>100.0</b>		<b>10,865</b>	<b>100.0</b>

\* The balance of **£87m** held under Other as at 31 March 2024 (£106m as at 31 March 2023) 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:

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
<b>Pooled investments</b>							
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 - ACCESS Emerging Markets equity funds	-	-	-	-	-	-	-
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)	-	-
	<b>6,573,971</b>	<b>908,729</b>	<b>339,426</b>	<b>(898,056)</b>	<b>(187,798)</b>	<b>-</b>	<b>6,736,272</b>
<b>Equities - market quoted</b>	<b>500,582</b>	<b>29,848</b>	<b>(339,953)</b>	<b>(181,351)</b>	<b>(9,105)</b>	<b>-</b>	<b>21</b>
<b>Property</b>	<b>596,068</b>	<b>95,036</b>	<b>-</b>	<b>(28,008)</b>	<b>(56,962)</b>	<b>-</b>	<b>606,134</b>
<b>Private equity</b>	<b>486,213</b>	<b>70,039</b>	<b>3,182</b>	<b>(82,521)</b>	<b>10,659</b>	<b>-</b>	<b>487,572</b>
<b>Infrastructure</b>	<b>837,168</b>	<b>171,447</b>	<b>-</b>	<b>(141,064)</b>	<b>128,728</b>	<b>-</b>	<b>996,279</b>
<b>Timber</b>	<b>276,329</b>	<b>67,819</b>	<b>-</b>	<b>(23,450)</b>	<b>20,610</b>	<b>-</b>	<b>341,308</b>
<b>Private Debt</b>	<b>102,223</b>	<b>100,304</b>	<b>-</b>	<b>(14,890)</b>	<b>5,002</b>	<b>-</b>	<b>192,639</b>
<b>Cash</b>							
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
	<b>218,687</b>	<b>-</b>	<b>-</b>	<b>(5,709)</b>	<b>5,709</b>	<b>44,651</b>	<b>263,338</b>
	<b>9,591,241</b>	<b>1,443,222</b>	<b>2,655</b>	<b>(1,375,049)</b>	<b>(83,157)</b>	<b>44,651</b>	<b>9,623,563</b>
<b>Derivative forward foreign currency contracts</b>	<b>-</b>	<b>94</b>	<b>-</b>	<b>(378)</b>	<b>284</b>	<b>-</b>	<b>-</b>
	<b>9,591,241</b>	<b>1,443,316</b>	<b>2,655</b>	<b>(1,375,427)</b>	<b>(82,873)</b>	<b>44,651</b>	<b>9,623,563</b>
<b>Other investment balances</b>							
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)
	<b>9,601,797</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,629,489</b>

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2023/24	Value at 1 April 2023	2023/24 Movement					Value at 31 March 2024
		Purchases	Net Transfers	Sale Proceeds	Change in Market Value	Cash Movement	
	£000	£000	£000	£000	£000	£000	£000
<b>Pooled investments</b>							
Fixed interest securities	-						-
Fixed Income - ACCESS pooled fixed income funds	1,324,048	660,340	-	(116,449)	118,655	-	1,986,594
Equities - Unit life assurance policies	2,562,441	-	-	(200,001)	611,061	-	2,973,501
Equities - ACCESS pooled global equity funds	2,175,693	33,900	-	(308,060)	321,738	-	2,223,271
Equities - ACCESS Emerging Markets equity funds	-	342,143	-	(1,075)	23,718	-	364,786
Equities - Emerging Markets ETF	346,963	-	-	(340,797)	(6,166)	-	-
Index linked securities	141,401	60,000	-	-	(6,916)	-	194,485
Property unit trusts	185,726	-	-	(11,598)	(6,528)	-	167,600
Other managed funds	-						-
	6,736,272	1,096,383	-	(977,980)	1,055,562	-	7,910,237
<b>Equities - market quoted</b>	21	-	-	(4)	4	-	21
<b>Property</b>	606,134	13,032	-	(4,340)	(31,087)	-	583,739
<b>Private equity</b>	487,572	53,080	(3,182)	(70,784)	9,249	-	475,935
<b>Infrastructure</b>	996,279	74,742	-	(67,896)	61,095	-	1,064,220
<b>Timber</b>	341,308	63,572	-	(46,095)	6,601	-	365,386
<b>Private Debt</b>	192,639	60,511	-	(32,502)	4,694	-	225,342
<b>Cash</b>							
Cash deposits held at the custodian/other							
Sterling	158,028	-	-	-	-	(13,377)	144,651
Foreign currency	105,310	-	-	2,408	(2,409)	(15,492)	89,817
	263,338	-	-	2,408	(2,409)	(28,869)	234,468
	9,623,563	1,361,320	(3,182)	(1,197,193)	1,103,709	(28,869)	10,859,348
<b>Derivative forward foreign currency contracts</b>	-						-
	9,623,563	1,361,320	(3,182)	(1,197,193)	1,103,709	(28,869)	10,859,348
<b>Other investment balances</b>							
Assets							
Amounts receivable for sales of investments	-						-
Investment income due	6,099						7,677
Amounts receivable in respect of the GLF sales	-						-
Liabilities							
Amounts payable for purchase of investments	-						-
Investment withholding tax payable	-						(1,491)
Amounts payable in respect of the GLF purchases	(173)						(731)
	9,629,489						10,864,803

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 2023			31 March 2024	
£000	%		£000	%
1,631,157	16.9%	UBS Asset Management Life Global Equity Sustainable Transition Fund	1,934,606	17.8%
931,284	9.7%	UBS Asset Management Life All World Equity Tracker hedged	1,038,895	9.5%
898,496	9.3%	Waystone - Alpha Opportunitites Fund	893,671	8.2%
746,104	7.7%	Waystone Global Equity Fund	827,492	7.6%
627,829	6.5%	Waystone LTGG Fund	708,140	6.5%
801,761	8.3%	Waystone Global Dividend Fund	687,639	6.3%
-	-	Waystone - Multi Credit Fund - Janus Henderson	583,601	5.4%

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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:

2022/23 £000		2023/24 £000
19,695	Within one year	20,414
52,957	Between one and five years	63,006
74,836	Beyond five years	80,950
<b>147,488</b>	<b>Total</b>	<b>164,370</b>

### 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 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)
<b>Fair value at 31 March 2023</b>	<b>355,420</b>	<b>59,900</b>	<b>415,320</b>
Additions	1,036	115	1,151
Disposals	(4,100)	-	(4,100)
Net gain/loss on fair value	(16,281)	(6,465)	(22,746)
<b>Fair value at 31 March 2024</b>	<b>336,075</b>	<b>53,550</b>	<b>389,625</b>

## 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

2022/23 £000		2023/24 £000
9,750	Value of AVC fund at beginning of year	10,442
793	Restatement of opening balances	-
<b>10,543</b>	<b>Adjusted value of AVC fund at beginning of year</b>	<b>10,442</b>
1,913	Employees contributions	1,699
(362)	Investment income and change in market value	153
(1,652)	Benefits paid and transfers out	(1,125)
<b>10,442</b>	<b>Total</b>	<b>11,169</b>

## 13.2 Analysis of AVC investments by Provider

2022/23 £000		2023/24 £000
42	Utmost (formerly Equitable Life)	45
7,169	Prudential *	7,873
3,231	Standard Life	3,251
<b>10,442</b>	<b>Total</b>	<b>11,169</b>

\* The Prudential were not able to confirm their Fund's balance as at 31 March 2024 at the time of the accounts being drafted. This is due to delays in finalising accounting positions. The Statement as at 31 March 2023 was received in December 2023 and the movement is reflected in 2022/23, a further estimated position has been included for March 2024.

## 14. Current assets and liabilities

### 14.1 Analysis of current assets

31 March 2023 £000		31 March 2024 £000
(144)	Cash Balances	(234)
	Cash at bank	
20,545	Cash on short term deposits within 3 months	24,759
<b>20,401</b>		<b>24,525</b>
	Debtors and payments in advance	
5,770	Contributions due – employees	6,110
19,052	Contributions due – employers	22,182
1,223	Sundry debtors	1,523
<b>26,045</b>		<b>29,815</b>
<b>46,446</b>	<b>Total</b>	<b>54,340</b>

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## 14.2 Analysis of long-term debtors

31 March 2023 £000		31 March 2024 £000
198	Other employer contributions due	-
578	Reimbursement of lifetime allowances	539
<b>776</b>	<b>Total</b>	<b>539</b>

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 **£539,000** has been raised in 2023/24 in this regard (2022/23: £578,000).

## 14.3 Analysis of current liabilities

31 March 2023 £000		31 March 2024 £000
	Unpaid benefits and other current liabilities	
(345)	Contributions due – employers	(886)
(2,081)	Investment manager fees payable	(2,267)
(5,320)	Benefits payable	(7,261)
(458)	Other	(230)
<b>(8,204)</b>	<b>Total</b>	<b>(10,644)</b>

## 14.4 Contingent liabilities and contractual commitments

As at 31 March 2024, the Fund had a commitment to contribute a further **£1.322bn** to its existing partnership investments, including private equity, infrastructure, private debt, timber and direct lending (31 March 2023: £1.282bn). 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 **£4.416m** in 2023/24 of which **£373,000** was outstanding at 31 March 2024 (2022/23: £3.930m, of which £321,000 was outstanding at 31 March 2023) 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 **£65.206m** to the Fund in 2023/24 (2022/23: £60.558m). 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 22 February 2023. This service is provided to the Fund at a cost of **£29,000** in 2023/24 (2022/23: £28,000).

During the year to 31 March 2024, the Pension Fund had an average investment balance of **£26.660m** (2022/23: £27.070m) earning **£988,000** interest (2022/23: £471,000).

### 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

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Councillors to join 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 2023/24, were also members of the LGPS are listed below.

#### Representative of scheme members

- S. Child

#### Representative of scheme employers

- C. Riley (until May 2023)

#### 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 2023/24, 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 (until July 2023)
- L. Williamson (from July 2023)

The employees of Essex County Council who held key positions in the financial management of the Essex Pension Fund during 2023/24 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 2023/24 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:

2022/23 £000		2023/24 £000
220	Short term benefits	427
199	Current service costs	86
<b>419</b>	<b>Total</b>	<b>513</b>

## 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:

2022/23 £000		2023/24 £000
1,267	Adminstering Authority	1,340
4,755	Scheduled Bodies	4,951
81	Community Admission Bodies	97
3	Resolution Bodies	3
20	Former employers	22
<b>6,126</b>	<b>Total</b>	<b>6,413</b>

## 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
Waystone	Pooled emerging markets equities funds	Level 1	Net Asset Value / Bid Market Price.	N/A	N/A
Waystone	Pooled global equities funds	Level 1	Net Asset Value / Bid Market Price.	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.
Waystone	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.

Fund Manager	Asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key Sensitivities affecting the Valuation
CBRE	Direct property	Level 3	Direct Property independently valued by Knight Frank LLP in 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.	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 (+10%/-10%), comprising significant changes in yield movement (+5/-5%) and estimated rental value movement (+5%/-5%) have been identified as key sensitivities.
Partners Group Management II S a r.l	Global property fund	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 (+15.6% / -15.6%).
CBRE	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 (+10/-10%), comprising significant changes in yield movement (+5%/-5%) and estimated rental value movement (+5%/-5%) have been identified as key sensitivities.

Fund Manager	Asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key Sensitivities affecting the Valuation
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. 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.	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 similar assets, valuation techniques.	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, and discount rates. Asset values can range between (+15%/-15%).
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 (+13.6% /- 13.6%).

Fund Manager	Asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key Sensitivities affecting the Valuation
JP Morgan Asset Management	Infrastructure	Level 3	<p>Investments are valued based on the Fund's share of the net assets. 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>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.</p>	<p>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 (+5.86% /-5.86%).</p>
IFM Investors	Infrastructure	Level 3	<p>The investments are valued based 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>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.</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. 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>

Fund Manager	Asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key Sensitivities affecting the Valuation
Stafford Timberlands Limited	Timber	Level 3	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.	Management's cash flow projections, estimates of growth expectations and profitability, profit margin expectations, discount rates, Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA), adjustments to current prices for similar assets, valuation techniques.	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%).
Permira	Private Debt	Level 3	Net Asset Value Market approach using comparable trade multiples. 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.	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.	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 (+1.0%/-1.0%).
Alcentra Limited	Private Debt	Level 3	Net Asset Value Market approach using comparable trade multiples. 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.	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.	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 (+8.8%/-8.8%).

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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 2023				Values as at 31 March 2024		
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
			<b>Financial assets</b>			
2,528,776	4,027,890	2,008,062	Fair value through profit and loss	2,595,755	5,154,580	2,058,870
<b>2,528,776</b>	<b>4,027,890</b>	<b>2,008,062</b>		<b>2,595,755</b>	<b>5,154,580</b>	<b>2,058,870</b>
			<b>Non financial assets</b>			
-	-	801,596	Fair value through profit and loss	-	-	823,352
			<b>Financial liabilities</b>			
(173)	-	-	Fair value through profit and loss	(2,222)	-	-
<b>(173)</b>	<b>-</b>	<b>-</b>		<b>(2,222)</b>	<b>-</b>	<b>-</b>
<b>2,528,603</b>	<b>4,027,890</b>	<b>2,809,658</b>	<b>Total net assets per level</b>	<b>2,593,533</b>	<b>5,154,580</b>	<b>2,882,222</b>
		<b>9,366,151</b>	<b>Total Net Assets</b>			<b>10,630,335</b>

## 17.2 Transfers between hierarchy levels

No reclassifications were made as at 31 March 2023 or as at 31 March 2024.

## 17.3 Reconciliation of fair value measurements within Level 3

2023/24	Value at	2023/24 Movement					Value at
	1 April 2023	Purchases	Net Transfers	Sale Proceeds	Unrealised profit/loss	Realised profit/loss	31 March 2024
	£000	£000	£000	£000	£000	£000	£000
Properties							
UK properties (freehold)	355,420	1,036		(4,100)	(12,881)	(3,400)	336,075
UK properties (leasehold)	59,900	115		-	(6,465)	-	53,550
Global Property	190,814	11,881		(240)	(8,341)	-	194,114
Property unit trusts	185,726	-		(11,598)	(5,681)	(847)	167,600
Private equity							
UK unquoted	-	2,297		-	62	-	2,359
Overseas unquoted	487,572	50,783	(3,182)	(70,784)	(22,455)	31,642	473,576
Infrastructure							
UK unquoted	1	-		-	-	-	1
Overseas unquoted	996,278	74,742		(67,896)	36,708	24,387	1,064,219
Timber (Overseas unquoted)	341,308	63,572		(46,095)	6,661	(60)	365,386
Private Debt							
UK unquoted	-	-		-	-	-	-
Overseas unquoted	192,639	60,511		(32,502)	4,480	214	225,342
	<b>2,809,658</b>	<b>264,937</b>	<b>(3,182)</b>	<b>(233,215)</b>	<b>(7,912)</b>	<b>51,936</b>	<b>2,882,222</b>

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## 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 below the consequent potential impact on the closing value of investments held as at 31 March 2024.

Value at 1 April 2023 £000	Assessed valuation range (+/-)	Value on increase £000	Value on decrease £000		Value at 1 April 2024 £000	Assessed valuation range (+/-)	Value on increase £000	Value on decrease £000
415,320	20.0%	498,384	332,256	Freehold and leasehold properties	389,625	10.0%	428,588	350,663
190,814	15.5%	220,390	161,238	Global property	194,114	15.6%	224,396	163,832
185,726	20.0%	222,871	148,581	Property unit trusts	167,600	10.0%	184,360	150,840
487,572	15.0%	560,708	414,436	Private equity	475,935	15.0%	547,325	404,545
996,279	5.1%	1,047,089	945,469	Infrastructure	1,064,220	9.0%	1,160,000	968,440
341,308	4.2%	355,643	326,973	Timber	365,386	4.2%	380,732	350,040
192,639	9.6%	211,132	174,146	Private debt	225,342	4.1%	234,581	216,103
<b>2,809,658</b>		<b>3,116,217</b>	<b>2,503,099</b>	<b>Total</b>	<b>2,882,222</b>		<b>3,159,982</b>	<b>2,604,463</b>

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 was a weighted average of the information provided by two of the three individual Infrastructure managers (and Hymans Robertson) 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.



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## 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 **£30.354m** as at 31 March 2024 (31 March 2023: £26.821m) excludes statutory debtors of **£29.777m** (31 March 2023: £25.986m).

The creditor figure of **£10.644m** as at 31 March 2024 (31 March 2023: £8.201m) excludes statutory creditors of **£8.147m** (31 March 2023: £5.665m).

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 2023			Asset type	31 March 2024		
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
			<b>Financial assets</b>			
			Pooled Investments			
			Fixed interest securities	-	-	-
1,324,048	-	-	Fixed Income - ACCESS pooled fixed income funds	1,986,594	-	-
2,562,441	-	-	Equities - Unit life assurance policies	2,973,501	-	-
2,175,693	-	-	Equities - ACCESS pooled global equity funds	2,223,271	-	-
-	-	-	Equities - ACCESS emerging markets equity funds	364,786	-	-
346,963	-	-	Emerging Markets ETF	-	-	-
141,401	-	-	Index linked securities	194,485	-	-
185,726	-	-	Property unit trusts	167,600	-	-
21	-	-	Equities - market quoted	21	-	-
487,572	-	-	Private equity	475,935	-	-
800,817	-	-	Infrastructure	824,607	-	-
341,308	-	-	Timber	365,386	-	-
192,639	-	-	Private debt	225,342	-	-
-	-	-	Derivative contracts	-	-	-
-	283,739	-	Cash deposits	-	258,993	-
6,099	-	-	Other investment balances	7,677	-	-
-	835	-	Debtors	-	577	-
<b>8,564,728</b>	<b>284,574</b>	<b>-</b>		<b>9,809,205</b>	<b>259,570</b>	<b>-</b>
			<b>Financial liabilities</b>			
			Derivative contracts	-	-	-
(173)	-	-	Other investments balances	(2,222)	-	-
-	-	(2,539)	Creditors	-	-	(2,497)
<b>(173)</b>	<b>-</b>	<b>(2,539)</b>		<b>(2,222)</b>	<b>-</b>	<b>(2,497)</b>
<b>8,564,555</b>	<b>284,574</b>	<b>(2,539)</b>	<b>Balance at the end of the year</b>	<b>9,806,983</b>	<b>259,570</b>	<b>(2,497)</b>
		<b>8,846,590</b>	<b>Total</b>			<b>10,064,056</b>

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## 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 **£5.405m** loss as at 31 March 2024 (31 March 2023: £15.621m loss).

Gain / Loss 2022/23		Gain / Loss 2023/24
£000		£000
	<b>Financial assets</b>	
(72,961)	Fair value through profit and loss	<b>1,111,522</b>
5,709	Amortised cost - unrealised gains	<b>(2,408)</b>
<b>(67,252)</b>	<b>Total</b>	<b>1,109,114</b>

## 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 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.

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## 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](http://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.

## 19.4 Other price risk sensitivity analysis

In consultation with its institutional consultants, Hymans 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 2024/25 and 2023/24.

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.

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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 2023 £000	Percentage change %	Value increase £000	Value decrease £000	Asset type	31st March 2024 £000	Percentage change %	Value increase £000	Value decrease £000
283,739	0.3%	284,590	282,888	Cash and equivalents	258,993	0.3%	259,770	258,216
898,496	6.8%	959,594	837,398	Investment portfolio assets	1,402,993	6.6%	1,495,591	1,310,395
425,552	6.8%	454,490	396,614	UK ACCESS pooled funds fixed income funds	583,601	6.6%	622,119	545,083
13	18.2%	15	11	Overseas ACCESS pooled funds fixed income funds	13	16.0%	15	11
8	19.0%	10	6	UK equities	364,794	16.7%	425,715	303,873
346,963	19.0%	412,886	281,040	Overseas equities/ACCESS EM equities funds	-	16.7%	-	-
2,562,441	19.0%	3,049,305	2,075,577	Emerging Markets ETF	2,973,501	16.7%	3,470,076	2,476,926
2,175,693	19.0%	2,589,075	1,762,311	Global equities insurance policies	2,223,271	16.7%	2,594,557	1,851,985
141,401	7.2%	151,582	131,220	ACCESS pooled global equity funds	194,485	7.1%	208,293	180,677
185,726	15.5%	214,514	156,938	UK index linked life assurance policies	167,600	15.6%	193,746	141,454
487,572	31.2%	639,694	335,450	Property unit trusts	475,935	31.2%	624,427	327,443
800,817	9.9%	880,098	721,536	Private equity	824,607	9.1%	899,646	749,568
341,308	16.0%	395,917	286,699	Infrastructure	365,386	13.6%	415,078	315,694
192,639	9.6%	211,132	174,146	Timber	225,342	8.8%	245,172	205,512
8,842,368		10,242,902	7,441,834	Private Debt	10,060,521		11,454,205	8,666,837
				<b>Total assets available to pay benefits</b>				

## 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 four bond mandates: a passive bond mandate with UBS Asset Management and three bond mandates with Waystone. 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.

Asset value as at 31 March 2023 £000	Asset type	Asset value as at 31 March 2024 £000
263,338	Cash and cash equivalents	234,468
20,401	Cash balances	24,525
1,324,048	Fixed income funds	1,986,594
141,401	Index-linked securities	194,485
192,639	Private debt	225,342
<b>1,941,827</b>	<b>Total assets</b>	<b>2,665,414</b>

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## 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 2023 £000	Impact of 1% increase £000	Impact of 1% decrease £000	Asset type	Asset value as at 31 March 2024 £000	Impact of 1% increase £000	Impact of 1% decrease £000
1,324,048	1,310,808	1,337,288	Fixed income funds	1,986,594	1,966,728	2,006,460
192,639	190,713	194,565	Private debt	225,342	223,089	227,595
<b>1,516,687</b>	<b>1,501,521</b>	<b>1,531,853</b>	<b>Total change in assets available</b>	<b>2,211,936</b>	<b>2,189,817</b>	<b>2,234,055</b>

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.

## 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 global index funds via its passive provider UBS Asset Management.

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The following table summarises the Fund's currency exposure as at 31 March 2023 and 31 March 2024:

31 March 2023 £000	Asset type	31 March 2024 £000
8	Overseas equities/ACCESS EM equities funds	364,794
346,963	Emerging Markets ETF	-
425,552	Overseas ACCESS fixed income funds	583,601
2,562,441	Global unit life assurance policies	2,973,501
2,175,693	ACCESS pooled global equity funds	2,223,271
190,814	Global property	194,114
487,572	Overseas private equity	473,576
996,278	Overseas infrastructure	1,064,219
341,308	Overseas timber	365,386
192,639	Overseas private debt	225,342
105,310	Foreign currency	89,817
<b>7,824,578</b>	<b>Total assets</b>	<b>8,557,621</b>

## 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 **9.3%** (2022/23: 9.9%) (approximately one standard deviation) assuming other factors remain constant.

The table below shows the effect of a **9.3%** (2022/23: 9.9%) 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:

Asset value as at 31 March 2023 £000	Change in year in the net assets to pay benefits		Asset type	Asset value as at 31 March 2024 £000	Change in year in the net assets to pay benefits	
	+9.9% £000	-9.9% £000			+9.3% £000	-9.3% £000
8	9	7	Overseas equities/ACCESS EM equities funds	364,794	398,720	330,868
346,963	381,312	312,614	Emerging Markets ETF	-	-	-
425,552	467,682	383,422	Overseas ACCESS fixed income funds	583,601	637,876	529,326
2,562,441	2,816,123	2,308,759	Global unit life assurance policies	2,973,501	3,250,037	2,696,965
2,175,693	2,391,087	1,960,299	ACCESS pooled global equity funds	2,223,271	2,430,035	2,016,507
190,814	209,705	171,923	Global property	194,114	212,167	176,061
487,572	535,842	439,302	Overseas private equity	473,576	517,619	429,533
996,278	1,094,910	897,646	Overseas infrastructure	1,064,219	1,163,191	965,247
341,308	375,097	307,519	Overseas timber	365,386	399,367	331,405
192,639	211,710	173,568	Overseas private debt	225,342	246,299	204,385
105,310	115,736	94,884	Foreign currency	89,817	98,170	81,464
<b>7,824,578</b>	<b>8,599,213</b>	<b>7,049,943</b>	<b>Total change in assets available</b>	<b>8,557,621</b>	<b>9,353,481</b>	<b>7,761,761</b>

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## 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 tax backed scheme employer for any new body. An analysis of debtor balances at 31 March 2024 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 2023/24, M&G, Janus Henderson, and Fidelity (from January 2024).

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M&G manage pooled assets against a SONIA plus benchmark, Janus Henderson manage pooled assets against SONIA and Fidelity manage pooled assets against ICE BofA Euro-Sterling Index.

At 31 March 2024, the average credit quality of the M&G bond mandate was **A-** rated (BBB rated as at 31 March 2023). The portfolio had suffered nine defaults since inception, one within the financial year ended 31 March 2024 and one within the financial year end 31 March 2023.

At 31 March 2024, the average credit quality of the Janus Henderson bond mandate was **BB** rated (BB rated as at 31 March 2023). The portfolio had suffered one default since inception, one within the financial year ended 31 March 2024 and none within the financial year ended 31 March 2023.

The portfolio managed by Fidelity as at 31 March 2024 had an average credit quality of **BBB+**. The portfolio had suffered no 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 2024 Northern Trust had **\$16.5 trillion** of assets under custody (31 March 2023: \$14.2 trillion) and had a credit rating of **AA-** (31 March 2023: 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 2023) long-term credit rating with Standard and Poor. Cash is invested with Lloyds and is placed with institutions on the Administering Authority's approved counterparty 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 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 2024 **£24.525m** (31 March 2023: £20.401m) 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.



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**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 2024, the total balance held in the Sterling and US dollar AAA money market funds was **£162.383m** with a smaller balance of **£72.085m** held in the custodian current account (31 March 2023: £202.937m and £60.401m 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 2023			31 March 2024	
Rating	£000		Rating	£000
		<b>Cash managed externally</b>		
		Cash held on deposit (GLF)		
AAA	97,413	BNP Paribas Investment Partners	AAA	77,424
AAA	105,524	Northern Trust	AAA	84,959
		Cash held in Current Account		
AA-	60,401	Northern Trust	AA-	72,085
	<b>263,338</b>	<b>Total cash managed externally</b>		<b>234,468</b>
		<b>Cash managed internally</b>		
		Cash held on deposit		
AAA	5,344	Blackrock	AAA	-
A+	5,108	HSBC	A+	5,225
AAA	-	LGIM	AAA	9,287
A	5,006	Santander UK	A	5,009
AA-	5,080	Svenska Handelsbanken	AA-	5,227
		Cash held in Current Account		
A+	(137)	Lloyds Bank plc	A+	(223)
	<b>20,401</b>	<b>Total cash managed internally</b>		<b>24,525</b>
	<b>283,739</b>	<b>Total</b>		<b>258,993</b>

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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 2023		31 March 2024	Maximum limit per Financial Institution	Historical risk of default	Estimated maximum exposure to default and uncollectability
		£000	£000	%	£000
	<b>Cash managed externally</b>				
	Deposit with bank and other financial institutions				
202,937	AAA Rated	162,383	120,000	0.04%	65
60,401	AA Rated	72,085	-	0.02%	14
<b>263,338</b>	<b>Total cash managed externally</b>	<b>234,468</b>			<b>79</b>
	<b>Cash managed internally</b>				
	Deposit with bank and other financial institutions				
5,344	AAA Rated	9,287	10,000	0.04%	4
5,080	AA Rated	5,227	7,500	0.02%	1
9,977	A Rated	10,011	5,000	0.05%	5
<b>20,401</b>	<b>Total cash managed internally</b>	<b>24,525</b>			<b>10</b>
<b>283,739</b>	<b>Total cash</b>	<b>258,993</b>			<b>89</b>

While 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 2023 Investment Strategy review, it continued to confirm that there was further scope to reduce the reliance on equity risk within the investment strategy. While 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

# Statement of Accounts

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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.

The Fund as at 31 March 2024 had immediate access to its pension fund cash holdings held internally and externally of **£258.993m** (31 March 2023: £283.739m). 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](http://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](mailto:fund.manager@essex.gov.uk)

# Statement of Accounts

## 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"> <li>▪ Amounts set aside from revenue resources to repay debt.</li> <li>▪ The financing of capital payments from capital receipts and revenue reserves; and</li> <li>▪ The consolidation of gains arising from the revaluation of Property, Plant and Equipment prior to 1 April 2007.</li> </ul>
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.

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Term	Explanation
Capital financing costs	Costs associated with the financing of Property, Plant and Equipment, comprising interest and principal repayments.
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.

# Statement of Accounts

Term	Explanation
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.
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.

# Statement of Accounts

Term	Explanation
Investments	<p>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.</p> <p>Investments, other than those related to the Pension Fund that do not meet the above criteria, are classified as current assets.</p>
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. Non-Domestic 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	<p>Operating leases are agreements for the rental of assets where the rewards and risks of ownership of the asset remain with the leasing company.</p> <p>The annual rentals are charged directly to the Income and Expenditure Account (also see Leasing and Finance Leases).</p>
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.

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Term	Explanation
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 Partnership (PPP)	An arrangement where the private sector partner agrees to provide a service to a public sector 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.



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Term	Explanation
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 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 2023/24**

# Annual Governance Statement

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## Introduction

This statement summarises the outcome of Essex County Council's (ECC) review of the governance arrangements that have been in place during 2023/24.

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 January 2024 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](#)).

# Annual Governance Statement

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The Council adopted the Local Government Association model code of conduct in 2022, following the recommendations of the Committee on Standards in Public Life. During 2023/24 all members were offered a refresher briefing on the Code.

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 3 standards complaints made about councillors during 2023/24. The monitoring officer makes an annual report on complaints to the Committee.

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 27 March 2024 77% of employees had completed all seven modules within the last two years. 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 subsequent by elections 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. In 2023/24 the team helped set up a fraud forum with Essex Police and other investigating bodies in Essex. This will share best practice and help to build networks amongst fraud investigators.

# Annual Governance Statement

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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 27 March 2024 87% of employees had completed a declaration since November 2023. This is a 18% increase on the same time last year and work to raise awareness of this requirement and increase compliance is ongoing.

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. There is 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 maintaining the control environment 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 2024, collated and analysed. The organisation's 2023/24 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. The responses have been reviewed by internal audit and health and safety who have made minor comments but overall find it is satisfactory.

# Annual Governance Statement

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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* while allowing ECC to exercise its powers in an agile 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.

### 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 from 2022/23 ECC streamed 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.

# Annual Governance Statement

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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 before setting the budget for 2023/24. 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.

The [constitution](#) allows public speaking on items on the agenda of Cabinet, Scrutiny Committees and Development and Regulatory Committee and 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 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 2023/24 ECC received 32 petitions, including some that were still collecting signatures at the time of writing.

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.

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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 includes 3,000+ residents who are prepared 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.

## **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 [2023/24 Plan and Budget](#) was endorsed at Full Council on 9 February 2023.



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The [Essex Joint health and wellbeing strategy](#) 2022-26 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.

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).

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In 2023/24 303 decisions requiring an Equality Impact Assessment or Equalities Comprehensive Impact Assessment were published and of these 293 had one completed.

ECC has robust Data Quality Policy in place, it is part of the Information Policy Booklet which was last reviewed in February 2024.

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.

## **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.

The [Corporate Policy and Scrutiny Committee](#) has an oversight role and the Corporate Performance Report was published and considered by the committee quarterly, 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.

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## **ECC Service Quality has been recognised nationally during 2023/24:**

- In August 2023 ECC's children's services were rated 'outstanding' by Ofsted.
- Essex Pension Fund Pension Age Award: Award for Defined Benefit Scheme of the year 2023 award.
- Essex Pension Fund Pension Age Award: Best Investment Strategy 2024 award.
- Essex County Council won the Human Resources and Organisational Development Team of the Year award at the People Management Association Awards on 27 April 2023.
- A retrofit programme run by Essex County Council was recognised with one of four awards at the 2023 ADEPT - Association of Directors of Environment, Economy, Planning and Transport, President's Awards. The Harlow and Tendring Retrofit Pipeline for Economic Renewal programme won the Delivering Clean Growth award.
- The Harlow and Tendring Retrofit Pipeline for Economic Renewal also won Collaboration of the year at the Unlock Net Zero Live Awards in July 2023.
- Essex County Council won two awards at the British Data Awards; one for Innovation of the year for their work with children social care and cost of living and the other for public sector team of the year for the work on data literacy.
- Seven Essex Country Parks secured Green Flag status for their high standards.
- At the CIPR (Chartered Institute of Public Relations) Pride awards (Anglia, Thames & Chiltern), the PR campaign for the Essex Year of Reading won Best Public Sector Campaign (GOLD), Best Arts Culture and Sport Campaign (GOLD) and Best Education Campaign (SILVER).
- Essex's, Essex Pedal Power, was highly commended at the National Transport Awards.
- Essex Housing climate action and Essex Housing meeting housing need won at the 2023 Essex Housing Awards in November.
- Social Worker of the Year Awards 2023 - The Mental Health and Wellbeing Team won the Team of the Year Adult Social Care category and an ECC Officer won the Supporting Children in Education Award.
- ECC won the Public Sector Organisation of the Year Award at the Association of Project Management Awards.
- An ECC Officer was awarded Learner of the Year at the Association of Democratic Service Officers Awards in November.
- The Procurement team won an award for social value through procurement at the Public Sector Finance Awards.
- The Sustainable Transport Team received the Community Engagement of the Year category at the Team Modeshift Sustainable Travel Awards for the All Roads Lead from Home project.
- Essex County Council was awarded an 'A' for climate Adaptation and for Mitigation from Carbon Disclosure Project, for the second year in a row.

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## 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 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 Financial Officer in 2023/24 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 2023/24 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. The Head of Democracy and Transparency has been on maternity leave since January 2024.

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## **12. Ensuring effective arrangements are in place for the discharge of the head of the paid service function**

For the year 2023/24 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 formally reaccredited in January 2022 and a mid-point review held in January 2024 confirmed ECC continues to meet Charter Plus Standards.

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 annual report](#) which was considered at a meeting of the Full Council in May 2024.

ECC's current People Plan, covers the period running between 2021 – 2025. This sets out the priorities for ECC's workforce. ECC has continued to build on management and leadership programmes as part of delivering this plan.

In November 2023 ECC delivered the fifth LearnFest, in a hybrid way with sessions taking place both virtually and face-to-face. This provided employees with a wide range of learning options.

ECC has continued to embed the Performance Development approach across the organisation and has developed the approach to succession management.

In 2023 119 staff started apprenticeships across 37 different subjects, 43 of these were at degree (level 5) or higher. As of March 2024, there are 272 employees whose learning is funded through ECC's apprenticeship levy or ECC's levy transfer service.

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## **14. Reviewing the effectiveness of the framework for identifying and managing risks and for performance and demonstrating clear accountability.**

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 2024. 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 Corporate Leadership Team review the Strategic Risk Register every six months and consider current and emerging risks and issues and determine appropriate action. The Strategic Risk Register is also reviewed by Operational Leadership Team and Political Leadership Team.

## **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 301 referrals have been received and investigated by the Counter Fraud Team during 2023/24.

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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, Joint Health Overview and Scrutiny Committees (JHOSC), are established as required to look at cross-cutting matters with neighbouring authorities. Details relating to all the scrutiny committees, including current and previous Joint Health Scrutiny Committees can be found [online](#).

Three of the policy and scrutiny committees are chaired by the majority party. 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 6-weekly basis, to oversee the coordination of scrutiny activity, consider its development strategically and share best practice. 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 Essentials' course.

A briefing session was held for all scrutiny members at the request of the Scrutiny Board considering the lessons that could be learnt from failing councils in relation to scrutiny and how similar pitfalls could be avoided. Linked to this session, the Board received a report in February 2024 reflecting on how the function could further develop and the commitment to the established training programme was again endorsed. Further initiatives, including the trial of an 'enquiry day' approach based around good practice observed in Government Select Committees and techniques to encourage the development of effective recommendations, were also established. The enquiry day will be subject to review on its conclusion, and if successful it is expected this model will be used again.

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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) as well as post decision scrutiny.

In 2023/24 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 use online working practises introduced during the pandemic where possible, holding informal briefing and working group sessions via Teams and Zoom whenever possible. While 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 2023/24 edition was reported at Full Council in May 2024.

## **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 2023/24. 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 2024.

Assurance arrangements for 2023/24 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 an independent assessor in 2023 which demonstrated compliance with the Standards in all material aspects.



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## **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 and Accountancy'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 formally five times during the 2023/24 financial year, in public. There were also two informal meetings of the Committee, which were open to the public. [Their work](#) has included receiving internal audit and counter fraud progress reports, including detail of all 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. 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. 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 and the Audit, Governance and Standards Committee considers inviting relevant officers to Committee to give an overview of the issues raised and actions agreed to remedy them.

The Council has adopted all the recommendations of the 2020 Redmond Review.

## **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.

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## **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.

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.

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The County Council is the accountable body for the South Essex Local Enterprise Partnership (SELEP), SELEP established a limited company in February 2020 to comply with Government requirements, though the company has never employed any staff or held any money. 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. The [annual report](#) for the year ended 31 March 2021 by ECC's external auditors (completed in January 2024) highlighted some concerns which had been raised about SELEP oversight of some work in East Sussex but they concluded *'overall, based on the work carried out, we are satisfied that there are adequate arrangements in place for the Council, as the Accountable Body for SELEP, to exercise its role of legal accountability for the funding streams and responsibility for overseeing the proper administration of financial affairs relating to the public funds'*. In 2023 an internal audit reported an assurance rating of 'satisfactory' from its review of SELEP.

The Health and Care Act 2022 established Integrated Care Boards (ICBs) on a statutory footing from the 1 July 2022 with Essex County Council being a member of three (ICBs). These are the geographical footprints on which the NHS plans and commissions services. The three 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)
- Suffolk and North-East Essex (covering the borough/districts of Colchester and Tendring)

Each ICS has two main boards:

- Integrated Care Board (ICB): The governing board of 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.

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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 and Chair of the Essex Health and Wellbeing 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:

## **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.

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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.

The County Council has established a Joint planning committee with Tendring and Colchester to oversee the planning of the Tendring/Colchester Borders joint committee.

## Governance updates 2023/24

### 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 required significant senior resource, however the time commitment decreased during 2023/24. From October 2023 ECC itself ceased to be a commissioner although Gavin Jones, Chief Executive and Nicole Wood, Executive Director of Corporate Services, were appointed in their personal capacity. This has had little practical impact.

These arrangements demonstrate the confidence of central government in the County Council and wider learning from this activity has been shared with local networks to enhance governance arrangements more generally.

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## Use of unregulated placements

In 2023/24 there were again a number of occasions when the Council has placed young people in unregistered settings. This was made unlawful by the Care Planning, Placement and Case Review (England) (Amendment) Regulations 2021. Unfortunately, it continues to be the case that it is sometimes impossible to find a registered placement willing to care for some children and young people. This is a national placement sufficiency issue. Although any such arrangement is a breach of the regulations, there are no specific consequences. The Council seeks to minimise the use of unregistered arrangements 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 risk to the young person is mitigated as far as is possible and that a move to a registered placement takes place at the earliest opportunity.

ECC is not the only authority with this difficulty and the High Court has confirmed that the Court has inherent jurisdiction to oversee unregistered placements (*Tameside MBC v AM (2021)*). This is a good example of the courts taking a pragmatic approach to a legislative 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 an immediate long-term solution.

## Information Governance

There were seven matters which members of the public referred to the Information Commissioner's office in 2023/24. None of these related to data breaches. Five related to requests for information under the FOI Act 2000, of these two were withdrawn, one was not upheld, one was partially upheld, and one was upheld. There was reference relating to a request for environmental information under the EI Regulations 2004 which was withdrawn. The final one related to a subject access request under the GDPR. A decision is awaited on this. This was an increase from 2022/23 where we received three ICO complaints.

The Council has not recorded any major security incidents in 2023/24. There has been 18% reduction in the total number of security incidents recorded in 2023/24. There was an 13% increase in incidents which included personal data, although many of these were minor or near misses such as emails being sent internally to the wrong address and recalled without being read.

Performance in responding to statutory requests under FOI/EIR has exceeded the ECC corporate target (90%) during 2023/24 with an annual average compliance of 97.5%. We received 29 requests for an Internal Review with eight being upheld.

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Performance in responding to statutory requests under the Data Protection Act (SAR) fell below the corporate target (80%) during 2022/23 with an annual average compliance of 78%. While the number of requests has not significantly increased this performance year, the volume of requested data has, with most request including emails as well as other records. This equates to an increase in volume of information to review and redact of 33%. We are considering different options in how we respond to this fall in compliance toward our corporate target. There was a 29% reduction in all other individual rights requests received in 2023/24. All were dealt with in the statutory timeframe.

Information Governance eLearning completion has increased to 85% this year. This is a 4% improvement on 2022/23 completion rate. Refresher training is now being scheduled for those who are due to retake this training, this continues throughout the year.

All our information policies have been updated and reviewed throughout the year. We ensure that changes to our polices and further guidance around information handling and security management is provided throughout the year and communicated effectively. From April 2024, we plan to place a retention limit on the emails currently held, this will result in the deletion of more than 25m emails, this will enable us to reduce processing time for information requests received by the Council and will further reduce unnecessary information we hold.

We test our staff regularly using monthly mock phishing exercises. The results have shown that 87.5% of the staff tested did not click on the link or provide any information (e.g., logins or passwords). The remaining 12.5% of staff received a request to complete training 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 2023, all mandatory standards were met. The 2023/24 toolkit is now due to be submitted in June 2024, the Council believes that it is on track for another successful submission.

## **CIPFA Financial Management (FM) Code – review and action plan**

ECC completed its third self-assessment against the FM Code in 2023/24. The outcome is ECC continues to fully meet all of the 68 areas of assessment.

Although ECC meets all of the requirements of the FM code, to support continuous improvement in delivering against the FM Code an action plan has been in place. The action plan had three points to be delivered in the medium term, across the themes of Sustainability, Transparency and Accountability. Following the latest assessment, the three points are still in progress, and an additional point has been added for the theme of Assurance in relation to key performance indicator reporting on budget holder self-service.

# Annual Governance Statement

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 and Insight on a twice-yearly basis and reported to the Financial Management Team and the Cabinet Member with responsibility for Finance. 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)

There were **168** complaints to the Ombudsman with **54** Ombudsman complaints being an upheld outcome received during 23/24:

Service Area	No. upheld
Adult Social Care	12
Children & Families	3
Education (School Transport)	2
Education (SEND)	35
Highways	1
Contact Centre	1
<b>Total</b>	<b>54</b>

On 4 April 2024 the LGSCO published a public interest report regarding a [case](#) in which it found fault causing injustice and the recommendations were accepted by the Council.

The total number of LGO cases received in 2023/24 was **221**.

Further detail about resolved upheld cases is provided in Annex 1.

## Health and Safety

During the financial year 2023/24 there were no improvement notices served on the Council. In November 2023 a community school was visited by the Health and Safety Executive (HSE) and served with a Notice of Contravention for alleged breaches of the Control of Asbestos Regulations. The Corporate Health and Safety Team supported the school and responded to the HSE - the case was closed on 6 March 24.



# Annual Governance Statement

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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 (FFI). 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 still in a formal dispute with HSE over the FFI. The HSE have not confirmed the date for the review.

## **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 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 a change in the attitude of the regulator means that virtually all the work which was in practice undertaken by the company can be done by ECC itself. The Company will remain in existence for a number of years in accordance with Solicitors Regulatory Authority Requirements.

Owing to an administrative failure in the waste service, Exwaste Limited was struck off from the Companies Register after failing to submit its annual accounts. This company is dormant in any event. An application is being made to restore it to the register.

In 2023 an Internal Audit Report of ECC owned companies reported a 'satisfactory' assurance rating.

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, 99% directly and 1% by Seax Trading Limited which it also 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.

# Annual Governance Statement

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## Corporate Governance Steering Board (CGSB)

In January 2024 Members agreed to disband the CGSB on the basis that its business could be managed effectively and transparently by other bodies. The Board was established in 2011 to monitor progress of the implementation of the Corporate Governance Action Plan and by 2014 the remit of the Board had moved away from the Action Plan and dealt with the Council's corporate governance arrangements more generally. A significant number of the functions of the CGSB were related or linked to the Audit, Governance and Standards Committee and a number of other items linked to the work of the Constitutional Working Group, the Scrutiny Board and the Corporate Policy and Scrutiny Committee. Therefore, those bodies were expanded to include any business not already dealt with elsewhere. Monitoring of the Annual Governance Statement Action plan will be transferred to the Audit, Governance and Standards Committee.

## 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 2024.

## 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 and 2022/23. This is beyond the Council's control. This means that it is not yet possible to formally publish the statement of accounts for the financial years. 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 a continuing 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 on time.

From 2023/24 the external auditors will be Ernst and Young.

# Annual Governance Statement

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## Previous governance matters arising

All actions identified in the 2022/23 Annual Governance Statement action plan have been adequately addressed, with implementation being reviewed by the Monitoring Officer. Areas where actions are ongoing have been updated in the 2023/24 action plan.

### Governance issues during 2023/24

#### Capital Expenditure

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 around £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. There were two limited assurance audits reported to the Audit, Governance and Standards Committee in 2023/24 on Beaulieu Park Station and the Chelmsford North Eastern Bypass. Actions to address the audit recommendations are ongoing into 2024/25.

The risk position continues to be significant, although it is improving as a result of agreements being reached with landowners and as things have progressed. There are still significant construction risks in all projects and land ownership risks in all projects, particularly viewed against the background of inflation.

# Annual Governance Statement

## Social Media Etc Payments

In February 2024 Full Council referred a matter to the Audit, Governance and Standards Committee regarding payments in the Strengthening Communities Team in Public Health, mainly for social media expenditure during the pandemic. While most of the payments in scope were made in 2020 and 2021, some payments were made in 2023/24. Concerns were raised in 2021 and there was a response at the time. The Council had already published a significant amount of [data](#) on this topic following a number of information requests. The Committee met to consider this in [April 2024](#) and a further report will be published when the Committee has concluded its consideration of this matter.

## SEND

The [People and Families Scrutiny Committee](#) held two detailed public sessions looking at the demand pressures, capacity, and sufficiency in relation to the local SEND (special educational needs and disabilities) system. The extent of issues raised has led the Committee Members to decide to establish a Task and Finish Group to look at some aspects in more detail.

During most of the 2023/24 financial year the Council met the statutory deadline for putting an ECHP in place in approximately 1% of cases. There is a national issue, but it is the case that performance in Essex is statistically below other areas. There has been some improvement, and work is ongoing to improve performance.

## 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 or group	Target completion date
Governance	Conclude the review of ECC companies in line with the Local Partnerships <a href="#">Local Authority Company review guidance</a> and implement actions arising.	Monitoring Officer	March 2025
Assurance	Implement actions identified as part of the 2023/24 Service Assurance Statement process.	CLT	March 2025

# Annual Governance Statement

Subject	Action(s)	Responsible Officer or group	Target completion date
Governance	Monitor implementation of internal audit recommendations on major capital schemes and undertake a follow up audit.	CLT	March 2025
Governance	Consider implementation of any recommendations arising from the Audit, Governance and Standards Committee's work on this.	CLT	March 2025

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.



**CLr Kevin Bentley**  
**(Leader of the Council)**



**Nicole Wood**  
**(Chief Executive)**

# Annual Governance Statement

## Annex 1 – List of upheld LGO complaints in 2023/24

Case ID	Service Area	Specialism	Date	Outcome Details
23 000 061	Education and Schools	Special Educational Needs	11/01/2024	Mr X complained about how the Council dealt with his child's, Y, Education Health and Care Plan. Mr X also complained about the Council's poor communication with him and how it dealt with his complaint. There were faults by the Council which caused injustice to Y and Mr X. The Council will take action to remedy the injustice caused.
22 017 537	Roads and Travel	Traffic Management	26/07/2023	Miss C complains the Council wrongly refused her request for a disabled parking bay at her sister's property. Miss C says this means her sister's carers cannot park near her home and she will often not leave as she cannot see the car or will behave unpredictably. Based on the information provided, we have found fault by the Council but consider the recommended action of an apology, symbolic payment, further review and staff guidance provides a suitable remedy.
23 000 648	Health and Social Care	Children and Young People SC	14/02/2024	The complainant (Ms X) said the Council failed by not accepting the First-Tier Tribunal (Health, Education and Social Care Chamber) (the SEND Tribunal) social care recommendations for her son (Y). She also said the Council failed to properly handle her complaint. We did not find fault in the Council's refusal to accept the SEND Tribunal recommendations on social care provision for Y. We found fault with the Council for the failing to provide Ms X with the criteria applied when deciding children in need eligibility for the Council's services. We also found fault in the way the Council carried out a Child and Family assessment for Y and handled Ms X's complaint. The Council agreed to apologise, make payments for Ms X and carry out some service improvements.
23 000 503	Education and Schools	Special Educational Needs	04/09/2023	LGO found council at fault for breaching statutory timescales.
23 000 492	Health and Social Care	Adults SC	12/10/2023	Not investigated due to early remedy. Injustice caused.

# Annual Governance Statement

Case ID	Service Area	Specialism	Date	Outcome Details
23 000 943	Education and Schools	Special Educational Needs	10/08/2023	Mrs X complained that the Council delayed in completing an education, health and care needs assessment for her daughter causing distress and anxiety. We found the Council was at fault in failing to meet statutory deadlines. It has agreed to make a payment to Ms X in recognition of the injustice caused.
23 000 995	Education and Schools	Special Educational Needs	14/09/2023	Summary: Ms X complained the Council delayed carrying out her daughter, Child Y's Education Health and Care (EHC) plan annual review in line with the statutory timescales and then delayed issuing Child Y with the amended EHC plan following the annual review. The Council was at fault for delaying Child Y's annual review and not explaining the annual review decision, which caused Ms X distress and uncertainty and delayed her right of appeal. The Council will make a payment to Ms X to acknowledge the injustice this caused her. Ms X had a right of appeal to the tribunal over Child Y's provision.
23 001 123	Education and Schools	Special Educational Needs	08/09/2023	Summary: The Council was at fault for the time taken to amend and issue an Education, Health and Care plan following an annual review. This caused injustice as the child did not know what support they were due to get until just before they moved into post-16 education. To remedy the injustice caused, the Council agreed to apologise, make a payment for the distress caused and produce an action plan showing how it will meet statutory timescales for annual reviews.
23 001 706	Education and Schools	School Transport	04/09/2023	Dr B complained about the Council's decision to decline his application and appeal for home to school transport for his children. We find the Council was at fault for failing to make Dr B aware of his right to make oral representations. However, this fault did not cause Dr B a significant injustice.
23 001 498	Health and Social Care	Adults SC	21/03/2024	The Council failed to ensure Miss Y received accurate invoices for domiciliary care services from a care agency commissioned by the Council. The Council delayed in acting on numerous complaints about this.

# Annual Governance Statement

Case ID	Service Area	Specialism	Date	Outcome Details
23 001 990	Education and Schools	Special Educational Needs	10/01/2024	The Council took too long to issue the final Education Health and Care (EHC) plan for Miss B's son. Its communication with her was not always clear. It is not clear that the Council took account of its anticipatory duty to meet Miss B's need for reasonable adjustments and it is likely that this contributed to the delay. This caused Miss B distress and frustration, and meant her son missed out on the provision he was entitled to. The Council has agreed to remedy this.
23 002 047	Education and Schools	Special Educational Needs	15/11/2023	Mrs C complained about how the Council dealt with her request for an Education, Health and Care (EHC) Plan for her son and how it communicated with her. She also said it failed to provide him with suitable alternative provision. We found the Council at fault for failing to adhere to the statutory timescales to complete his EHC Plan and caused delays in responding to her communication and complaint. There was no fault on the other matters complained about, or Mrs C had appeal right to the SEND Tribunal. The Council agreed to apologise and make payment to Mrs C to acknowledge injustice this caused her and her son.
23 002 159	Education and Schools	Special Educational Needs	18/12/2023	Mrs D complained about the Council's delays during the Education, Health and Care needs assessment process for her son. Based on the evidence so far seen we find the Council was at fault for failing to meet statutory deadlines during the assessment. We make several recommendations to address the injustice caused by fault.
23 001 246	Health and Social Care	Adults SC	03/10/2023	Mrs X complains there were failings in the way the Council provided care and support to her daughter Ms X and responded to her concerns about the matter. The Council has accepted it was at fault as it delayed carrying out a social care review of Ms X following Mr and Mrs X's requests. It also delayed responding to Mrs X's correspondence. The Council has apologised and paid Mr and Mrs X £350 in recognition of the uncertainty caused which is suitable action for it to take. The Council is now discussing a social care needs review with Mr and Mrs X and Ms X which is the outcome they were seeking. So, we have completed our investigation.



# Annual Governance Statement

Case ID	Service Area	Specialism	Date	Outcome Details
23 002 999	Customer Services		04/12/2023	Mr X complained the Council failed to make reasonable adjustments when he contacted it about car damage he said was caused by a pothole. Based on the evidence seen so far, we found fault because the Council failed to consider Mr X's request for a reasonable adjustment. To remedy the injustice caused by this fault, we recommend the Council apologise and shares information with relevant officers some of its procedures.
23 003 114	Education and Schools	Special Educational Needs	29/12/2023	The Council's delay completing an Education, Health, and Care needs assessment for Ms X's child was fault. The Council was also at fault for failing to meet its duty to offer suitable alternative provision when Ms X's child could not go to school. The Council has agreed to apologise, make a financial remedy, provide education to the child, and act to improve its services.
23 003 342	Education and Schools	Special Educational Needs	23/10/2023	Ms X complained the Council delayed completing her child, P's, Education, Health and Care (EHC) plan. The Council was at fault for delay caused by a shortage of Educational Psychologists. This means the Council has not yet issued P's final EHC plan. The Council will apologise and pay Ms X £200 to recognise the frustration and uncertainty the delays had on her. It will make an ongoing payment of £100 per month until it issues P's final EHC plan.
23 003 541	Education and Schools	Special Educational Needs	29/12/2023	Ms X complained the Council failed to properly remedy support her son Y missed out on and about delays amending his education health and care plane. Based on the information we have seen there was fault in how the Council failed to properly remedy the support Y missed due to delays in issuing his first plan and further delays in amending his plan in June 2023. The Council should apologise to Ms X for the further delays and pay a financial remedy to recognise the support Y missed.
23 003 491	Education and Schools	Special Educational Needs	22/11/2023	Mr X complained the Council failed to fulfil the provisions in his daughters Education Health Care (EHC) Plan which was ordered by the Tribunal. The Council delayed in securing some provisions within the EHC plan. This is fault.

# Annual Governance Statement

Case ID	Service Area	Specialism	Date	Outcome Details
23 005 214	Education and Schools	Special Educational Needs	09/11/2023	There was fault by the Council which delayed obtaining advice from an Educational Psychologist and delayed issuing Y's final Education, Health and Care Plan. This caused avoidable distress, frustration and a delay in appeal rights. The Council will apologise, issue Y's final plan and make payments set out in this statement.
23 004 198	Education and Schools	Special Educational Needs	08/12/2023	There was fault by the Council in ensuring the implementation of provision set out in an education, health and care plan. The Council was also entitled to refuse the complainant's request for a personal budget, but it was at fault because it did not inform her she had the right to request a review of this decision. The Council has agreed to apologise for this, invite her to request a review now, and remind staff of this requirement.
23 004 613	Education and Schools	Special Educational Needs	16/02/2024	Mrs X complained about delay and poor communications while the Council carried out an education, care and health needs assessment for her daughter. We upheld the complaint, finding delay. This caused injustice to Mrs X because of the resultant uncertainty created. The Council accepts these findings. At the end of this statement, we set out the action it has agreed to take to remedy Mrs X's injustice and make service improvements.
23 004 610	Education and Schools	Special Educational Needs	08/12/2023	Mr X complains about the delay in the Council issuing an Education, Health and Care Plan for Child Y. He says this meant Child Y was without the support they needed and missed out on the opportunity to attend their preferred school. I intend to find fault with the Council for the delay in issuing Child Y's Education, Health and Care Plan. I am recommending a financial remedy in recognition of the delay.

# Annual Governance Statement

Case ID	Service Area	Specialism	Date	Outcome Details
23 001 035	Education and Schools	Special Educational Needs	29/02/2024	Ms X complained the Council did not respond to her request for a Personal Budget, meaning her child did not receive tutoring and support he should have. There was some fault by the Council in the way it communicated with Ms X about her request to use additional funding as a Personal Budget, however this did not cause her significant injustice. We have not investigated Ms X's other complaints about delays in issuing a final Education, Health and Care plan as we previously agreed a remedy for any injustice this caused. We cannot investigate Ms X's complaint about the content of the latest Education, Health and Care plan the Council issued as Ms X has appeal rights to the First-tier Tribunal (Special Educational Needs and Disability) which she has exercised.
23 005 361	Health and Social Care	Adults SC	07/03/2024	The complainant (Mr X) said the Council failed when carrying out a financial assessment and the Deferred Payment Agreement (DPA) process for his late father (Mr Y). Mr X also complained about the way the Council dealt with his complaint. We found fault in all matters complained about. This fault caused injustice to Mr Y and Mr X. The Council agreed to apologise, pay to Mr Y's estate part of the residential nursing fees which would have not been incurred if not for the Council's failings and make payments for Mr X's distress and time and trouble. The Council also agreed to carry out some service improvements.
23 007 358	Education and Schools	Special Educational Needs	02/02/2024	There was excessive delay in completing an annual review and responding to complaints. There was also fault in the way the Council handled a request for education direct payments. This caused a loss of special educational provision and unnecessary distress, time and trouble. The Council will apologise, make symbolic payments and consider how to improve the timeliness of its service. The complaint is upheld.

# Annual Governance Statement

Case ID	Service Area	Specialism	Date	Outcome Details
23 007 358	Customer Services		02/02/2024	There was excessive delay in completing an annual review and responding to complaints. There was also fault in the way the Council handled a request for education direct payments. This caused a loss of special educational provision and unnecessary distress, time and trouble. The Council will apologise, make symbolic payments and consider how to improve the timeliness of its service. The complaint is upheld.
23 006 175	Health and Social Care	Children and Young People SC	12/01/2024	We intend to find that the Council was at fault for not arranging an advocate for Mr B when he asked for one prior to a child protection conference. It should apologise to Mr B and make a symbolic payment to recognise his injustice. It should also take steps to improve its service.
23 007 066	Education and Schools	Special Educational Needs	21/03/2024	There was fault by the Council. There was delay of one year in completing the Education, Health and Care Plan needs assessment process. There was also delay in arranging alternative education provision once the Council became aware that a child was not in school. An apology, payment and service improvements remedy the injustice caused from loss of suitable education.
23 007 035	Education and Schools	Special Educational Needs	22/11/2023	Miss X complained the Council delayed completing her child, Y's, Education, Health and Care (EHC) plan. The Council was at fault for the delay caused by a shortage of Educational Psychologists. The Council has agreed to apologise and pay Miss X £400 to recognise the frustration and uncertainty the delay caused her.
23 007 382	Education and Schools	Special Educational Needs	23/11/2023	Mrs X complained the Council delayed assessing her child, Y, for an Education, Health, and Care (EHC) plan. Based on the information seen so far, the Council was at fault. It delayed conducting an assessment with an Educational Psychologist which meant it has not decided whether to issue an EHC plan for Y. The Council should pay Mrs X a symbolic payment to acknowledge the distress, frustration, and uncertainty the matter has caused her. It should also make a further payment to Mrs X to acknowledge any injustice caused by further delay until it has decided whether it will issue an EHC plan to Y, or when it has issued a final EHC plan to Y.

# Annual Governance Statement

Case ID	Service Area	Specialism	Date	Outcome Details
23 007 793	Education and Schools	Special Educational Needs	23/11/2023	There was fault in the Council delaying issuing an Education, Health and Care plan for Mrs X's son. Those delays caused Mrs X an injustice because of uncertainty about her son's special education provision and the school he would go to. The Council have already apologised for delays and have agreed to pay a financial remedy to Mrs X, to properly recognise her injustice.
23 007 956	Education and Schools	Special Educational Needs	17/10/2023	Upheld. Council acted outside of statutory timescales.
23 008 988	Health and Social Care	Adults SC	06/11/2023	We will not investigate this complaint about the Council's pursuit of Mr X for care charges incurred by his late mother Ms Y. This is because the Council has put forward a reasonable remedy during our consideration of the complaint.
23 009 460	Education and Schools	Special Educational Needs	02/11/2023	We will not investigate this complaint about delays in the Education Health and Care Plan process. This is because the Council has agreed to an appropriate remedy for the delay.
23 009 545	Health and Social Care	Adults SC	21/03/2024	Mrs X complained about the actions of the care provider arranged by the Council after her father, Mr Y, fell at home. There was fault in how the care provider, acting on behalf of the Council, arranged for Mr Y to go into a care home, without seeking the Council's approval first. This led to Mr Y being charged for care he would not have been. The Council agreed to apologise, reimburse some of the care fees Mr Y was charged and remind its providers about the correct procedure to follow in future.
23 010 582	Education and Schools	Special Educational Needs	03/04/2024	Summary: Mr X complained the Council named an unsuitable school in his daughter, F's Education, Health and Care (EHC) Plan following an annual review, failed to respond to his request for a re-assessment of F's needs and did not respond to his mediation request. The Council was at fault. It did not respond to Mr X's request for an EHC needs re-assessment. It then took six months to respond to his complaint about mediation. The Council agreed to apologise and make a symbolic payment to Mr X to recognise the distress and uncertainty caused. It will also consider whether to carry out an EHC needs re-assessment without further delay.

# Annual Governance Statement

Case ID	Service Area	Specialism	Date	Outcome Details
23 014 514	Health and Social Care	Adults SC	14/03/2024	Invite to early remedy - apology to be issued.
23 015 428	Education and Schools	Special Educational Needs	01/03/2024	We will not investigate Miss X's complaint about delay in the Council completing an Education, Health, and Care needs assessment for her child. This is because the Council has agreed to resolve the complaint early by providing a proportionate remedy for the injustice caused.
23 016 023	Education and Schools	Special Educational Needs	05/03/2024	We will not investigate Mr X's complaint about delays in the Education Health and Care Plan process. This is because the Council has agreed to an appropriate remedy for the delay

# Annual Governance Statement

## 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
<b>Active Essex Foundation</b>  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	<a href="https://www.activeessex.org/about-us/board-documentation/">https://www.activeessex.org/about-us/board-documentation/</a>
<b>ECL Trading Limited</b>  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)	
<b>Essex Cares Limited</b>  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	
<b>Essex Community Support Limited</b>  16 October 2008	Other social work activities without accommodation.	Private limited company. Wholly owned subsidiary of Essex Cares Ltd.	Essex Legal Services Limited (Secretary)	
<b>Essex Employment and Inclusion Limited</b>  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)	

# 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
<b>Essex Equipment Services Limited</b>  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),	
<b>Essex Housing Development LLP</b>  26 August 2020	To develop housing, which will deliver economic growth for the benefit of the area or persons resident or present in the Essex area. Following development of the schemes, the LLP will either sell the units on the open market or rent them out.	LLP - constitution is set out in the LLP Agreement between ECC, Seax Trading Limited and Essex Housing Development LLP.	Essex County Council (LLP Designated Member) Seax Trading Limited (LLP Designated Member)	
<b>Essex Legal Services Limited</b>  3 December 2009	To provide legal services.	Private limited company by shares. ECC is the only shareholder.  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.	Katie Whall Joanna Gent Susan Moussa	



# 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
<b>Medtech Accelerator Limited</b>  24 June 2016	The Medtech Accelerator will provide initial proof of concept support funding to NHS organisations with the aim of developing commercial companies to deliver innovative clinical products to market.	Private limited company. ECC is a minority shareholder.	Christine Golding  Nicole Wood	
<b>Seax Trading Limited</b>  10 January 2017	Environmental consulting	Private limited company. ECC is the only Shareholder.	Tina French	
<b>South East LEP limited*</b>  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)	<a href="#">EssexCmis5 &gt; Committees &gt; SELEP Accountability Board</a>
<b>Freeport East Limited</b>  6 December 2022	To facilitate and support the running of Freeport East	Company is limited by guarantee.	Cllr Lesley Wagland	

\* 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.

# **Independent Auditor's Report 2023/24**



**Building a better  
working world**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESSEX COUNTY COUNCIL**

### **Disclaimer of Opinion**

We were engaged to audit the financial statements of Essex County Council ('the Authority') and its subsidiaries (the 'Group') for the year ended 31 March 2024. The financial statements comprise the:

- Authority and Group Movement in Reserves Statement,
- Authority and Group Comprehensive Income and Expenditure Statement,
- Authority and Group Balance Sheet,
- Authority and Group Cash Flow Statement
- the related notes 1 to 38 to the Authority financial statements, and related notes 1 to 7 to the Group financial statements including material accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

We do not express an opinion on the accompanying financial statements of the Group and the Authority. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### **Basis for disclaimer of opinion**

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 required any outstanding accountability statements for years ended 31 March 2015 to 31 March 2023 to be approved not later than 13 December 2024 and the accountability statements for the year ended 31 March 2024 to be approved not later than 28 February 2025 ('the backstop date').

The audit of the financial statements for the year ended 31 March 2023 for Essex County Council was completed and the opinion issued on 13 December 2024.

As a result of the delay to the previous year's audit and the limited time between the backstop dates, we did not have sufficient time to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the Authority's financial statements for the year ended 31 March 2024.

Therefore, we are disclaiming our opinion on the financial statements.

### **Matters on which we report by exception**

Notwithstanding our disclaimer of opinion on the financial statements we have nothing to report in respect of whether the annual governance statement is misleading or inconsistent with other information forthcoming from the audit, performed subject to the pervasive limitation described above, or our knowledge of the Group and the Authority.

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended),
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended),
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended),

- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended),
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended),
- we are not satisfied that the Group and the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We have nothing to report in these respects.

### **Responsibility of the Director, Finance**

As explained more fully in the '*Director, Finance responsibilities*' set out on page 22, the Director, Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, 2023/24, for being satisfied that they give a true and fair view and for such internal control as the Director, Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's responsibilities for the audit of the financial statements**

Our responsibility is to conduct an audit of the Group and the Authority's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group and the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Code of Audit Practice 2024 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources**

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in November 2024, as to whether Essex County Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Essex County Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether Essex County Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

### **Pension Fund financial statements**

On the 25 February 2025 we issued our opinion on the Pension Fund financial statements for the year ended 31 March 2024 included within the Statement of Accounts.

### **Certificate**

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance certificate in respect of the Whole of Government Accounts consolidation pack and the NAO, as group auditor, has confirmed that no further assurances will be required from us as component auditors of Essex County Council.

Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

### **Use of our report**

This report is made solely to the members of Essex County Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and Authority and the Group and Authority members as a body, for our audit work, for this report, or for the opinions we have formed.

MARK HODGSON

ERNST & YOUNG LLP

Date: 25<sup>th</sup> February 2025

**Mark Hodgson (Key Audit Partner)**  
Ernst & Young LLP (Local Auditor)  
Cambridge



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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESSEX COUNTY COUNCIL ON THE PENSION FUND'S FINANCIAL STATEMENTS**

### **Opinion**

We have audited the Pension Fund ("the Fund") financial statements for the year ended 31 March 2024 under the Local Audit and Accountability Act 2014 (as amended). The Pension Fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes 1 to 19.11.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

In our opinion the Pension Fund financial statements:

- give a true and fair view of the financial transactions of the Fund during the year ended 31 March 2024 and the amount and disposition at that date of its assets and liabilities as at 31 March 2024; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Council as administering authority for the Pension Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Director, Finance's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the authority's ability to continue as a going concern for a period to 31 March 2026.

Our responsibilities and the responsibilities of the Director, Finance with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the authority's ability to continue as a going concern.

### **Other information**

The other information comprises the information included in the '*Statement of Accounts 2023/24*', other than the financial statements and our auditor's report thereon. The Director, Finance is responsible for the other information contained within the '*Statement of Accounts 2023/24*'.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the

course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Matters on which we report by exception**

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended);
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended);
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended);
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended); or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended).

We have nothing to report in these respects.

### **Responsibility of the Director, Finance**

As explained more fully in the '*Director, Finance responsibilities*' set out on page 22 the Director, Finance is responsible for the preparation of the Council's Statement of Accounts, which includes the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, and for being satisfied that they give a true and fair view. The Director, Finance is also responsible for such internal control as the Director, Finance determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with Director, Finance.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Fund and determined that the most significant are the Local Government Pension Scheme Regulations 2013 (as amended), and The Public Service Pensions Act 2013.
- We understood how the Fund is complying with those frameworks by making enquiries of the management. We corroborated this through our reading of the Pension Fund Strategy Board and Investment Steering Committee minutes, Pension Fund policies and procedures and other information.
- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of the management for their awareness of any non-compliance of laws or regulations, inspecting correspondence with the Pensions Regulator and review of minutes.
- We assessed the susceptibility of the Fund's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements and documenting the controls that the Fund has established to address risks identified, or that otherwise seek to prevent, deter or detect fraud.
- In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any identified significant transactions that were unusual or outside the normal course of business. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- To address our fraud risk we tested the consistency of the investment asset valuation from the independent sources of the custodian and the fund managers to the financial statements.
- The Fund is required to comply with The Local Government Pensions Scheme regulations, other legislation relevant to the governance and administration of the Local Government Pension Scheme and requirements imposed by the Pension Regulator in relation to the Local Government Pension Scheme. As such, we have considered the experience and expertise of the engagement team including the use of specialists where appropriate, to ensure that the team had an appropriate understanding of the relevant pensions regulations to assess the control environment and consider compliance of the Fund with these regulations as part of our audit procedures.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>.

This description forms part of our auditor's report.

### Use of our report

This report is made solely to the members of Essex County Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Essex County Council and its members as a body, for our audit work, for this report, or for the opinions we have formed.

MARK HODGSON

ERNST & YOUNG LLP

Date: 25<sup>th</sup> February 2025

**Mark Hodgson (Key Audit Partner)**  
Ernst & Young LLP (Local Auditor)  
Cambridge