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David Marchant LLB (Hons) BSc (Hons) CEng FICE FCMI
Chief Executive

A **MEETING OF THE COUNCIL** of the Borough of Castle Point will be held in the Council Chamber, Council Offices, Kiln Road, Thundersley, on **WEDNESDAY, 27TH SEPTEMBER, 2017 at 7.30 p.m.**, and all Members of the Council, listed below, are hereby summoned to attend to transact the undermentioned business.

Councillors B.S. Wood,(The Worshipful the Mayor), A.C.Walter,(Deputy Mayor), A.J. Acott, J. Anderson, A.J.Bayley, D.A. Blackwell, B. Campagna, S. Cole, D.T. Cross, W.J.C. Dick, Mrs B. Egan, E. Egan, Mrs W. Goodwin,P.C. Greig, S.Hart, N.R. Harvey, R.C. Howard, J. Hudson, R. Hurrell, G.I. Isaacs, Mrs.J.King, N.E.Ladzrie, C.A. MacLean, P.J. May, C.E. Mumford, B.A. Palmer, J.A.Payne, Mrs. J. Payne, A. Partridge, C.G. Riley, Mrs C.J Sach, W.K.Sharp, A.G. Sheldon, T.F. Skipp, N.G. Smith, J.A. Stanley, A. Taylor, P.E.Varker, Mrs L. Wass, Mrs G. Watson and N. Watson.

Chief Executive

AGENDA

PART I

(Business to be taken in public)

Before commencing the business of the meeting, prayers will be offered by the Chaplain.

1. Apologies for absence

2. Members' Interests

3. Minutes

To receive the Minutes of the meeting of the Ordinary Council held on 26th July 2017.

4. Mayor's Announcements

The Mayor will report at the meeting.

5. Questions from members of the public of which Notice has been received

There are none.

- 6. Questions from Members of the Council of which Notice has been received**
These are attached.
- 7. To deal with any business from the last Council Meeting**
There is none.
- 8. Any explanations for urgent decisions taken by Cabinet**
There are none.
- 9. Consideration of recommendations from Cabinet:**
There are none.
- 10. Any References from the Scrutiny/Policy and Scrutiny or Regulatory Committees**
There are none.
- 11. Financial Results and Statement of Accounts 2016/17**
The Council is asked to consider the financial out-turn results and audited Statement of Accounts for 2016/17 submitted for approval by Council. A report is attached.
- 12. Review of the Council's System of Governance and Alternative Systems**
A report is attached.
- 13. Report from the Leader of the Council**
The Leader is to report at the meeting.
- 14. Notices of Motion**
These are attached.
- 15. Petitions submitted by Members of the Council of which Notice has been given.**
No Notice has been received.

ORDINARY COUNCIL

27th September 2017

Subject: Questions from Members

1. Purpose of Report

To present to Council Notice of Questions from Members received for consideration at this meeting.

Councillor Campagna has given notice of the following question:

1: Would the Cabinet Member for Environment please apologise to the residents and day trippers to Canvey seafront for failing to repair the public toilets in time for the August Bank Holiday. Does he not think it is unacceptable that this should happen on a busy bank holiday?

Councillor Neville Watson has given notice of the following question:

2: Can the Cabinet Member for Waste, Flooding and Water Management, please inform Canvey residents was the bid in 2015 to the Government from our MP and this Council for £24 million to solve Canvey Islands drainage problems fake news ? Also the latest bid by the MP and Benfleet councillors to the Government for £24million to solve the drainage problems also being fake news or have we bid for £50 million ?

Councillor Greig has given notice of the following questions to Councillor Skipp Cabinet Member for Environment and Leisure:

3: Could the Cabinet Member for Environment and Leisure, Please inform the Council as to what has happened with the disabled parking survey as promised by the Member?

4: Could the Cabinet Member please also bring us up to date as to the men's changing rooms at Waterside Farm sports centre where the ceiling was leaking badly?

Councillor Blackwell has given notice of the following question:

5: Can the Cabinet Member for Flooding and Waste, please confirm that Canvey Island is a Designated Critical drainage area as stated by Essex County Councils flood investigation?

ORDINARY COUNCIL

27th September 2017

Subject: Financial Results and Statement of Accounts for 2016/17

Cabinet Member: Councillor Stanley – Finance, Policy & Resources

Note for Members: Questions on the Statement of Accounts are invited **in advance** of the meeting in order to ensure that replies are available at the meeting. Please submit questions to Chris Mills – Head of Resources.

1 Purpose of Report

- 1.1 This report submits the financial results and audited Statement of Accounts for 2016/17, for approval by Council.
- 1.2 The statement of accounts is supported by separate annexes intended to aid interpretation.

2 Links to Council's priorities and objectives

This report is linked to the Council's priority of Efficient and Effective Customer Focused Services. Sound and strategic financial management is essential in order to ensure that resources are available to support the Council's priorities and maintain or improve services.

3 Recommendations:

That following scrutiny:

- 1. The financial results for 2016/17 and explanations of budget variances and significant items are noted.
- 2. The audited Statement of Accounts is formally approved.
- 3. That authority is delegated to the Head of Resources to implement subsequent changes which may be required to the statement of accounts following conclusion of the external audit and report back retrospectively.

Resolution required.

4 Background

- 4.1 The Council has a duty to approve and publish an Annual Statement of Accounts within statutory timescales. The regulations require that:

30th June

The un-audited Statement of Accounts is signed by the Council's responsible financial officer to certify that the accounts give a true and fair view of the Council's financial position and financial performance, and published.

30th September

Subsequent to the independent audit by the Council's external auditors, the accounts are re-certified by the responsible financial officer, approved by Council Members

(by way of resolution at a meeting) and subsequently published.

- 4.2 The Statement of Accounts must be prepared in accordance with International Financial Reporting Standards (IFRS) and proper accounting requirements, as set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, and the associated Guidance notes for Practitioners, both published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

5 Public inspection, audit and publication of the Statement of Accounts

- 5.1 The Council's external auditors, Ernst and Young, commenced their audit of the Statement of Accounts during August 2017. There were also rights of public inspection of the accounts and relevant supporting documents during the period 12 June to 21 July 2017. Draft unaudited accounts were published on the Council's website prior to the start of the inspection period. Subsequent to formal approval at this meeting, the Statement of Accounts will be published on the Council's website.
- 5.2 At the time of writing this report, the External Auditors have substantially completed their audit of the Council's financial statements and have performed the procedures outlined in their Audit Plan. One particular aspect of their work however remains in progress. This work involves a greater degree of challenge of Property, Plant and Equipment valuation assumptions adopted by the Council's external valuers. Until this work is completed it is not possible to rule out changes to the accounts.
- 5.3 This is an unusual position for the Council but any change will impact purely on the Balance Sheet and will have no impact on the closing position for the General Fund, Housing Revenue Account or their respective reserves.
- 5.4 The Council are therefore asked to delegate approval to the Head of Resources to implement any changes which may arise after Council has approved the statements and report back retrospectively.
- 5.5 Subject to satisfactory completion of all any outstanding items the auditors have advised that they expect to issue an unqualified opinion on the Council's financial statements.

6 Scrutiny of the Statement of Accounts

- 6.1 The Statement of Accounts is an important document and is subject to a robust process of scrutiny prior to approval. It is recognised that the accounts and supporting notes are complex and therefore to assist Council Members in fulfilling the process of scrutiny, Officers have produced the following additional guidance:
- **Annexe A** - A summary of 2016/17 financial results for the Council's three main funds: the General Fund, the Housing Revenue Account and the Capital Programme, including details of unspent budgets carried forward to 2017/18 and comments on budget variances. The Annexe is split into 5 separate sections.

- **Annexe B** - Supporting information for the benefit of Members including explanation of changes to the format of the financial statements and an analysis of figures and disclosures presented in the accounts. It is recommended that this annexe is considered alongside the full Statement of Accounts to aid interpretation.

6.2 The actual Statement of Accounts 2016/17 is the final annexe of this report.

6.3 A separate report to Audit Committee in June 2017 and Cabinet in July 2017 summarised the Council's Treasury Management activity for 2016/17.

7 Future changes to closure of accounts timescales

7.1 As stated above the Council and external auditors must work to the two statutory deadlines of completion of un-audited accounts by 30 June, and completion of audit and approval of audited accounts by 30 September.

7.2 From 2017/18 both of these deadlines are reduced, to 31 May and 31 July respectively. This means the Audit Committee and meeting of Council which currently take place in late September will need to be brought forward to late July from 2018 onwards.

7.3 Officers have been preparing for these compressed deadlines, and for both the 2015/16 and 2016/17 closure process were able to meet the earlier May deadline in advance of the requirement to do so.

8 Corporate Implications

a) Legal implications

As set out in sections 4 and 5 above. The Council's Financial Procedure Rules reserve approval of the Statement of Accounts to Council.

b) Financial implications

Prompt closure of the accounts gives the major advantage of knowing last year's out-turn at an early stage in the new financial year, usually around late May. It is most important that the General Fund underspend achieved in 2016/17 is considered in relation to the Financial Planning Strategy and Medium Term Financial Forecast. The same requirement applies to the Housing Revenue Account underspend, in relation to the long term HRA business plan.

c) Human resource and equality implications

No new implications.

d) Timescale for implementation and risk factors

The timescale for approval and publication of the 2016/17 Statement of Accounts is summarised as follows:

- May/June 2017 – Un-audited Statement of Accounts signed and certified by the Head of Resources, and published on the Council's website.
- August 2017 – Ernst and Young external audit of the Statement of Accounts performed.
- September 2017 – Audited Statement of Accounts re-certified by the Head of Resources.
- 27 September 2017 – Audited Statement of Accounts approved by Council.

- By 30 September 2017 – Audited Statement of Accounts published.

Report Author: Ian Stapleton, Financial Services Manager

Background Papers:

CIPFA: Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, and associated Guidance Notes.

2016/17 Summary financial results

1 Overview

1.1 Annexe A provides a summary of the 2016/17 financial results for the Council's three main funds: the General Fund, the Housing Revenue Account and the Capital Programme.

1.2 The annexe has the following sections:

Section 1 A summary of the year end position for each main Fund.

Section 2 A summary of budgets approved by the Head of Resources for carry forward into the 2017/18 financial year or transfer into earmarked reserves.

Section 3 Variances on the General Fund in excess of **£10k**, including comments on the variances.

Section 4 Variances on the Housing Revenue Account in excess of **£10k**, including comments on the variances.

Section 5 Variances on the Capital Expenditure programme in excess of **£10k**, including comments on the variances.

2 General Fund Revenue Account (GF)

2.1 The General Fund Revenue Account is the account that is charged with expenditure incurred on delivering the Council's services except those relating to the Housing Revenue Account (as described below), and credited with income generated through those services. The net of this expenditure and income is funded by grants and contributions from Central Government and from Council Tax collected from residents.

2.2 The year end position on the General Fund after unspent budgets approved to be carried forward was an underspend of **£352k** compared to the revised budget for the year. The balance on the main General Fund reserve at 31 March 2017 was **£5.839m**. Any allocation of reserves above the recommended minimum level of **£2.5m** must be considered in the context of the Financial Planning Strategy and Medium Term Financial Forecast.

2.3 Annexe A Section 3 shows General Fund variances in excess of plus or minus **£10k** after approval of budgets transferred into earmarked reserves or carried forward into the 2017/18 financial year, including comments on the variances.

3 Housing Revenue Account (HRA)

3.1 The Housing Revenue Account records the income and expenditure relating to the Council's stock of dwellings and garages. Income received from tenants of these properties is receipted into the HRA. The Council is required to maintain the HRA as a separate account, distinct from the General Fund.

- 3.2 The final year end position on the HRA after unspent budgets approved to be carried forward was an underspend of **£215k** compared to the revised budget for the year. The balance on the main HRA reserve at 31 March 2017 was **£3.107m**. Any allocation of reserves above the recommended minimum level of **£487k** must be considered in the context of the long term HRA business plan.
- 3.3 Annexe A Section 4 shows HRA variances in excess of plus or minus **£10k** after approval of budgets carried forward into the 2017/18 financial year, including comments on the variances.

4 Capital Programme

- 4.1 The Capital Programme records the acquisition or enhancement of non-current (long term) assets, which are assets with a usable life of greater than 1 year, such as property, land, vehicles and equipment. The programme covers non-current assets relating to both the General Fund and Housing Revenue Account.
- 4.2 The year end position on the Capital Programme after unspent budgets approved to be carried forward was an overspend of **£72k** on General Fund capital expenditure. This was due to a greater number of Disabled Facilities Grant (DFG) works being completed than expected. This overspend was covered by additional Government DFG funding held in reserve, with no impact on the General Fund. HRA capital expenditure was underspent by **£90k**.
- 4.3 Annexe A Section 5 shows variances in excess of plus or minus **£10k** after approval of budgets carried forward into the 2017/18 financial year, including comments on the variances.

Summary financial results statement 2016/17

General Fund (GF) revenue expenditure	£	
Actual net expenditure	(1,431,558)	
Budget carried forward to 2017/18 (Annexe A section 2)	455,600	
Budget transferred to earmarked reserves (Annexe A section 2)	115,200	
Other transfers to earmarked reserves	295,200	
Net total	(565,558)	
Net revised budget surplus	(213,703)	
Final variance	(351,855)	Underspend
Variance as a percentage of the gross expenditure and gross income budgets (£121.1m).	-0.29%	
See annexe A section 3 for an explanation of the General Fund variances.		

Housing Revenue Account (HRA) expenditure	£	
Actual net expenditure	(1,381,809)	
Budget carried forward to 2017/18 (Annexe A section 2)	67,100	
Other transfers to earmarked reserves	632,000	
Net total	(682,709)	
Net revised budget surplus	(467,600)	
Final variance	(215,109)	Underspend
Variance as a percentage of the gross expenditure and gross income budgets (£7.4m).	-2.91%	
See annexe A section 4 for an explanation of the HRA variances.		

Capital Expenditure Programme - GF	£	
Actual gross expenditure	632,294	
Budget carried forward to 2017/18 (Annexe A section 2)	101,700	
Gross total	733,994	
Revised gross budget	661,600	
Final variance	72,394	Overspend
Variance as a percentage of the GF Capital Programme budget	10.94%	
See annexe A section 5 for an explanation of the General Fund capital variances.		

Capital Expenditure Programme - HRA	£	
Actual gross expenditure	1,361,384	
Budget carried forward to 2017/18 (Annexe A section 2)	570,800	
Gross total	1,932,184	
Revised gross budget	2,022,000	
Final variance	(89,816)	Underspend
Variance as a percentage of the HRA Capital Programme budget.	-4.44%	
See annexe A section 5 for an explanation of the HRA capital variances.		

Budgets carried forward to 2017/18

In accordance with the Council's Financial Regulations, the following budgets have been approved by the Head of Resources for carry forward into 2017/18 or transfer into earmarked reserves.

£

General Fund**Central and Corporate Services**

1	Strategic Directors	24,000
2	Audit and Investigations Unit	8,000
3	Democratic Services and Elections	17,200
4	Other Corporate Costs	45,700
		<u>94,900</u>

Communities and Housing

5	Homelessness & Housing Advice	1,800
6	Revenue Services and Benefits	700
		<u>2,500</u>

Environment

7	Street Scene and Operational Services	51,900
8	Refuse and Recycling Collection	35,200
9	Parks and Open Spaces	102,800
10	Leisure Centres, Golf Course and Halls	65,800
		<u>255,700</u>

Regeneration and Neighbourhoods

11	Planning Services	39,000
12	Partnerships and Community Engagement	34,600
		<u>73,600</u>

Resources

13	Resources departments	<u>34,000</u>
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Other Operating Income and Expenditure

14	Other Operating Income and Expenditure	110,100
		<u>110,100</u>

Total

General Fund total:	<u><u>570,800</u></u>
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Of the above total £68,000 (11.9%) relates to unspent external grant funding.

£

Housing Revenue Account**Income****Expenditure**

1	Repairs and Maintenance	67,100
		<u>67,100</u>
Other Operating Income and Expenditure		
Total		
	Housing Revenue Account total:	<u><u>67,100</u></u>

Capital Programme**GENERAL FUND****Street Scene and Operational Services**

1	Vehicle replacement programme	66,400
Resources		
2	IT Hardware	35,300
	General Fund total:	<u><u>101,700</u></u>

HOUSING REVENUE ACCOUNT (HRA)

3	Total annual programmes for replacement and repair	570,800
	HRA total:	<u><u>570,800</u></u>
Total		
	Capital Programme total:	<u><u>672,500</u></u>

General Fund

Comments on variances in excess of £10,000 between actual expenditure and revised budget after approval of budgets carried forward into 2017/18, or transferred into earmarked reserves.

		Variance Over/(under) £	Commentary
Central and Corporate Services			
1	Audit and Investigations Unit	(16,668)	Underspend due to timing of audits as a result of staff vacancies.
2	Other Corporate Costs	50,498	Variance mainly due to an increase in the provision for bad debts.
Communities and Housing			
3	Homelessness & Housing Advice	139,316	Increased use of temporary accommodation due to limited options for alternative provision, as well as reduced access to Housing Benefit rebates and an increase in the provision for bad debts.
4	Revenue Services, Benefits and Tax Collection	68,991	Difference between Housing Benefit payments made and subsidy received from Central Government compared to budgeted amounts. The variance represents 0.3% of the total Housing Benefit payments.
5	Land Charges	(26,927)	Additional income combined with a number of small underspends.
Environment			
6	Refuse and Recycling Collection	(193,129)	Additional income from trade waste and sack sales and staffing underspends, lower than expected use of agency staff and lower material costs.
7	Parks and Open Spaces	19,913	Shortfalls in income achieved on football bookings, foreshore rents and cemeteries charges.
8	Leisure Centres, Golf Course and Halls	(30,606)	Cumulative impact of small underspends across the halls and both leisure centres.
Neighbourhoods and Regeneration			
9	Planning Services	(31,526)	Additional Development Control income and Building Control income received compared to budget, along with a number of small underspends such as staffing costs.
10	Partnerships and Community Engagement	(22,983)	Variance as a result of a number of small underspends.
Resources			
11	Facilities Management	(21,951)	Lower than anticipated level of caretaker and overtime requirements, and reduced stationary and materials costs.

General Fund

Comments on variances in excess of £10,000 between actual expenditure and revised budget after approval of budgets carried forward into 2017/18, or transferred into earmarked reserves.

	Variance Over/(under) £	Commentary
Other Operating Income and Expenditure		
12 Other Operating Income and Expenditure	(336,288)	Additional income from shareback arrangement with precepting authorities (£163k) and from business rates pooling arrangement (£117k).
Net total of all other variances	49,506	
Net General Fund Over / (Under) spend	<u>(351,855)</u>	

Housing Revenue Account

Comments on variances in excess of £10,000 between actual expenditure and revised budget after approval of budgets carried forward into 2017/18.

		Variance Over/(under) £	Commentary
Income			
1	Rents	10,456	Reduced income due to higher Right to Buy sales than anticipated and an increase in void levels. Variance is 0.1% of the budget.
2	Charges for Services and Facilities	31,707	Backdated unbudgeted credit adjustments to heating charges issued, partly offset by an increase in income from sheltered housing support charges.
Expenditure			
3	Supervision and Management	(29,234)	Variances predominately from use of external support and IT costs.
4	Repairs and Maintenance	(23,129)	Underspend on reactive maintenance.
5	Other Service Expenditure	(15,924)	Underspend on utility costs, partly offset by an increase in bad debt provision requirement.
Other Operating Income and Expenditure			
6	Capital items and other adjustments	(187,168)	Predominately a transfer from the Major Repair Reserve to HRA revenue reserves arising from the capital underspend.
Net total of all other variances		(1,817)	
Net HRA Over / (Under) spend		(215,109)	

Capital Expenditure Programme

Comments on variances in excess of £10,000 between actual expenditure and revised budget after approval of budgets carried forward into 2017/18.

	Variance Over/(under) £	Commentary
General Fund		
Environment		
1 Disabled Facilities Grants and other grants	71,434	Greater number of grants completed towards the end of the financial year than originally forecast. Fully funded by Government grant.
Housing Revenue Account		
New developments and annual programmes for replacement and repair		
2 New developments and annual programmes for replacement and repair	(89,816)	Underspend on UPVC fascias and soffits and no requirement for the use of the unallocated provision.
Total of all other variances	960	
Capital Programme Over / (Under) spend	(17,422)	

Supporting information for the benefit of Members

Introduction and overview

The Statement of Accounts has been prepared in accordance with proper accounting practices. These practices primarily comprise The Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, based on International Financial Reporting Standards (IFRS) ("the Code"), and the associated Guidance Notes for Practitioners, both published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

These accounting practices are not optional and are intended to ensure that similar transactions are treated in the same manner within the accounts of all organisations.

The Statement of Accounts is a lengthy and extremely detailed document, therefore the purpose of this document is to:

- Provide answers to potential items of interest arising from the accounts;
- Present information in a less technical way to aid understanding; and
- Explain the purpose of each of the key financial statements.

It is intended that this document be referred to alongside the full Statement of Accounts, which includes supporting notes required by the code as well as the Summary of Significant Accounting Policies, on pages 32 to 45 of the Statement of Accounts. These policies set out the accounting treatments which have been adopted by the Council in producing the Statement of Accounts. The Explanatory Foreword that opens the main Statement of Accounts document also provides further supporting information to assist users of the accounts.

Changes of significance shown within the Statement of Accounts

For the 2016/17 accounts there are two main changes to be aware of:

- Firstly, the **Comprehensive Income and Expenditure Statement (CI&ES)** is now reported in line with the Council's internal directorate reporting structure, i.e. **Environment, Housing and Communities, Regeneration and Neighbourhoods and Resources**. Housing and Communities is also sub-divided between the General Fund and the Housing Revenue Account. Departmental costs which do not sit within those four directorates are reported under **Central and Corporate Services**, and include costs such as the Chief Executive, Members, Law and Civic Governance. Previously all the above costs were reported along a standard national structure dictated by CIPFA codes.
- Secondly, there is a new disclosure note, called the **Expenditure and Funding Analysis (EFA)**. This note is intended to show how annual expenditure across the Council's directorates is used and funded from resources (government grants, rents, council tax and business rates) in comparison with how those resources are applied under statutory accounting practices. The EFA is presented as the first note to the accounts and can be found on pages 46 to 48.

Key financial statements

There are 4 core financial statements and 3 supplementary financial statements included within the full Statement of Accounts.

Supporting information for the benefit of Members

Core financial statements:

- Comprehensive Income and Expenditure Statement (CI&ES) – pages 22 and 23;
- Movement in Reserves Statement (MIRS) – pages 24 and 25;
- Balance Sheet – pages 26 and 27, and the
- Cash Flow Statement – pages 28 and 29.

Supplementary financial statements:

- Housing Revenue Account (HRA) Income and Expenditure Statement – page 93;
- Movement on the Housing Revenue Account (HRA) Statement – page 94, and
- Collection Fund Income and Expenditure Account – pages 97 and 98.

The statements are supported by a series of notes as prescribed by the Code and these notes are indexed on the face of each core and supplementary financial statement as appropriate.

Comprehensive Income and Expenditure Statement (CI&ES) - Pages 22 and 23

This statement reports the net cost for the year of the revenue functions for which the Council is responsible, and shows how that cost has been financed from general government grants, Council tax and Non-domestic rates.

For all of the Council's revenue services, on both the General Fund and the Housing Revenue Account, the surplus or deficit for the financial year represents the degree to which income is greater or less than expenditure. The total surplus or deficit amount includes accounting entries such as:

- those representing the use of Non-current assets (land and property) in the provision of services;
- revaluation and impairment losses and adjustments of those assets, and
- the projected value of retirement benefits earned by employees in the year.

These entries are required in order to comply with the Code, and to represent the financial results for the year on an accounting basis. However, as these items do not form part of the charge made to local taxpayers and rent payers, they are removed for the purposes of calculating the Council Tax. These reversals, along with other statutory entries are reported through the "Adjustments between accounting basis and funding basis under regulations" line on the Movement in Reserves Statement. They are also analysed in full in note 10 to the Core Financial Statements, on pages 58 to 61 of the Statement of Accounts.

The narrative on the following pages of this annexe provides an analysis of high level summary movements between 2015/16 and 2016/17 on the amounts reported on the CI&ES. A summary of variances against revised budgets for 2016/17 with explanations can be found in Annexe A.

Members are advised that the changes mentioned below relating to capital accounting entries, internal recharges and pension costs generally have no impact on the charge made to Council Taxpayers for the General Fund and to Housing Rents for the Housing Revenue Account.

Supporting information for the benefit of Members

Environment:	£000s
This includes Refuse and Recycling, Open Spaces, Leisure Centres, Halls, Car Parks, Street Scene and Environmental Health.	
• Changes in staffing costs, including agency and pension costs	64
• Changes in premises and land costs, including utilities and repairs / maintenance	(121)
• Changes in travel and transport costs	45
• Changes in supplies, services, equipment and similar costs	(134)
• Changes in computer and ICT related costs	12
• Changes in contracts and other external payments	34
• Changes in grants and donations to voluntary and other organisations	10
• Changes in grounds maintenance and street cleansing contract costs	37
• Changes in internal recharges to and from other services	18
• Changes in capital related costs	(382)
• Changes in income from fees and charges, rents, etc.	(112)
• Changes in grants and contributions and other income received	123
Total net increase/(decrease) from 2015/16 to 2016/17	(406)

Housing and Communities – General Fund:	£000s
This includes Homelessness and Housing Advice, Revenues, Benefits, First Contact and Land Charges.	
• Changes in staffing costs, including agency and pension costs	57
• Changes in premises and land costs, including utilities and repairs / maintenance	56
• Changes in travel and transport costs	(1)
• Changes in supplies, services, equipment and similar costs	20
• Changes in computer and ICT related costs	5
• Changes in contracts and other external payments	(58)
• Changes in net homelessness costs	142
• Changes in net housing benefits expenditure and subsidy	43
• Changes in bad debt provisions	18
• Changes in internal recharges to and from other services	(19)
• Changes in capital related costs	(50)
• Changes in income from fees and charges, rents, etc	(94)
• Changes in grants and contributions and other income received	107
Total net increase/(decrease) from 2015/16 to 2016/17	226

Supporting information for the benefit of Members

Housing and Communities – Housing Revenue Account (HRA):	£000s
This includes all costs and income relating to the Council's housing stock.	
• Changes in staffing costs, including agency and pension costs	41
• Changes in premises and land costs, including utilities and repairs / maintenance	(116)
• Changes in travel and transport costs	(1)
• Changes in supplies, services, equipment and similar costs	(5)
• Changes in computer and ICT related costs	(5)
• Changes in contracts and other external payments	133
• Changes in bad debt provisions	67
• Changes in internal recharges to and from other services	(35)
• Changes in capital related costs	1,383
• Changes in income from fees and charges, rents, etc	43
• Changes in grants and contributions and other income received	(41)
Total net increase/(decrease) from 2015/16 to 2016/17	1,464

See pages 22 to 24 of this annexe for further commentary on the HRA.

Regeneration and Neighbourhoods:	£000s
This includes Planning, Building Control, Development Control, Regeneration, Partnerships and Licencing.	
• Changes in staffing costs, including agency and pension costs	(55)
• Changes in premises and land costs, including utilities and repairs / maintenance	(18)
• Changes in travel and transport costs	(4)
• Changes in supplies, services, equipment and similar costs	(6)
• Changes in computer and ICT related costs	13
• Changes in contracts and other external payments	(12)
• Changes in grants and donations to voluntary and other organisations	(6)
• Changes in internal recharges to and from other services	38
• Changes in capital related costs	(70)
• Changes in income from fees and charges, rents, etc	145
• Changes in grants and contributions and other income received	(64)
Total net increase/(decrease) from 2015/16 to 2016/17	(39)

Supporting information for the benefit of Members

Resources:	£000s
This includes Facilities Management, Financial Services, Human Resources and Information & Communication Technology, as well as the cost of some Council assets such as the main Council Offices.	
• Changes in staffing costs, including agency and pension costs	(12)
• Changes in premises and land costs, including utilities and repairs / maintenance	18
• Changes in travel and transport costs	0
• Changes in supplies, services, equipment and similar costs	(1)
• Changes in computer and ICT related costs	47
• Changes in contracts and other external payments	31
• Changes in internal recharges to and from other services	(108)
• Changes in capital related costs	34
• Changes in income from fees and charges, rents, etc	(4)
• Changes in grants and contributions and other income received	(2)
Total net increase/(decrease) from 2015/16 to 2016/17	3

Central and Corporate Services:	£000s
This includes the Chief Executive and Strategic Directors, Civic Governance, Law, Internal Audit, Members and also other miscellaneous corporate costs.	
• Changes in staffing costs, including agency and pension costs	(72)
• Changes in premises and land costs, including utilities and repairs / maintenance	(32)
• Changes in travel and transport costs	(1)
• Changes in supplies, services, equipment and similar costs	(8)
• Changes in computer and ICT related costs	(2)
• Changes in election expenses	77
• Changes in external auditor fees	(27)
• Changes in bad debt provisions	40
• Changes in members allowances and other members costs	10
• Changes in contracts and other external payments	42
• Changes in internal recharges to and from other services	103
• Changes in capital related costs	(1)
• Changes in income from fees and charges, rents, etc	(6)
• Changes in grants and contributions and other income received	(38)
Total net increase/(decrease) from 2015/16 to 2016/17	85

Supporting information for the benefit of Members

Other operating expenditure:

(Gain) / loss on disposal / derecognition of non-current (long term) assets:

Two types of transaction are reported in this line:

- The first is the gain or loss on disposal of non-current assets, for example properties sold to residents through the Right to Buy scheme. These transactions take into account the carrying value of the asset sold compared with the sale proceeds.
- The second type of transaction relates to a specific requirement under IFRS. When carrying out works to enhance non-current assets, the Council must remove (de-recognise) from the asset an estimated amount equal to the previous value recorded for that part of the asset that has had enhancement works performed.

These adjustments are recorded in 2016/17 in relation to works which took place during the year on the Council's housing stock.

The above transactions are reversed through the Movement in Reserves Statement (MIRS) and therefore have no impact on Council Taxpayers or Housing rents.

Payment of Housing Pooled Capital Receipts to the Government Pool:

The Council is required to pay part of the capital receipts received from the sale of council houses to the Government. The transaction is reversed through the MIRS and therefore has no impact on Council Taxpayers, or Housing rents.

Supporting information for the benefit of Members

Financing and Investment income and expenditure:**Interest payable on debts and finance leases, and similar charges:**

This is primarily interest paid by the Council in respect of debt held with the Public Works Loans Board (PWLB), but also includes the interest element of re-payments made for leases on three refuse and recycling freighters.

Interest and investment income receivable, and similar income:

The average interest rate for 2016/17 was 0.37%. The average funds invested during the year were £29.0m. A separate item to Audit Committee in June and Cabinet in July reported on Treasury Management activity for the financial year.

Investment Properties - income, expenditure, changes in the fair value of assets, and (gains)/losses on disposal or derecognition:

Investment properties are those assets of the Council which are rented out under leasing and similar arrangements, or are being held for capital appreciation purposes, as opposed to those used by the Council in the provision of services. The expenditure relates to structural repairs undertaken by the Council as part of the relevant rental agreements. Investment properties are revalued on an annual basis, and the changes in value are also reported in this line, as well as disposal and derecognition adjustments similar to those included in the Other Operating Expenditure category above for non-current assets. These amounts are reversed through the Movement in Reserves Statement.

Pensions – net interest on the defined benefit liability:

This line reflects the interest costs of financing the pension deficit for the Council, partly offset by the expected return on pension investment activities throughout the year (based on information provided by Essex County Council and the pension fund actuaries). These transactions are reversed through the Movement in Reserves Statement and therefore have no impact on Council Taxpayers and Housing rents.

Taxation and non-specific grant income and expenditure:

The Council's income from Council Tax, Non-domestic Rates (NNDR), and general Central Government grants are reported in this section. (Central Government grants which are specific to an individual service are reported within the relevant service line). Tariffs and levies to Central Government on NNDR are also charged here as well.

This section also includes Capital grants. However these grants are reversed through the Movement in Reserves Statement and therefore have no impact on Council Taxpayers and Housing rents.

Other comprehensive income and expenditure:

The two items reported in this section represent other gains and losses that impact on the net worth of the Council as shown in the Balance Sheet. However although both are required to be reported on the Comprehensive Income and Expenditure Statement neither is actually recognised in the General Fund or Housing Revenue Account, so as a result neither directly affects the level of Council Tax or Housing rents.

Supporting information for the benefit of Members

Movement in Reserves Statement (MIRS) – Pages 24 and 25

The Movement in Reserves Statement summarises the changes in the financial year across each of the reserves and balances held by the Council. These arise both from incurring expenses and generating income through the Council's services, as well as from changes in the fair values of assets held by the Council, and changes in the pension fund liability.

The MIRS is split between Usable and Unusable Reserves. The difference between these 2 categories is described on pages 21 and 22 of this annexe.

Balance Sheet - Pages 26 and 27

The Balance Sheet summarises the assets and liabilities held by the Council as at the end of the financial year, i.e. at 31 March 2017. It shows the value of the assets in the Council's ownership, the money owed to and by the Council and the level of reserves held by the Council at that date.

Non-current (long term) assets:

Revaluations of non-current assets (excluding council houses and investment properties) are carried out on a rolling five-year programme. Investment properties and council houses were re-valued as at 1 April 2016. Some assets were also valued again as at 31 March 2017. Changes in the values of the Council's non-current assets are reflected in this section of the Balance Sheet as well as in the Total Reserves section of the statement. They represent unrealised gains, so form part of Unusable Reserves, until such time as any assets are disposed of. Revaluations do not impact on the charge made to Council Taxpayers or Housing rents.

Current assets:

Short term investments:

Within the day-to-day cash management no distinction is made between revenue cash and capital cash. Investments held by the Council at the end of the financial year increased by £8.098m, including accrued interest.

Short term debtors:

The amounts included in short term debtors are analysed into categories in note 13 on page 74 of the Statement of Accounts.

The Council follows prudent procedures for the recovery of debt and does not write any debt off until it has exhausted all options for recovery. The Council maintains a provision for bad debts in line with best recommended practice.

Supporting information for the benefit of Members

Current and non - current liabilities:**Short term creditors:**

The amounts included in short term creditors are analysed into categories in note 15 on page 75 of the Statement of Accounts.

Revenue and Capital Grants Receipts in Advance:

This line represents grants received or receivable by the Council that have outstanding conditions which could require the grants to be repaid back to the grant providers if those conditions were not complied with. When the grant conditions are satisfied the grants are transferred into either the relevant service line or Taxation and Non-Specific Grant Income.

Current and non - current liabilities (continued):**Provisions:**

Current provisions include Non-Domestic Rates appeals and Land Charges income repayments. Further information can be found in Note 19 on page 89 of the Statement of Accounts.

Short Term and Long Term Borrowing and Finance Lease Liabilities:

Borrowing is divided between long and short-term debt on the Balance Sheet and represents amounts borrowed from the Public Works Loan Board (PWLb), and accrued interest payments.

Liability related to defined benefit pension scheme:

This line shows the underlying commitment that the Council has in the long run to pay future retirement benefits. It is offset by the Pensions Reserve line within the Total Reserves section of the Balance Sheet. There is no impact on Council Taxpayers or Housing Rents.

Total Reserves:

Reserves are reported in two categories:

- **Usable Reserves** are those reserves that the Council may use to provide services and meet future expenditure, both revenue and capital in nature. These are subject to the need to maintain a prudent level of reserves for the current and future financial years, and also any statutory limitation on the use of specific reserves (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The total Usable Reserves as at 31 March 2017 is £24.157m.
General Fund and HRA reserves represent those sums set aside to cushion the Council against future possible events based on the strategic, operational and financial risks facing the Council and should be viewed on a medium to longer term basis.
- **Unusable Reserves** are those reserves that the Council is not able to use to provide services. This category includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets were sold, and reserves that hold timing differences shown in the Movement in Reserves Statement line

Supporting information for the benefit of Members

“Adjustments between accounting basis and funding basis under regulations.” These represent the differences between the outcome of applying proper accounting practices, and the requirements of statutory arrangements for funding expenditure from Council Tax and Housing Rent receipts. The total Unusable Reserves as at 31 March 2017 is £79.053m.

Cash Flow Statement - Pages 28 and 29

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

Cash and cash equivalents, as shown on the Cash Flow statement and also within Current Assets on the Balance Sheet, are those sums held for the purposes of meeting short term cash commitments, as opposed to those sums held for investment and other purposes. There are no strict criteria set in the Code for local authorities to follow relating to the nature and maturity of items treated as cash equivalents. Therefore it is down to local authorities to determine a suitable policy themselves. The Council's policy for determining the composition of cash and cash equivalents is as follows:

- Cash and cash equivalents shall include the Council's net balance or overdraft on its current and call accounts with Lloyds Bank. These play an integral part in the Council's cash management procedures; and
- Cash and cash equivalents shall also include any amounts held in petty cash floats.

The total movement in cash and cash equivalents during 2016/17 was an increase of £92k.

Housing Revenue Account (HRA) Income and Expenditure Statement – Page 93 & Movement on the Housing Revenue Account (HRA) Statement – Page 94

The HRA Income and Expenditure Statement details the income and expenditure on HRA services, expenditure in accordance with accounting practices. These items are generally also included in the whole Council Comprehensive Income and Expenditure Statement, as described above. The Movement on the HRA Statement reports the adjustments necessary to arrive at the final balance on the HRA for the year.

Supporting information for the benefit of Members

Income:

Gross dwelling rents and non-dwelling rents:

The year on year decrease in income from dwelling rents is primarily due a reduction in average weekly rents of £0.99 to £89.90. A small increase in void loss to 0.89% also contributed to the reduction in income, as did increased numbers of sales through the Right to Buy scheme.

Charges for services and facilities:

Direct income from charges for services and facilities in 2016/17 increased from 2015/16.

Expenditure:

Repairs and maintenance:

Repair and maintenance expenditure was £103k lower than the previous year, due to reduced expenditure on reactive repairs and works prior to the reletting of properties.

Supervision and management:

The cost of supervision and management for the year remained consistent with costs from the previous year.

Rents, rates, taxes and other charges:

There was a reduction in costs of £25k on rents, rates and taxes compared to the previous year, as a result of reduced utility costs and reduced void levels. However there was also an increase in transitional protection costs, which was partly offset by increased income from charges for services and facilities, as stated above.

Interest Payable:

This represents the annual interest cost of the debt taken out in March 2012 as part of the self financing reform of HRA.

Depreciation, revaluation and impairment of non-current (long term) assets:

This category represents the capital cost of providing housing assets for the year, and consists of annual depreciation charges as well as any revaluation or impairment increases or decreases which have been applied to the HRA rather than to the revaluation reserve. The valuer advised an 11% increase in the value of the Housing Stock at 31 March 2017 and this increase is reflected within this line.

Changes in valuation are currently reversed through the Movement in Reserves Statement, and do not therefore impact on HRA reserves or Housing rents.

Within the full Statement of Accounts further information can be found in Note 3 to the HRA, on page 96.

Change in provision for bad debts:

The value of this provision is recalculated annually on tenant's arrears and for 2016/17 has prudently been increased by £89k with the provision for current tenant arrears rising substantially and that for former accounts rising but to a lower extent.

Supporting information for the benefit of Members

Housing Revenue Account surplus carried forward:

The minimum level of reserves recommended by the Head of Resources at 31 March 2017 was £487k. At that date HRA reserves exceeded this level, at £3.107m, with an overall increase of £750k during the year.

HRA reserves represent those sums set aside to cushion the Council against future possible events based on the strategic, operational and financial risks facing the Council and should be viewed on a medium to longer term basis.

A summary of HRA variances to revised budget for the year with explanations may be found in Annexe A section 4.

Collection Fund Income and Expenditure Account – Pages 97 and 98

The Collection Fund is an agent's statement that reflects the statutory obligation for the Council, as a billing authority, to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and Central Government of Council Tax and National Non-domestic Rates (NNDR).

At the end of 2016/17 the Collection Fund reported a surplus on Council Tax of £1.789m and a surplus on National Non-Domestic Rates of £22k. These amounts will be shared between the Council, Central Government and the other major precepting authorities (Essex County Council, Essex Fire Authority and the Police and Crime Commissioner for Essex) in subsequent years. Any balance on the fund is restricted to being used to lower or increase the amount required from local Taxpayers in future years.

ORDINARY COUNCIL

27th September 2017

Subject: Review of Council's system of Governance and Alternative Systems

1. Purpose of Report

To report on the Council's system of governance and alternative systems available for review.

2. Links to Council's Priorities and Objectives

Relevant to all priorities.

3. Recommendations

To note the report and maintain the current system of Governance.

4. Background

At the meeting of Ordinary Council on 29th March 2017 Council supported a Motion seeking a 'review of this Council's system of governance and to diligently explore alternative systems available to local councils.

5. Forms of Governance

Following Localism Act 2011 there are three forms of arrangements

- Executive (two models)
 - Mayor and Cabinet (this would require a referendum)
 - Leader and Cabinet
- Committee
- Other arrangements requiring regulations to be made by the Secretary of State (no regulations have been made)

6. Castle Point Council's Arrangements

Castle Point Borough Council has a Leader and Cabinet Executive comprising of nine members.

The Overview and Scrutiny arrangements are undertaken by the Scrutiny Committee and three Policy and Scrutiny Committees: Environment; Wellbeing and Place and Communities.(On occasion in dealing with key policy matters such as the current work being undertaken to develop the Corporate Plan these committees combine to develop such a major policy matter.)

There is a separate Audit Committee reflecting best practice.

There are three Regulatory Committees: Development Control Committee; Licensing Committee and Review Committee.

7. Alternative Systems

In order to assist in examining the alternative system a committee system set out below is a comparison of the key features of the Executive and Committee system and the resources required to support the systems.

Comparison of Key Features

Leader and Cabinet Executive	Committee System
Leader appointed by Council	Leader appointed by Council and is the 'political leader'
Leader can appoint their own team having statutory power to appoint the Executive of up to 9 other Members	Committees are appointed by Council who approve terms of reference/ responsibilities
No requirement for the Cabinet to be politically balanced	Committees must be politically balanced (This can cause difficulties for the Majority Group when the overall majority is small)
Leader allocates responsibilities to Cabinet Members	<ul style="list-style-type: none"> Chairman and V.Chairman (If appropriate) appointed by Council or by the Committee from among its membership. Chairman of a Committee has no responsibility/role other than to chair the committee meeting.
Cabinet Member leads in presenting reports.	Committee agendas are set by the 'Proper Officer of the Council'.(good practice to consult the chairman.) Reports are the officers' report
Cabinet decisions taken by Cabinet as a	Committee decisions cannot legally be delegated to the chairman/v. chairman/

collective.	members as decisions can only be delegated to an officer who may be required to consult with the Chairman and Vice Chairman
Must have an Overview & Scrutiny Committee	No requirement for an Overview & Scrutiny Committee.

Comparison of Resource

Leader and Cabinet Executive	Committee System
Council	Council
Cabinet x 12	Policy & Resources Committee x 6
Scrutiny Committee & 3 Policy & Scrutiny Committee (as required)	Housing Committee x 6
Development Control Committee x12	Environment Committee x 6
Audit x4	Recreation & Leisure Committee x6
Licensing Committee & Licensing Sub Committee as required	Overview & Scrutiny Committee x 6
Review Committee as required	Development Control Committee x 12
	Licensing Committee & Licensing Sub Committee x 6
	Review Committee as required
	Audit Committee x4
	Working Parties /Steering Groups (required to undertake Policy Development Work currently carried out through PSCs) <ul style="list-style-type: none"> • Corporate Plan • Green Waste • Car park - review for example

Neighbourhood Meetings /Community Forum	Neighbourhood Meetings /Community Forum
Timetable Cabinet and Development Control monthly Audit 4 meetings	Timetable 6 cycles each year
1 & 2 P/T Meetings Support Officers	5 Meeting Support Officers Each Committee will require an agenda preparation programme and support from Council departments.
Estimated Cost	Increase in operational costs in the region of £200k per annum.

Commentary

Full Council retains control of all major decisions. Significant policy and budgeting setting decisions must still be taken by all Members in Council and cannot be taken by the Cabinet.

Cabinet allows fast and efficient decision making for routine Council business- (in contrast to the committee system.)

All Members receive Cabinet papers and can attend and participate in meetings of the Cabinet. The Cabinet has recently extended the opportunity for Members to attend Cabinet meeting and ask question of Cabinet members on matters within their responsibilities to improve communication.

All key decisions taken by Cabinet are included in advance in the Forward Plan which is published, open and transparent.

Decisions are subject to scrutiny and the Call in procedure. All Non-Executive members have the opportunity to be involved in forming policy through the work of the Policy & Scrutiny Committees.

The Committee system increases bureaucracy and cost and reduces the efficiency of decision making. Given the current pressures on Council budgets the cost of moving to a committee system will need to be found from existing resources which will require savings to be made. This will be at the expense of the provision of council services to residents and it is difficult to escape the conclusion that this is not in the best interests of the community.

8. Corporate Implications

(a) Financial Implications

As detailed above, the cost of moving to a Committee system is approximately **£200k per annum**. No budgetary provision exists for this sum

The Medium Term Financial Forecast presented to Council in February 2017, indicates a significant funding gap in each financial year from 2018/19.

Whilst at the current time reserves appear healthy, there are very real and significant financial risks which may or may not materialise in future years, particularly around planning appeals and associated legal costs. These risks, coupled with the projected budget gap, will result in a complete depletion of general reserves by 2021/22.

Until each financial year is balanced, the Council should not enter into new and ongoing financial commitments, nor should it take any actions resulting in a significant ongoing reduction in any income streams.

(b) Legal Implications

These are addressed in the report. The Localism Act 2011 amended the Local Government Act 2000 resulting in three forms of Governance. The Council currently operate under the Leader and Cabinet arrangement with decision making reserved to the whole Cabinet.

If Council wished to change the arrangements this can only be effective from the Annual meeting.

(c) Human Resources and Equality Implications

If Council wished to return to the committee system to support the additional meetings it will be necessary increase the number of Committee officers to five an addition of three members of staff. There will also be additional staff costs falling on other service areas to support the costs of servicing the Committees.

7. Timescale for implementation and Risk Factors

Change can only be effective from the Annual Meeting. (Consequently the first date any changed arrangements could be brought into effect would be from the Annual Meeting 2018.)

8. Background Papers

Localism Act 2011
Constitution
Costings summary
Item 8 Report to Annual Council 17.5.2017

Report Author:

Miss Ann Horgan Head of Governance

ORDINARY COUNCIL

27th September 2017

Subject: Notices of Motion

1. Purpose of Report

To present to Council Notices of Motion received for consideration at this meeting.

1. Councillor Varker has given notice of the following:

‘That Castle Point Council urges Essex County Council to take measures and steps to put forward an application for a Green Flag Park Award for Hadleigh Country Park for 2018.’

The Motion is to be seconded by Councillor Hart.

2. Councillor Varker has given notice of the following:

‘The Officers of Castle Point Council are requested to investigate the criteria and feasibility for applying for a Blue Flag Beach Award for Thorney Bay Beach and Concord Beach for 2018 and report back on their findings.’

The Motion is to be seconded by Councillor Hart.

3. Councillor Mrs Watson has given notice of the following:

‘I call upon Castle Point Council that before any important documents are published from this Council to the public, that all Councillors should be given a presentation first as it is only right that we should be informed of the intentions of this Council.’

The Motion is to be seconded by Councillor Greig.

4. Councillor Neville Watson has given notice of the following

I call upon Castle Point Council to bring back the funding to the Community Forums for the residents to help enhance their areas

The Motion is to be seconded by Councillor Greig.

Note: As this Motion has budget implications under the Council's Procedure Rule 13 it will stand referred without debate to the Cabinet for consideration and report.

5. Councillor Blackwell has given notice of the following:

'We call upon Castle Point Council's Majority Group, that in the interests of democracy to ask the Cabinet Members to bring a report of their actions to full Council and allow members to ask questions'

The Motion is to be seconded by Councillor Mrs Watson.
