



Braintree District Council

# Statement of Accounts

2022 - 2023

(Unaudited)

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## Narrative Report

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### Introduction to Braintree District

Braintree District is situated in the north of Essex. We cover some 612sq km of largely rural land. We are one of England's largest districts, with three growing towns: Braintree, Halstead and Witham, surrounded by 61 separate parish areas. The population of Braintree District was estimated as 155,200 (Census 2021) an increase of 5.5% since 2011. As life expectancy increases, the age structure is expected to change with a marked increase in the number and proportion of the population who will be within the 65+ age group. The number of single person households is also expected to increase.

### Braintree District Council

Braintree District Council ("the Council") comprises 49 Councillors who represent their 26 Wards. Each Ward may have a number of Councillors who represent it, although once elected Councillors will make decisions for the whole district; not just for the ward they were elected for. The Conservative Party controlled the Council during 2022/23. Election of Councillors is held every four years, with the most recent election held in May 2023, which resulted in the political make-up of the Council being: Conservative Party 26, Labour Party 9, Independents 7, Halstead Residents Association 3, and Green Party 4.

The Council is a multifunctional organisation. Its policies are directed by the political leadership and implemented by its Management Board and Officers of the Council. The Council has adopted the Leader and Cabinet model as its political management structure. The Leader of the Council, Councillor Graham Butland, has responsibility for the appointment of Members of the Cabinet, the allocation of Portfolios and the delegation of Executive Functions. Cabinet Members are held to account by a system of scrutiny which is set out in the Council's Constitution available on the Council's website at [www.braintree.gov.uk](http://www.braintree.gov.uk).

Supporting the work of Councillors is the organisational structure of the Council headed by a Management Board, led by a new Chief Executive, Dan Gascoyne, who is supported by three Corporate Directors. Each Director is responsible for a range of service areas which are managed by individual Heads of Service and other Senior Officers.

During the year the Council employed an average of 437 full-time equivalent employees.

### Corporate Strategy

Our corporate plan looks to a future where we will help connect people and places, enhance and protect our environment, support our communities to reach their potential, promote prosperity and, importantly, continue to deliver and innovate:

- **Connecting people and places** - The connections that link our people and businesses together provide the foundations of our district. They can be 'physical' – like homes, roads, and good transport, or they could be virtual, like the digital connections and infrastructure behind it that helps our residents and businesses trade, access services and communicate online.
- **Enhancing our environment** – In 2019 the Council declared a 'Climate Emergency' and set an ambitious target to make the Council's activities carbon-neutral where practical by 2030. We also committed to reducing district-wide energy consumption and emissions and to support our communities to adapt to climate change. To achieve this, we have created a community-wide Climate Change Working Group who are busy developing our strategy and introducing projects to achieve our targets.
- **Supporting our communities** - Our communities must remain at the heart of everything we do, and we have listened to what you have told us is important to you when developing our strategy. We want to continue to have informed, open conversations with our residents and businesses to understand how we can support them to build resilient communities. We know the strength and value that our communities

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have when they come together and want to build on this and support them to make a difference, connecting people and creating strong and friendly communities that care about each other.

- **Promoting prosperity** – Thriving, high-quality businesses are fundamental to our long-term local economy in that they create jobs, wealth, and wider prosperity.
- **Delivery and innovation** - Key to the success of our strategy is how it is delivered. We recognise the importance of listening and engaging with our residents, and we aim to improve engagement through regular communication and consultation, providing opportunities for people to have their say, making sure we balance their needs and protect the things they value most.

The Corporate Strategy sets out our priorities to 2024. To deliver this, we have an Annual Plan which sets out our actions against each priority together with how we will measure our success. Underneath our Annual Plan sits business plans for each service. They set out how the service will meet the priorities and actions required of it over the year to support the delivery of the Annual Plan and the Corporate Strategy. We also have a number of Strategies and Plans that will support the delivery of actions.

The Council replaced the annual plan with the “Bouncing Back Together” plan in October 2021 given the significant change the global pandemic had on our community. This plan covered the 18-month period ending 31 March 2023 and identified four priorities in how we carefully transition into a time of recovery, build on the sense of community and encourage more residents to get involved in their communities to strengthen the places we call home.

As part of Bouncing Back Together, there were a number of threads running through the work we wanted to accomplish, and those threads can be distilled into four priorities:

- Sustainable growth and prosperity
- Strengthening our communities
- Unlocking more chances for all residents
- Protecting our environment for future generations

These priorities were reflected in the Council's Corporate Strategy priorities:

## Bouncing Back Together - October 2021 to March 2023

### Connecting People and Places



- Grow the district in a sustainable way, supported by health, leisure and community facilities
- Develop our infrastructure, leading to improved journeys in and across the district
- Deliver good quality, affordable homes for local people
- Create thriving town centres for everyone to enjoy
- Improve the district's digital connectivity and use innovation in technology

### Enhancing our environment



- Ensure our district is clean and well maintained with high quality parks and green spaces
- Encourage others to change their behaviour to protect and enhance the environment
- Minimise pollution by promoting sustainable energy sources, construction and transport
- Ensure Braintree District Council reduces its own environmental impact and be carbon neutral, where practical, by 2030
- Support residents and businesses to reduce, re-use and recycle

### Supporting our communities



- Build on the strengths of our communities and what they can do to support themselves and help each other
- Help people to make positive lifestyle choices, increasing their physical and emotional wellbeing
- Focus on prevention and early intervention so residents can lead independent and active lives
- Provide support and protection to our most vulnerable residents, their families and carers
- Support and inspire young people to raise their aspirations and reach their full potential

### Promoting Prosperity



- Make use of the competitive advantage of our location to attract new business
- Support the growth of key employment sectors
- Enable businesses to thrive with access to business support and key networks
- Ensure skills and training provision align to meet the needs of the local economy now and in the future
- Develop our culture and heritage offer in shaping opportunities for tourism and investment

### Delivering and Innovating



- Listen to our residents and businesses more and use this information to improve our services
- Involve communities in the design, development and delivery of services
- Build strong, effective partnerships across the public, private, voluntary and community sector, taking a place-based approach to achieve more for the district
- Modernise the way we work to ensure we continue to deliver high quality services
- Consider new ways to generate income achieving financial self-sufficiency and investment

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### Covid-19

The Government lifted the remaining Covid-19 restrictions in February 2022, although the pandemic still continues to have some legacy impact on the Council's services and the way it operates.

In 2021/22 the Government announced the Covid Additional Relief Fund (CARF). The scheme was established and funded by Government to support those businesses impacted by the pandemic but could not adequately adapt and had not already received support through other business rate relief schemes. The scheme was administered by the Council in 2022/23 through application of £1.3m of business rate relief accounted for through the Collection Fund.

During the pandemic Council Tax and Business Rate collection was reduced; however, in both cases collection rates have experienced some recovery although still not fully back to pre-pandemic levels.

The Council also experienced a reduction in fees & charges across several service areas, such as car parking and community transport, which, whilst showing some recovery, are still below the levels achieved before the pandemic.

### Cost of Living Crisis & Other Economic Influences

During 2022/23, the cost of living crisis replaced Covid-19 as the major factor impacting the UK economy. This has resulted in households facing unprecedented reductions in living standards. To respond to the crisis, the Council has stepped in to support residents through a range of measures and investment of funds:

- At the start of the year, we distributed £7.7m of Council Tax energy rebates to over 51,000 households as agent of the government, alongside a further £213k paid to over 8,000 households as extra relief through a discretionary scheme.
- The Council assisted Essex County Council to distribute around 4,000 Household Support Fund payments of £80 each to help low-income households. Around 1,000 of these payments were made directly by the Council.
- As part of the 2023/24 Budget, it was agreed that £1m of New Homes Bonus would be spent over the next two years to provide targeted support by working with partners aimed at three key areas: to provide food security; to help the most vulnerable with their support needs; and to enable access to physical and emotional well-being support giving access to leisure activities and sports clubs.
- The Council implemented the Government's Local Council Tax Support Fund, providing up to £25 to all council taxpayers in receipt of Local Council Tax Support for 2023/24.
- Universal financial support was provided to households where they have liability to Council Tax in 2023/24 through a New Homes & Growth Dividend of up to £25 per household, reducing the amount that local taxpayers pay towards the Council's share of the overall Council Tax bill.
- Additional funding was agreed to top-up the Discretionary Housing Payment Fund used to support low income and vulnerable persons with their housing related costs.

The Council has also been closely involved with supporting the Government's Homes for Ukraine scheme and working with other partners securing sponsor homes to accommodate Ukrainian guests and helping with their integration into communities. The Council has been responsible for administering the emergency funding available to guests once they have arrived in the UK and been placed with sponsors.

The Council itself has been impacted by the challenging economic climate through increases in the cost of supplies and services, in particular energy and costs impacted by global oil prices. The staff pay award for 2022/23 was agreed at a flat rate of £1,925 which equated to an increase of 6% compared to the original budget provision of 2%. Whilst there was some uplift in income arising from recycling material which is subject to market

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pricing, these prices have begun to fall. The rapid rise in UK Bank Base Rate also meant a sharp rise in investment income from short-term investments.

### **The Council's Performance in the Year**

The Council has a range of performance indicators used to measure progress against its key priorities in the Corporate Strategy. Progress of delivery of projects and of performance against targets were reported to the Cabinet and the Performance Management Scrutiny Committee. In addition, at each meeting of the Governance and Audit Scrutiny Committee, a suite of key financial indicators was reported. These highlight actual spending against profiled capital and revenue budgets, collection performance on local tax and other debt, and treasury management activities. The performance reports can be viewed on the Council's website at [www.braintree.gov.uk](http://www.braintree.gov.uk).

### **Strategic Risks**

The Council has an embedded process to manage risks and assist in the achievement of its objectives. Those risks which have potential to impact on the delivery of the Council's Corporate Strategy over the medium-term are set out in a Strategic Risk Register. Members have previously agreed that the main strategic risks are:

1. Medium Term Financial Strategy
2. Economic development
3. Planning
4. Community resilience
5. Service and project delivery
6. Affordable housing and homelessness
7. Return on investments
8. Emergency planning
9. Information management and cyber security
10. Strategic Investment
11. Climate change

Further details on these risks and the actions/ controls in place to manage them are available on the Council's website [here](#). In addition to the Strategic Risk Register, the Council's overall approach to the management of risk also encompasses the identification and recording by all services of operational risks and preparation of related action plans, along with risk registers for all major projects. The Council also undertakes both business continuity planning and wider emergency planning.

### **Financial Performance**

#### **Revenue Budget**

The Council's approved budget for 2022/23 was a net £13.5m. This amount included withdrawal from reserve of £2.7m in relation to a previous year business rate deficit on the Collection Fund. The residual budget amount of £16.2m was financed from business ratepayers (£5.2m), council taxpayers (£10.6m) and Central Government Grants (£423k).

The total Band D Council Tax rate for the District was £1,933.05 of which the Council's portion was £189.63.

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Budgets are approved and controlled using a reporting structure based on business or service plans, each of which is the responsibility of an individual Head of Service or other Senior Manager.

For internal reporting purposes, managers are held accountable for a Controllable Budget, including planned movements on earmarked reserves. This differs to the amounts shown in Column 1 of the Expenditure and Funding Analysis (per Note 1 to the Accounts), whereby the movement in earmarked reserves is shown as part of the overall change in the General Fund Balance.

During the year, individual budgets may be updated in accordance with the Council's Budget and Policy Framework Procedure, and against which performance is monitored.

Following confirmation of the 2022/23 staff pay award, a Recovery Plan was introduced to mitigate the additional in-year costs which involved all services identifying opportunities for savings or deferral of expenditure, or additional sources of income or areas of activity where income was being overachieved.

### Revenue Budget Outturn for the Year

The following table provides a summary of the budget outturn for 2022/23 by service area:

Business Plan Service	Updated Budget £'000	Actual Spend £'000	Total Variance £'000	Carry forwards £'000	Net General Fund £'000	RAG Status
Asset Management	(2,909)	(2,396)	513	0	513	R
Community & Leisure	719	677	(42)	0	(42)	G
Corporate Management Plan	1,635	1,601	(34)	0	(34)	G
Economic Development	223	216	(7)	0	(7)	G
Environment	808	839	31	0	31	A
Finance	1,317	306	(1,011)	0	(1,011)	G
Governance	1,262	1,134	(128)	38	(90)	G
Housing Services	819	763	(56)	0	(56)	G
Business Solutions	850	809	(41)	0	(41)	G
ICT & Facilities	1,855	1,811	(44)	0	(44)	G
Marketing & Communications	605	592	(13)	0	(13)	G
Operations	6,491	6,352	(139)	15	(124)	G
Strategic Investment	20	177	157	0	157	R
Sustainable Development	1,277	1,396	119	0	119	R
<b>Service Total</b>	<b>14,972</b>	<b>14,277</b>	<b>(695)</b>	<b>53</b>	<b>(642)</b>	<b>G</b>
Corporate Financing	1,572	1,186	(386)	0	(401)	G
Efficiency	(300)	0	300	0	315	
<b>Net Total</b>	<b>16,244</b>	<b>15,463</b>	<b>(781)</b>	<b>53</b>	<b>(728)</b>	<b>G</b>

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The overall budget position for the year was a net overachievement of income after deducting the additional cost of the annual staff pay award and other service-related expenditure which was higher than budgeted.

Further explanation of the budget outturn can be found in the Council's Annual Performance Report available [here](#).

### **Capital Investment**

Capital investment in the year totalled £8.7m with key highlights including:

- Construction works on the infrastructure and roads at the new Horizon 120 (H120) Business and Innovation Park in Great Notley is now complete. One serviced land plot was sold to private investors during the year to create new commercial premises bringing business and jobs into the district. Work on a new enterprise centre, 'The Plaza', at H120 was completed.
- Final completion of the regeneration of the Manor Street area of Braintree town centre. This included delivery of new housing apartments, a hotel, an improved bus interchange, health facilities, additional commercial space, new car parking and public toilets, and improvements to public realm.
- The Council continued to invest in community facilities across the district, including play areas, and a replacement Artificial Grass Pitch; and provided grants for home improvements including for adaptations to homes for people with disabilities. Investment in council owned properties is maintained through an annual planned maintenance programme, and we continue to improve our back-office systems and digital on-line services available to the public.

Capital investment was primarily funded from a mixture of capital receipts (£6.6m), government grants and other third-party contributions (£1.6m); and revenue resources (£645k), with the balance reducing the Council's prudential borrowing requirement. During the year, there was a reduction in the Council's borrowing requirement by £1.5m.

### **Capital Resources**

The main sources of new capital resources anticipated for the year were from the sale of assets, and continuing arrangements with Eastlight Community Homes for a share of housing right-to-buy receipts and VAT recovered by Eastlight on certain development works.

Actual capital receipts in the year totalled £10m, with £7.8m being as a result of the sale and transfer of land and property; and over £1.9m from housing right-to-buy sales and recovered VAT, generated under agreements with Eastlight Community Housing.

### **Reserves & Balances**

The Council retains a number of reserves and balances which comprise usable reserves and unusable reserves. Usable reserves comprise the General Fund balances and specific capital related reserves:

#### **General Fund balances**

The Council maintains General Fund balances which are held for the following reasons:

- a contingency against unforeseen events that may require funding above that originally provided for in the Council's annual budget;
- to meet one-off budgeted costs that are not part of the Council's on-going base budget;
- to meet short-term funding gaps in the Council's annual budget whilst it implements savings and efficiencies; and

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- to earmark sums to support long-term capital investment, manage certain risks, fund service projects and initiatives, and to meet costs associated with management and organisational change (these are referred to as “earmarked reserves”).

As at 31 March 2023, the Council's overall General Fund balances were £35.8m, a decrease from 31 March 2022 of £581k. Within this total, £27.7m was held as earmarked reserves, with the remaining balance of £8.1m unallocated.

### Capital Reserves

Capital reserves relate to the balance of funds generated from the disposal of non-current assets and other capital receipts, and grants and contributions received which have conditions that funds should only be used for capital expenditure. The balance of usable capital reserves at 31 March 2023 was £9.8m, an increase of £3.4m.

Significant proportions of both earmarked reserves and capital reserves are committed against the Council's current capital investment programme.

### Unusable Reserves

Unusable reserves hold the value of unrealised gains or losses of the Council either relating to the financing of capital investment or reflecting timing differences between recognition of assets and liabilities under accounting rules and that required under statutory regulations for the purposes of setting Council Tax. These reserves increased in the year by a net £57.3m, mainly due to change in the pension reserve from a liability of £13.6m to an asset of £48.8m.

### Cash, Investments and Borrowing

#### Financial Investments & Cash

Over the year, the investment balances averaged £64m, with a peak of over £72m. Cash flows were increased during the year as government passported energy payments and extra business rate relief through local authorities. As a result of this grant funding and the need to keep funds safe and liquid for disbursement, a high volume of short-dated deposits were made with the Debt Management Office Account Facility. This represents a substantial portion of the total amounts shown in the cash flow statement for the purchase and sale of investments (£144m and £154m respectively). All investments were managed in accordance with the Council's approved Treasury Management Strategy. A proportion of the investment portfolio included a mixture of equity, property, and multi-asset pooled funds. These funds generated £919k of dividend income, a yield of 4.8%. This return reflects the long-term nature of these investments. Returns from short-term investments increased over the year in response to a rising UK Base Rate to an average of 2.0%, generating a further £907k of interest income.

Pooled fund investments (including a variable net asset value money market fund) are exposed to fluctuations in market prices reflecting prevailing conditions in the financial markets. The value of the funds decreased by £1.2m compared to the previous year end. The total value of all the Council's funds was £24.8m at 31 March 2023, an unrealised gain of £1.8m. This gain is held in unusable reserves and is only realisable if investments were to be sold, at which time the amount realised would reflect pricing at that point.

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### Investment Property

Income from investment property was £2.6m in the year, and related expenses incurred were £404k resulting in a net gain of £2.2m. The fair value of the property portfolio increased in the year by £3.3m. The total fair value of property at the end of the year was £47m.

### Borrowing

The Council's borrowing as at the 31 March 2023 amounted to £5.8m compared to £6m last year. In May 2022, the Council redeemed £6m of Lender Option Borrower Option (LOBO) loans that it held with Commerzbank and replaced them with loans at lower interest rates. The replacement funding was taken from the Public Works Loan Board. The loan redemption carried a premium of £1.4m which under statutory regulations will be charged to the General Fund revenue account over the remaining term of the replaced loans. The refinancing of the Council's LOBO debt will generate interest savings over the unexpired term of the original loans.

Other liabilities include finance lease commitments of £3m (with £186k shown under short-term liabilities) where the Council has acquired the use of buildings, vehicles, and plant.

### Pension Fund Liabilities

The accounts reflect an updated view of the Council's share of the assets and liabilities of the Essex Pension Fund. This shows an estimated net asset of £48.8m at 31 March 2023, a change of £62.4m from the previous year's liability. This main reasons for this net increase were:

- Changes in the financial assumptions used by the actuary which decreased the liability by £88m, this being largely due to an increased discount rate applied to calculating the present value of future cash flows reflecting current market conditions.
- The experience loss on the defined benefit obligation includes £17m in respect of the allowance for actual pension increases and CPI inflation over the accounting period.
- Total Returns on fund assets were less than the actuary had originally assumed by £5m.
- The cost of post-employment benefits charged to the Surplus on Provision of Services was higher than the actual amount of employer contributions assessed by the actuary at the last valuation review, increasing the net liability by £3m.

Assumptions and investment returns are dependent upon market conditions at the Balance Sheet date and, therefore, the pension fund net asset is susceptible to significant year-on-year changes.

Whilst the net asset has a significant impact on the reported net worth of the Council, pension contributions paid by the Council are determined by the triennial review of the fund, with the last review being undertaken as at 31 March 2022. There are no minimum funding requirements for the pension fund, but employer contributions are generally set to target a funding level of 100% using agreed actuarial assumptions. At this most recent review the Council was assessed to be in a surplus position with regards its share of pension fund assets compared with its liabilities. However, the ongoing cost of pensions accrued by employees has increased and therefore the normal contribution rate applied to salaries for the period 1 April 2023 through to 31 March 2026, has been increased from 20.3% of pensionable pay to 22.1%.

Actual pension contributions in 2022/23 totalled £3.4m, with a further £929k paid by employees as scheme members.

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### **Collection Fund**

As the statutory billing authority, the Council is required to maintain a Collection Fund account to record the income and expenditure relating to the collection of council taxes and business rates, including for local parish and town councils, central government, and the major precepting authorities of Essex County Council (ECC), the Police and Crime Commissioner for Essex (PCCE), and Essex Fire and Rescue (EFR). Balances retained on the Fund are held on behalf of local taxpayers and are taken into account when calculating future council tax.

Income from council tax was £108.9m for the year, which, after paying precepts and making provision for non-collection, resulted in a net surplus for the year of £2.3m. A charge of £1.6m was also made to the Collection Fund, being a prior year estimate of the balance, and which was distributed to the Council and major precepting bodies. After taking into account the balance brought forward, the Collection Fund balance in respect of council tax at the end of the year was £4.1m. The budget for 2023/24 including that of the major preceptors, has already taken into account £2.1m of this balance with the difference to be accounted for in future years.

Business rates are collected and distributed according to the Business Rate Retention Scheme (BRRS) where rates are shared equally between central government and “locally” with the Council, ECC, and EFR.

The estimated amount of business rates collectable for the year was £38.8m and this sum has been paid across to the relevant bodies. The actual amount of income for the year was £40m resulting in a surplus for the year of £1.2m. A deficit balance of £7.1m was brought forward from 2021/22 of which £6.8m was recovered from government, the Council and other precepting bodies. The net balance on the Collection at 31 March 2023 was therefore £948k. Additional funding from government has been received for various reliefs including Retail Hospitality and Leisure, and Covid Additional Retail Relief, which has been credited to the Council's General Fund.

Local authorities are required to finance a proportion of appeals made against rateable values set by the Valuation Office Agency (VOA). Appeals, made by or on behalf of businesses, are lodged for a variety of reasons and can, subject to certain rules, be backdated to the start of the Valuation List. The process for appeals involves a three-stage system: Check, Challenge, and Appeal, with the final stage of appeal being considered by the Valuation Tribunal Service. An assessment of the likely amount of business rates to be refunded following successful appeals has been made leading to an overall provision of £6.5m, of which £2.6m is attributable to the Council.

In 2022/23 the Council participated in the Essex Business Rate Pool (“the Pool”) to ensure that the benefit of business growth was retained locally rather than being paid to government as a levy. The total of all levies that would have been paid by the participating authorities are shared amongst participating authorities according to an agreed formula. Based on the amount collectable for the year, the Council is due to pay into the Pool £1.5m; however, based on a provisional estimate made of all Essex authorities, £685k is expected to be paid back to Council as its share of the government levy saved by the pooling arrangement.

### **Medium Term Financial Outlook**

The Medium-Term Financial Strategy (MTFS) is our plan to balance the Council's budget over a rolling four-year period and supports the Corporate Strategy and Annual Plan. The MTFS is reviewed on an annual basis to update for current economic conditions and to adapt to changing needs and priorities for the district.

The Local Government Finance Settlement for 2023/24 was the fourth consecutive single-year funding agreement announced by the Government. A funding guarantee of +3% was included along with increased flexibility on Council Tax with the ability to raise local tax by no more than 3% or £5 whichever is the higher without having to hold a referendum – this was 1% higher than was allowed in 2022/23. Another year of New Homes Bonus

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(NHB) was announced based on the same methodology as that which applied in 2022/23, resulting in £1.5m being allocated to the Council. The Government restated its commitment to review the scheme in light of a previous consultation ahead of the 2024/25 finance settlement.

In setting the budget for 2023/24, the Council reaffirmed its core strategy of:

- Being a low council tax authority
- Having plans to deliver a balanced budget over the medium-term; and
- Maintaining a minimum level of unallocated balances of £3 million (doubled from the previous level of £1.5m in recognition of increased uncertainty)

The approach to meeting anticipated shortfalls in funding has been to focus on delivering additional income and cost reductions without impacting on customers and service delivery and maintaining investment in the priorities that residents and businesses have identified to the Council as being most important, whilst meeting cost pressures arising from a range of demands and changes in responsibilities.

The Council has been working for many years towards being a financially independent, resilient organisation, providing efficient frontline services with a public ethos at our heart.

Full Council approved the budget for 2023/24 at its meeting in February 2023, and which included: an increase in the Council's Band D Council Tax rate of £4.68 or 9p a week; newly identified savings and additional income of £978k; and a withdrawal from balances of £644k. Recognising the impact that the cost of living crisis was having on residents and our communities the Council agreed £1m of the NHB allocation to be used to provide support to our communities over a 2-year period. In addition, a New Homes & Growth Dividend of £25 is being paid in 2023/24 to all Council Taxpayers reducing the amount paid to the Council for its share of the overall Council Tax bill.

An updated MTFS highlights the financial challenges which will be faced by the Council over the forecast period to March 2027, including a revised financial profile setting out the requirements for future ongoing savings of:

	£m
2024/25	1.5
2025/26	0.4
2026/27	0.1
<b>Cumulative savings required</b>	<b>2.0</b>

The updated MTFS is based on a range of assumptions and estimates which in the current economic context could change significantly. The financial challenge now faced by the Council exacerbated by high inflation means that to balance future budgets will require more transformational change to the way the Council operates. A range of programmes are currently underway which will all contribute towards meeting this financial challenge, with further workstreams to be developed:

- **Investment & Development Programme (IDP)** – better tracking, understanding, challenge and oversight of the various projects and workstreams contributing to closing the budget gap.
- **Review of Commercial Activities** – benchmarking to peers, assessment of structures and processes, identification of opportunities.
- **Asset Management** – strategy for managing and optimising the use of assets we hold, or looking at options for rationalisation, disposal, and reinvestment.

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- **Service / Budget reviews** – ensuring efficiencies across services, understanding cost base better, statutory / discretionary costs, cost recovery through changes, and data to better inform choices.
- **Shared Services** – discussions across greater Essex councils to explore opportunities, economies of scale, and resilience.
- **Devolution** – Maximising the opportunities that might be available.

The financial horizon remains one of great uncertainty, compounded by the lasting effects of the pandemic, the cost of living and other inflationary pressures; however, through prudent financial management the Council has built up the financial resilience to withstand short to medium term pressures, whilst it addresses the significant challenges ahead. It is in this context that we will begin to review plans for the 2024/25 budget and revisions to the MTFS covering the next four years.

## Guide to the Financial Statements

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### The Published Accounts for 2022/23

The Statement of Accounts summarises the Council's transactions for the financial year and its position at the year ended 31 March 2023. The Council is required to prepare an annual Statement of Accounts; prepared in accordance with proper accounting practices which primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) supported by International Financial Reporting Standards (IFRS).

There are no significant changes introduced by the Code for 2022/23. The accounts are presented so they reflect the way budgets/ resources are allocated and how financial performance is reported internally to management and Members.

The accounts consist of the following statements:

- **Statement of Responsibilities**

The statement sets out the respective responsibilities of Braintree District Council (the Council) and the S151 Officer.

After which the following financial statements are shown:

- **Comprehensive Income and Expenditure Statement (CIES)**

This statement shows the accounting cost in the year of providing services – this is different from the amount charged against the General Fund balance and ultimately met from taxation which is shown in the Expenditure and Funding Analysis (Note 1 to the Accounts) and Movement in Reserves Statement.

- **Movement in Reserves Statement (MIRS)**

This statement shows the change in the Council's financial resources over the year, including reconciling the accounting cost in the year of providing services as shown in the CIES with that under statute and used for raising local taxation. Financial resources are represented by specific usable and unusable reserves.

- **Balance Sheet**

This statement shows how the resources available to the Council are held in the form of assets and liabilities. The net assets of the Council are matched by reserves that are analysed into 'usable' and 'unusable' reserves, the former being available to fund expenditure and/or reduce local taxation, subject to maintaining a prudent level of reserves. The latter represent unrealised gains/losses and timing differences between recognising amounts in accordance with accounting rules and statutory regulations and are not available to fund expenditure or reduce local taxation.

- **Cash Flow Statement**

This statement shows how the movement in resources has been reflected in the cash flows of the Council and ultimately changes in cash and cash equivalents. Cash is represented by cash in hand and deposits with financial institutions repayable at short notice without penalty, whilst cash equivalents are investments that are held for the purpose of settling liabilities in the short-term and are readily convertible to cash with insignificant risk of change in value.

- **Accounting Principles and Policies**

The accounting principles explain the bases of the figures used in the accounts and, in particular, the main accounting policies used in dealing with material items.

## Guide to the Financial Statements

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- **Notes to the Accounts**

The Notes provide further analysis and explanation of amounts included in the above financial statements.

- **Collection Fund**

The Collection Fund is a statutory account that is maintained for the purposes of accounting for all income and expenditure relating to the collection and distribution of Council Tax and National Non-Domestic Rates (or 'business rates')

- **Annual Governance Statement**

This statement explains how the Council delivers good governance and reviews the effectiveness of these arrangements.

### **Further Information**

Details about the Council's performance for the year can be obtained from the Fourth Quarter and Annual Performance Management Report 2022/23 available on the Council's website at [www.braintree.gov.uk](http://www.braintree.gov.uk). Further information about the accounts is available from Financial Services, Braintree District Council, Causeway House, Bocking End, Braintree, Essex, CM7 9HB.

## **Statement of Responsibilities**

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### **The 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 the responsibility for the administration of those affairs. In this Council, that officer is the Head of Finance.
- Manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

### **The Head of Finance's Responsibilities**

The Head of Finance, in his role as Section 151 Officer, is responsible for the preparation of the Council's Statement of Accounts, in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) developed by the joint Code Board of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC).

In preparing this Statement of Accounts, the Head of Finance has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the Code.

The Head of Finance has also:

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and any other irregularities.

The Head of Finance certifies that the accounts present a true and fair view of the financial position of the Council at the reporting date and of its expenditure and income, for the year ended 31 March 2023.

These accounts are subject to audit, after which a final audited version will be published on the Council's website.

Phil Myers  
Section 151 Officer  
Dated TBC

## Comprehensive Income and Expenditure Account

2021/22 (Restated)			Note	2022/23		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
7,131	(870)	6,261		11,499	(1,385)	10,114
3,475	(637)	2,838		3,821	(1,023)	2,798
1,968	(160)	1,808		2,025	(158)	1,867
2,251	(9)	2,242		1,336	(60)	1,276
3,081	(2,069)	1,012		3,693	(2,733)	960
28,654	(26,491)	2,163		28,538	(26,230)	2,308
1,516	(313)	1,203		1,520	(266)	1,254
1,551	(710)	841		1,707	(789)	918
1,043	(91)	952		1,025	(72)	953
2,217	(6)	2,211		2,572	(18)	2,554
848	(122)	726		900	(106)	794
14,094	(5,938)	8,156		15,267	(6,519)	8,748
1,667	(264)	1,403		1,969	(276)	1,693
3,741	(1,699)	2,042		3,652	(1,554)	2,098
3,845	(3,749)	96		149	(96)	53
(314)	(334)	(648)		(228)	(451)	(679)
<b>76,768</b>	<b>(43,462)</b>	<b>33,306</b>	<b>Cost of Services</b>	<b>79,445</b>	<b>(41,736)</b>	<b>37,709</b>
		(6,319)	Other Operating Expenditure			(476)
		(4,324)	Financing and Investment Income & Expenditure			(4,128)
		(29,088)	Taxation and Non-Specific Grant Income			(22,318)
		<b>(6,425)</b>	<b>(Surplus) /Deficit on Provision of Services</b>			<b>10,787</b>
			<i>Items that will not be reclassified to the (Surplus) or Deficit on Provision of Services:</i>			
		(8,953)	Revaluation gains			(6,472)
		(43,180)	Re-measurement of the pension scheme net defined benefit liability			(65,413)
		(3)	Other gains / losses			(1)
		<b>(52,136)</b>	<b>Other Comprehensive (Income) and Expenditure</b>			<b>(71,886)</b>
		<b>(58,561)</b>	<b>Total Comprehensive (Income) and Expenditure</b>			<b>(61,099)</b>

## Movement in Reserves Statement

	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
<b>Balance at 1 April 2022</b>	<b>36,390</b>	<b>5,961</b>	<b>403</b>	<b>42,754</b>	<b>136,499</b>	<b>179,253</b>
<b><u>Movement in Reserves during 2022/23</u></b>						
Total Comprehensive Income and Expenditure	(10,787)	-	-	(10,787)	71,886	61,099
Adjustments between accounting basis & funding basis under regulations	10,206	3,453	(4)	13,655	(13,655)	-
<b>Change in 2022/23</b>	<b>(581)</b>	<b>3,453</b>	<b>(4)</b>	<b>2,868</b>	<b>58,231</b>	<b>61,099</b>
<b>Balance at 31 March 2023</b>	<b>35,809</b>	<b>9,414</b>	<b>399</b>	<b>45,622</b>	<b>194,730</b>	<b>240,352</b>

	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
<b>Balance at 1 April 2021</b>	<b>37,143</b>	<b>8,536</b>	<b>2,428</b>	<b>48,107</b>	<b>72,585</b>	<b>120,692</b>
<b><u>Movement in Reserves during 2021/22</u></b>						
Total Comprehensive Income and Expenditure	6,425			6,425	52,136	58,561
Adjustments between accounting basis & funding basis under regulations	(7,178)	(2,575)	(2,025)	(11,778)	11,778	-
<b>Change in 2021/22</b>	<b>(753)</b>	<b>(2,575)</b>	<b>(2,025)</b>	<b>(5,353)</b>	<b>63,914</b>	<b>58,561</b>
<b>Balance at 31 March 2022</b>	<b>36,390</b>	<b>5,961</b>	<b>403</b>	<b>42,754</b>	<b>136,499</b>	<b>179,253</b>

## Balance Sheet

31 March 2022		Note	31 March 2023
£000			£000
119,420	Property, Plant & Equipment	13	111,944
9,095	Infrastructure Assets	13	8,936
892	Heritage Assets	14	889
43,951	Investment Property	15	46,875
452	Intangible Assets	16	484
21,952	Long Term Investments	20	20,747
-	Pension Fund	26	48,787
2,057	Long Term Debtors	24	2,056
<b>197,819</b>	<b>Long Term Assets</b>		<b>240,718</b>
36,998	Short Term Investments	20	27,019
1,984	Assets Held for Sale	17	238
158	Inventories		194
11,943	Short Term Debtors	24	9,292
(35)	Cash and Cash Equivalents	20	1,131
<b>51,048</b>	<b>Current Assets</b>		<b>37,874</b>
(39,217)	Short Term Creditors	25	(19,255)
(6,000)	Short Term Borrowing	20	(400)
(186)	Finance Lease Liabilities	23	(186)
(2,174)	Provisions	CF6	(2,588)
<b>(47,577)</b>	<b>Current Liabilities</b>		<b>(22,429)</b>
-	Long Term Borrowing	20	(5,400)
(2,953)	Finance Lease Liabilities	23	(2,769)
(46)	Long-Term Creditors	25	(18)
(13,607)	Pension Fund	26	-
(5,431)	Capital Grants & Contributions Receipts in Advance	7	(7,624)
<b>(22,037)</b>	<b>Long Term Liabilities</b>		<b>(15,811)</b>
<b>179,253</b>	<b>Net Assets</b>		<b>240,352</b>
42,754	Usable Reserves		45,622
136,499	Unusable Reserves	27	194,730
<b>179,253</b>	<b>Total Reserves</b>		<b>240,352</b>

## Cash Flow Statement

2021/22 £000		Note	2022/23 £000
<b>(6,425)</b>	<b>(Surplus)/ Deficit on the Provision of Services</b>		<b>10,787</b>
(26,735)	Adjustment for non-cash movements	28	(12,140)
25,790	Adjustment for items that are investing and financing activities	28	11,395
<b>(7,370)</b>	<b>Net Cash (Inflow)/ Outflow from Operating Activities</b>		<b>10,042</b>
	<b>Investing Activities:</b>		
26,022	Purchase of property, plant and equipment, investment property and intangible assets		10,774
194,000	Purchase of short-term and long-term investments		143,500
1,433	Other payments for investing activities		599
(15,796)	Proceeds from the sale of PPE, investment property, and intangible assets		(7,999)
(171,000)	Proceeds from sale of short-term and long-term investments		(153,500)
(12,921)	Other receipts from investing activities		(8,214)
<b>21,738</b>	<b>Net Cash (Inflow)/ Outflow from Investing Activities</b>		<b>(14,840)</b>
	<b>Financing Activities:</b>		
46	Cash payments to reduce outstanding finance lease liabilities		184
-	Re-payment of short/long term borrowing		7,603
-	New long term borrowing		(6,000)
(4,556)	Business grants (received)/paid		(105)
(7,897)	Energy rebates grant (received)/paid		7,895
113	Other (receipts)/payments from Financing Activities		(5,945)
<b>(12,294)</b>	<b>Net Cash (Inflow)/Outflow from Financing Activities</b>	29	<b>3,632</b>
<b>2,074</b>	<b>Net (Increase) Decrease in Cash &amp; Cash Equivalents</b>		<b>(1,166)</b>
(2,039)	Cash & Cash Equivalents at beginning of reporting period		35
<b>35</b>	<b>Cash &amp; Cash Equivalents at end of reporting period (incl. restricted cash)</b>		<b>(1,131)</b>

## Accounting Principles and Policies

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### General Principles

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

Class of Assets	Valuation Basis
Property, Plant and Equipment: Dwellings	Current value  Dwellings are valued on a depreciated replacement cost basis reflecting their use for homelessness accommodation
Property, Plant and Equipment: Other Land and Buildings	Current value, comprising existing use value (EUV)  Where prices for comparable properties are available in an active market, properties are valued at market value taking into account the existing use. Where no market exists or the property is specialised, current value is measured at depreciated replacement cost.
Property, Plant and Equipment: Surplus Assets	Fair value
Infrastructure Assets	Depreciated Historical cost
Investment Properties	Fair value
Financial Instruments – Fair Value through Profit or Loss	Fair value
Heritage Assets	Valuations obtained for insurance purposes
Pensions Assets	Fair value

### Adjustments between Accounting Basis and Funding Basis

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

## Accounting Principles and Policies

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Income/ Expense Item	Accounting Basis in CIES	Funding Basis in MIRS	Adjustment Account
Plant, Property and Equipment	Depreciation and revaluation/impairment losses	Revenue provision to cover historical cost determined in accordance with statute.	Capital Adjustment Account
Infrastructure Assets	Depreciation and impairment losses	Revenue provision to cover historical cost determined in accordance with statute.	Capital Adjustment Account
Intangible Assets	Amortisation and impairment	Revenue provision to cover historical cost determined in accordance with statute	Capital Adjustment Account
Investment Properties	Movement in fair value	Revenue provision to cover historical cost determined in accordance with statute	Capital Adjustment Account
Revenue Expenditure Funded from Capital under Statute	Expenditure incurred in the year	Revenue provision to cover historical cost determined in accordance with statute.	Capital Adjustment Account
Capital Grants and Contributions	Grants that became unconditional in the year or were received during the year without conditions	No credit	Capital Grants Unapplied Reserve (for amounts unapplied at the Balance Sheet date)  Capital Adjustment Account (other amounts)
Non-Current Asset Disposals	Gain or loss based on sale proceeds less carrying amount of asset (net of costs of disposal)	No charge or credit	Capital Adjustment Account (carrying amount)  Capital Receipts Reserve (sale proceeds and costs of disposal)
Pooled Investments	Movements in the fair value of pooled fund investments	Historical cost gains/ losses for pooled fund investments disposed of in the year	Pooled Investment Funds Adjustment Account

## Accounting Principles and Policies

Income/ Expense Item	Accounting Basis in CIES	Funding Basis in MIRS	Adjustment Account
Pensions Costs	Movements in pensions assets and liabilities (see Post-Employment Benefits Policy)	Employer's pensions contributions payable and direct payments made by the Council to pensioners for the year	Pension Reserve
Council Tax	Accrued income for the year	Demand on the Collection Fund for the year plus recovery of estimated deficit or share of estimated surplus for the previous year	Collection Fund Adjustment Account
Business Rates	Accrued income for the year	Budgeted income receivable from the Collection Fund for the year plus recovery of estimated deficit or share of estimated surplus from the previous year	Collection Fund Adjustment Account
Accrued officer leave	Projected cost of untaken leave entitlements at 31 March	No charge	Accumulated Absences Adjustment Account

### Changes to Accounting Policies

There are no significant changes to accounting policies for 2022/23.

### Critical Judgements in Applying Accounting Policies

In applying suitable accounting policies, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- The Council has plans in place to manage known and anticipated future reductions in funding for local government, however, the Council has determined that these do not provide an indication that its non-current assets might be impaired because of a need to close facilities and reduce levels of service provision.
- The Council has a number of significant leases both as lessor and lessee for which it has undertaken assessments to determine whether the leases should be treated as finance or operating leases.
- Non-current assets have been categorised as Investment Properties where it is the current intention of the Council to hold such assets solely for the purpose of income generation and/ or capital appreciation. The review and assessment of these assets could be subject to interpretation.

## Accounting Principles and Policies

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- The Council has investments in a number of pooled funds investing in equities, bonds, property, and other financial instruments. Whilst the units or shares held by the Council in these funds are potentially redeemable at relatively short-notice, it is the Council's objective to maintain the investments for the medium-long term for income generation and therefore the investments are shown as long-term investments in the Balance Sheet.

### **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 which are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Council's Balance Sheet for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

#### **Pension Liability**

Estimation of the net liability to pay pensions depends on several complex judgements and is subject to market conditions at the reporting date meaning that results can be very volatile from year to year. A firm of consulting actuaries (Barnet Waddingham) provides the Council with expert advice about the assumptions to be applied. The actuary has advised that the net pension liability decreased by £62.4m from a deficit of £13.6m to an asset of £48.8m, with the following items having the most significant impact:

- Changes in the financial assumptions used by the actuary which decreased the liability by £88m, this being largely due to an increased discount rate applied to calculating the present value of future cash flows reflecting current market conditions.
- The experience loss on the defined benefit obligation includes £17m in respect of the allowance for actual pension increases and CPI inflation over the accounting period.
- Total Returns on fund assets were less than the actuary had originally assumed by £5m.
- The cost of post-employment benefits charged to the Surplus on Provision of Services was higher than the actual amount of employer contributions assessed by the actuary at the last valuation review, increasing the net liability by £3m.

#### **Business Rates**

Under the Business Rate Retention Scheme (BRRS) local authorities are required to finance a proportion of appeals made against rateable values set by the Valuation Office Agency (VOA). Appeals are lodged for a variety of reasons and can, subject to certain rules, be backdated to the start of the Valuation List. At the Balance Sheet date the Council has had to make an assessment of the likely amount of business rates to be refunded following successful appeals. Based on past experience and applying this to potential future appeals, a total provision of £6.5m has been made, of which £2.6m is attributable to the Council.

#### **Fair Value Measurements**

When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in

## **Accounting Principles and Policies**

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establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in assumptions used could affect the fair value of the Council's assets and liabilities.

Where appropriate, experts are engaged to identify the most appropriate valuation techniques to determine fair value. Information about the valuation techniques and inputs used in determining the fair value of assets and liabilities is disclosed in the Notes to the Accounts.

### **Significant Accounting Policies**

#### **Accruals of Income and Expenditure**

The accounts have been prepared on the basis of accruals with the exception of local tax recovery costs, car parking penalty charges, and certain license fees, which are accounted for when cash is received, and some recurring annual expenditure items. This difference in treatment is not considered material to the amounts that are included in the accounts.

#### **Council Tax, Business Rates and Business Grants Agency**

The Council acts as agent collecting council tax and business rates on behalf of the major preceptors (including government for business rates), and as principal for itself. A separate fund (the Collection Fund) is maintained for the collection and distribution of amounts due in respect of council tax and business rates. The Council, along with the major preceptors, shares proportionately the risks and rewards that the amount of council tax and business rates could be more or less than predicted.

The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and business rates relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments, and provision for appeals.

#### **Financial Instruments**

Financial instruments are recognised on the Balance Sheet when the Council becomes a party to their contractual provisions and are initially measured at fair value.

#### **Financial Liabilities**

Financial liabilities are subsequently measured at amortised cost. For the Council's borrowing this means the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest shown as a current liability). Annual charges to the Financing and Investment Income and Expenditure line in the CIES are based on the carrying amount multiplied by the effective interest rate for the instrument.

#### **Financial Assets**

Financial assets are subsequently measured in one of two ways:

- Amortised cost – assets whose contractual terms are basic lending arrangements (i.e. they give rise on specified dates to cash flows that are solely payments of principal or interest, and which are held to collect those cash flows).

## **Accounting Principles and Policies**

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- Fair value – all other financial assets.

Amortised cost assets are measured in the Balance Sheet at the outstanding principal repayable. Annual credits to the Financing and Investment Income and Expenditure line of the CIES are based on the carrying amount of asset multiplied by the effective rate of interest for the instrument. Any gains or losses in fair value are not accounted for until the instrument matures or is sold.

Allowances for impairment losses have been calculated for amortised cost assets, applying the expected credit losses model. Where material, changes in allowances are debited or credited to the Financing and Investment Income and Expenditure line of the CIES. Changes in the value of assets carried at fair value (described as Fair Value through Profit or Loss) are debited or credited to the Financing and Investment Income and Expenditure line of the CIES as they arise. However, where such changes relate to financial instruments covered by statutory mitigation the change in fair value is reversed in the MIRS and held in an unusable reserve until such time the instrument is sold.

### **Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due where there is reasonable assurance that:

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

Amounts recognised as due are not credited to the CIES until all conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that, if not met, mean the grant must be repaid.

The grant or contribution is credited to the relevant service line (specific revenue grants and contributions) or Taxation and Non-specific Grant Income and Expenditure (non-ring-fenced revenue grants and all capital grants) in the CIES.

### **Infrastructure Assets**

The Council has elected to adopt a statutory override and Code amendment relating to the accounting for infrastructure assets. The Council does not report gross book value and accumulated depreciation for infrastructure assets, because the information is unlikely to faithfully represent the asset position to the users of the financial statements. Assets replaced are derecognised at nil value.

### **Intangible Assets**

Expenditure (£10,000 or more) on non-monetary assets that do not have physical substance but are controlled by the Council (e.g. software licences, website development) is capitalised when it is expected that future economic benefits or service potential will flow from the Intangible Asset to the Council. Intangible assets are amortised over their useful life to the relevant service line(s) in the CIES. An asset is tested for impairment whenever there is an indication that it might be impaired – any losses recognised are posted to the relevant service line(s) in the CIES. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the CIES.

### **Investment Properties**

Investment properties are those that are currently held solely to earn rentals and/ or for capital appreciation. Properties are measured initially at cost and subsequently at fair value and are not depreciated, with gains or losses on revaluation being posted to the Financing and Investment Income and Expenditure line in the CIES. This line is also credited or debited with gains/ losses on the disposal of properties, measured as the difference between the carrying amount and the sale proceeds.

### **Leases**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an asset from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and building, the land and buildings elements are considered separately for classification.

Property, Plant and Equipment (PPE) held by 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. Payments are apportioned between:

- a charge for the acquisition of the interest in the PPE – applied to write down the financial liability.
- financing charges and contingent rents (debited to the Financing and Investment Income and Expenditure line in the CIES)

Rentals paid under operating leases are charged to the CIES as an expense of the services benefitting from the use of the leased asset. Charges are made on a straight-line basis over the life of the lease.

Finance leases granted in the past by the Council have been at either a peppercorn or nominal rent, therefore, whilst the asset is no longer recorded in the Balance Sheet, no long-term debtor has been recognised as the amounts involved would be immaterial – instead lease rentals, where received, are credited directly to the CIES.

Where the Council grants an operating lease over an item of PPE, the asset is retained in the Balance Sheet. Rental income is credited to the Financing and Investment Income and Expenditure line in the CIES. Credits are made on a straight-line basis over the life of the lease. Where material, the initial direct costs incurred in negotiating and arranging a lease, along with any incentive payments, are charged as an expense over the lease term on the same basis as rental income, with the balance of any such expenses to be recovered being shown as deferred income within debtors.

### **Overheads and Support Services**

The cost of overheads and support services are shown in the CIES as part of the service segment where these costs are controlled in accordance with internal management reporting arrangements.

### **Post-Employment Benefits**

Employees can join the Local Government Pensions Scheme (LGPS), which is administered on behalf of the Council by Essex County Council (ECC) via the Essex Pension Fund (the Pension Fund). The LGPS is a statutory scheme which provides benefits based on career average revalued earnings (CARE), with various protections in place for those members with service before 1 April 2014. The LGPS is accounted for as a defined benefits scheme:

- the liabilities of the Pension Fund 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 single equivalent discount rate of 4.8% and taking into account the Council's estimated past service liability duration of 18 years.
- The assets of the Pension Fund attributable to the Council are included in the Balance Sheet at their fair value.

The change in the net pension liability is analysed into the following components:

- **Service cost comprising:**
  - **Current service cost** - allocated in the CIES to the services for which the employees worked.
  - **Past service cost (including Curtailment)** - debited to the Surplus or Deficit on the Provision of Services in the CIES as part of the Corporate Financing segment.
  - **Gain or loss on Settlement** – credited to the Surplus or Deficit on the Provision of Services in the CIES as part of the Corporate Financing segment.
  - **Net interest on the defined benefit liability** - charged to the Financing and Investment Income and Expenditure line of the CIES.
- **Re-measurements comprising:**
  - **The return on plan assets** - excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
  - **Actuarial gains and losses** - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- **Contributions paid to the Pension Fund** - not accounted for as an expense in the CIES.

When determining any past service cost or gain or loss on settlement the net defined benefit liability is remeasured using current assumptions and the fair value of plan assets at the time of the event.

### **Property, Plant and Equipment (PPE)**

Expenditure on the acquisition, creation or enhancement of PPE is capitalised on an accruals basis, provided it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that

maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets acquired other than by purchase (e.g. by donation or as part of a Planning Section 106 Agreement), are recognised at fair value. Provided the Council has met all conditions attached to such transfers, any gain is credited to the Taxation and Non-Specific Grant Income and Expenditure line of the CIES. Where gains have been credited to the CIES these will be reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Certain categories of PPE are measured subsequently at either current value or fair value (See under General Principles). Assets included in the Balance Sheet at current value are re-valued sufficiently to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of accumulated gains)
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date are reflected in the Capital Adjustment Account (CAA).

Assets are assessed at each year-end as to whether there is any indication that items may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall. Impairment losses are accounted for in the same manner as downward revaluations.

Depreciation is provided for on all PPE assets by the systematic allocation of their depreciable amounts over their useful lives. Exceptions are made for assets without a determinable finite useful life (i.e. freehold land and certain community assets) and assets that are not yet available for use (i.e. assets under construction).

Where an item of PPE has major components, whose cost is significant in relation to the total cost of the item, and whose useful lives differ materially, components are recognised and depreciated separately.

An asset may be reclassified as an Asset Held for Sale (AHFS) when it becomes probable that the carrying amount of an asset will be recovered principally through its sale rather than through its continued use by the Council. The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the CIES. Gains in fair value are recognised in the CIES only up to the amount of any previously recognised losses.

## **Accounting Principles and Policies**

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When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether PPE or AHFS) is written off to the Other Operating Expenditure line in the CIES, against any receipts from the disposals as a gain or loss on disposal.

A de minimis limit of £10,000 is applied to items treated as expenditure or receipts under this policy.

### **Provisions**

Provisions are charged as an expense where an event has taken place that gives a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

### **Revenue from Contracts with Service Recipients**

Revenue is recognised from contracts with service recipients when a performance obligation is satisfied by the transfer of promised goods or services to a recipient, measured as the amount of the overall transaction price allocated to that obligation.

### **Earmarked Reserves**

The Council sets aside specific (earmarked) amounts as reserves for future policy purposes or to cover contingencies and other risks. Reserves are created by transferring amounts out of the unallocated General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service within the CIES but matched by a transfer back into the General Fund Balance so there is not a net charge against Council Tax for the expenditure.

### **Revenue Expenditure Funded from Capital under Statute (REFCUS)**

REFCUS is expenditure incurred during the year that has been capitalised under statutory provisions but does not result in the creation of a non-current asset. Expenditure is charged to the relevant service in the CIES but transferred to the CAA in the MIRS to reflect the use of capital resources to fund the item rather than council tax. REFCUS may be offset in the relevant service by capital grants received to part/fully fund the related expenditure where conditions of this funding have been met.

### **Rounding**

Minor cross-casting differences may arise between the main statements and disclosure notes

## Notes to the Accounts

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## Notes to the Accounts

### 1. Expenditure and Funding Analysis (EFA)

The EFA shows how funding available to the Council for the year has been used in providing services in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. The EFA also shows how this expenditure is allocated for decision making purposes between the Council's services.

2021/22 (Restated)				2022/23		
Net Expenditure Chargeable to the General Fund Balance £000	Adjustments between Funding and Accounting basis £000	Net Expenditure in the CIES £000		Net Expenditure Chargeable to the General Fund Balance £000	Adjustments between Funding and Accounting basis £000	Net Expenditure in the CIES £000
(2,829)	9,090	6,261	Asset Management	(2,352)	12,466	10,114
1,032	1,806	2,838	Community & Leisure	702	2,096	2,798
1,489	319	1,808	Corporate Management	1,599	268	1,867
454	1,788	2,242	Economic Development	669	607	1,276
660	352	1,012	Environment	655	305	960
1,109	1,054	2,163	Finance	342	1,966	2,308
1,095	108	1,203	Governance	1,170	84	1,254
627	214	841	Housing Services	713	205	918
804	148	952	Business Solutions	828	125	953
1,718	493	2,211	ICT & Facilities	1,811	743	2,554
591	135	726	Marketing & Communications	654	140	794
6,035	2,121	8,156	Operations	6,466	2,282	8,748
449	954	1,403	Strategic Investment	566	1,127	1,693
1,485	557	2,042	Sustainable Development	1,599	499	2,098
(891)	987	96	Covid-19 Central Fund	(8)	61	53
(1,839)	1,191	(648)	Corporate Financing	(1,328)	649	(679)
<b>11,989</b>	<b>21,317</b>	<b>33,306</b>	<b>Net Cost of Services</b>	<b>14,086</b>	<b>23,623</b>	<b>37,709</b>
(11,236)	(28,495)	(39,731)	Other Income and Expenditure	(13,505)	(13,417)	(26,922)
<b>753</b>	<b>(7,178)</b>	<b>(6,425)</b>	<b>Surplus on the Provision of Services</b>	<b>581</b>	<b>10,206</b>	<b>10,787</b>
(37,143)			General Fund Balance at 1 April	(36,390)		
<b>(36,390)</b>			<b>General Fund Balance at 31 March</b>	<b>(35,809)</b>		

## Notes to the Accounts

The following tables show the breakdown of adjustments required to reconcile amounts chargeable to the General Fund Balance to the CIES.

<b>2022/23</b>	<b>Adjustments for Capital Purposes £000</b>	<b>Net change for the Pensions Adjustments £000</b>	<b>Other Differences £000</b>	<b>Re- allocation &amp; other items £000</b>	<b>Total Adjustments £000</b>
Asset Management	10,358	37	-	2,071	12,466
Community & Leisure	1,971	137	-	(12)	2,096
Corporate Management	-	270	-	(2)	268
Economic Development	571	39	-	(3)	607
Environment	59	239	-	7	305
Finance	3	373	-	1,590	1,966
Governance	-	97	-	(13)	84
Housing Services	4	201	-	-	205
Business Solutions	2	124	-	(1)	125
ICT & Facilities	588	166	-	(11)	743
Marketing & Communications	(11)	94	-	57	140
Operations	1,353	924	-	5	2,282
Strategic Investment	1,093	35	-	(1)	1,127
Sustainable Development	134	378	-	(13)	499
Covid-19 Central Fund	-	10	-	51	61
Corporate Financing	(1,263)	(415)	(32)	2,359	649
<b>Net Cost of services</b>	<b>14,862</b>	<b>2,709</b>	<b>(32)</b>	<b>6,084</b>	<b>23,623</b>
Other Income and Expenditure	(6,846)	312	(799)	(6,084)	(13,417)
<b>Total</b>	<b>8,016</b>	<b>3,021</b>	<b>(831)</b>	<b>-</b>	<b>10,206</b>

## Notes to the Accounts

2021/22 (Restated)	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Re- allocation & other items	Total Adjustments
	£000	£000	£000	£000	£000
Asset Management	6,595	60	-	2,435	9,090
Community & Leisure	1,666	150	-	(10)	1,806
Corporate Management	-	319	-	-	319
Economic Development	1,749	42	-	(3)	1,788
Environment	67	279	-	6	352
Finance	52	424	-	578	1,054
Governance	2	112	-	(6)	108
Housing Services	4	211	-	(1)	214
Business Solutions	3	146	-	(1)	148
ICT & Facilities	317	184	-	(8)	493
Marketing & Communications	-	102	-	33	135
Operations	1,072	1,037	-	12	2,121
Strategic Investment	922	32	-	-	954
Sustainable Development	140	422	-	(5)	557
Covid-19 Central Fund	-	19	-	968	987
Corporate Financing	(590)	(493)	(63)	2,337	1,191
<b>Net Cost of services</b>	<b>11,999</b>	<b>3,046</b>	<b>(63)</b>	<b>6,335</b>	<b>21,317</b>
Other Income and Expenditure	(16,689)	1,023	(6,494)	(6,335)	(28,495)
<b>Total</b>	<b>(4,690)</b>	<b>4,069</b>	<b>(6,557)</b>	<b>-</b>	<b>(7,178)</b>

## Notes to the Accounts

The following table shows amounts of income and expenditure chargeable to the General Fund Balance included in the Council's internal reporting.

	<u>2021/22</u>				<u>2022/23</u>			
	Revenues from External Customers £000	Government Grants £000	Interest Revenue £000	Interest & MRP Expenses £000	Revenues from External Customers £000	Government Grants £000	Interest Revenue £000	Interest & MRP Expenses £000
Asset Management	(3,729)	-	-	92	(3,961)	-	-	92
Community & Leisure	(412)	(215)	-	-	(801)	(164)	-	-
Corporate Management	(2)	-	-	-	(158)	-	-	-
Economic Development	0	(9)	-	-	(56)	11	-	-
Environment	(883)	(10)	-	-	(1,389)	-	-	-
Finance	(1,471)	(25,191)	(863)	282	(1,245)	(24,985)	(1,848)	244
Governance	(271)	(43)	-	-	(240)	(26)	-	-
Housing Services	(189)	(538)	-	-	(234)	(555)	-	-
Business Solutions	(6)	(72)	-	-	(7)	(65)	-	-
ICT & Facilities	(6)	-	-	-	(18)	-	-	-
Marketing & Communications	(121)	-	-	-	(104)	-	-	-
Operations	(5,916)	-	-	163	(6,524)	(1)	-	204
Strategic Investment	-	-	-	-	-	-	-	-
Sustainable Development	(1,658)	(40)	-	-	(1,530)	(20)	-	-
Covid-19 Central Fund	(3,062)	(3,068)	-	-	(26)	(93)	-	-
Corporate Financing	(1,507)	(1,629)	-	507	(1,815)	(1,726)	-	1,049
<b>Net Cost of services</b>	<b>(19,233)</b>	<b>(30,815)</b>	<b>(863)</b>	<b>1,044</b>	<b>(18,108)</b>	<b>(27,624)</b>	<b>(1,848)</b>	<b>1,589</b>

## Notes to the Accounts

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### 2. Other Operating Expenditure

2021/22		2022/23
£000		£000
(5)	Change in corporate provision for doubtful debts	69
2,519	Parish and town council precepts	2,663
(5,759)	Gains on the disposal of non-current assets	(1,189)
(3,074)	Gains from other capital receipts	(2,019)
<b>(6,319)</b>	<b>Total</b>	<b>(476)</b>

### 3. Financing and Investment Income and Expenditure

2021/22		2022/23
£000		£000
1,023	Net interest on the pension net defined liability	312
387	Interest payable	286
(863)	Interest & pooled funds' dividends receivable	(1,848)
(1,713)	(Gain) / loss on financial assets held at Fair Value through Profit and Loss	1,184
-	Premium paid on early refinancing of debt	1,403
(3,158)	Net income and other gains from investment property	(5,465)
<b>(4,324)</b>	<b>Total</b>	<b>(4,128)</b>

### 4. Taxation and Non-Specific Grant Income

2021/22		2022/23
£000		£000
(12,783)	Council Tax income	(13,365)
(475)	Business Rates income (Note 5)	(2,077)
(8,522)	General government grants (Note 5 and 7)	(6,459)
(7,308)	Capital grants and contributions (Note 7)	(417)
<b>(29,088)</b>	<b>Total</b>	<b>(22,318)</b>

## Notes to the Accounts

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### 5. Business Rate Income

Under the Business Rate Retention Scheme (BRRS) the Council retains an element of any business rates growth above its Baseline funding allocation. As a member of the Essex Business Rate Pool (the Pool), the Council also receives a share of the growth generated by all participating authorities, which would otherwise be paid to government as a levy. The Council is protected by a safety net, below which its retained income cannot fall (subject to the overall position of the Pool).

2021/22		2022/23
£000		£000
	<b>Credited to Taxation and Non-Specific Grant Income</b>	
(14,546)	Business Rate income	(16,102)
13,240	Tariff	13,240
1,475	Levy due to the Pool	1,454
(644)	Share of growth received from the Pool	(669)
<b>(475)</b>	<b>Business Rate income</b>	<b>(2,077)</b>
(5,560)	Compensation grants included in general government grants	(4,287)
<b>(6,035)</b>	<b>Net Retained Income relating to Business Rates</b>	<b>(6,364)</b>
<b>3,487</b>	Baseline funding allocation	<b>3,487</b>
<b>3,225</b>	Safety Net (92.5%)	<b>3,225</b>

## Notes to the Accounts

### 6. Subjective Analysis of Expenditure and Income

	2021/22			2022/23		
	Net Cost of Services £000	Corporate amounts £000	Total £000	Net Cost of Services £000	Corporate amounts £000	Total £000
<b>Expenditure</b>						
Employee benefit expenses	21,340	1,023	22,363	22,280	312	22,592
Housing benefits	24,974	-	24,974	24,302	-	24,302
Other service expenses	16,583	(5)	16,578	14,837	69	14,906
Depreciation, amortisation and impairment	10,652	-	10,652	14,943	-	14,943
Revenue expenditure funded from capital	3,219	-	3,219	3,083	-	3,083
Interest payable	-	388	388	-	286	286
Premium paid on early refinancing of debt	-	-	-	-	1,403	1,403
Investment property expenses	-	330	330	-	404	404
Business rate retention scheme tariff and net levy	-	14,071	14,071	-	14,025	14,025
Local precepts	-	2,519	2,519	-	2,663	2,663
<b>Total Expenditure</b>	<b>76,768</b>	<b>18,326</b>	<b>95,094</b>	<b>79,445</b>	<b>19,162</b>	<b>98,607</b>
<b>Income</b>						
Fees, charges and other service income	(14,077)	-	(14,077)	(14,511)	-	(14,511)
Income and gains from investment property	-	(3,489)	(3,489)	-	(5,869)	(5,869)
Interest and dividend receivable	-	(863)	(863)	-	(1,848)	(1,848)
(Gain)/ loss on the fair value of financial assets	-	(1,714)	(1,714)	-	1,184	1,184
Council Tax	-	(12,782)	(12,782)	-	(13,365)	(13,365)
Business rates	-	(14,546)	(14,546)	-	(16,102)	(16,102)
Government grants and other third-party contributions	(29,385)	(15,830)	(45,215)	(27,225)	(6,876)	(34,101)
Gain on disposal of non-current assets & other gains	-	(8,833)	(8,833)	-	(3,208)	(3,208)
<b>Total Income</b>	<b>(43,462)</b>	<b>(58,057)</b>	<b>(101,519)</b>	<b>(41,736)</b>	<b>(46,084)</b>	<b>(87,820)</b>
<b>Surplus or Deficit on Provision of Services</b>	<b>33,306</b>	<b>(39,731)</b>	<b>(6,425)</b>	<b>37,709</b>	<b>(26,922)</b>	<b>10,787</b>

## Notes to the Accounts

### 7. Grant Income

The following grants and contributions were credited to the CIES:

2021/22 £000		2022/23 £000
	<b>Credited to Services</b>	
	Government grants:	
25,135	• Housing Benefit and Localised Council Tax Support Admin Subsidy	24,487
2,370	• Covid-19 grants	70
1,034	• Better Care Fund - Disabled Facilities grant	1,209
412	• Homelessness grants	478
-	• Shared Prosperity Fund	133
-	• Energy Grants – Administration	191
-	• Energy Grants - Discretionary Payments	213
385	• Other government grants	309
49	Other grants and contributions	135
<b>29,385</b>		<b>27,225</b>
	<b>Credited to Taxation and Non-Specific Grant</b>	
	Government grants:	
5,560	• Compensation for business rate reliefs	4,287
970	• Covid-19 grants	54
1,621	• New Homes Bonus	1,657
371	• Other government grants	461
7,308	Capital grants and developer contributions	417
<b>15,830</b>		<b>6,876</b>
<b>45,215</b>	<b>Total</b>	<b>34,101</b>

## Notes to the Accounts

Developer and other contributions received that have yet to be recognised as income, as they have conditions attached to them are as follows:

2021/22 £000		2022/23 £000
	<b>Grants &amp; Contributions Receipts in Advance – within Short Term Creditors</b>	
30	Unilateral undertakings	20
130	Recreational disturbance avoidance mitigation (RAMs) contributions	128
1,031	Developer & other contributions	1,639
<b>1,191</b>		<b>1,787</b>
	<b>Capital Grants &amp; Contributions Receipts in Advance</b>	
5,431	Developer contributions	7,624
-	Partner contributions	-
<b>5,431</b>		<b>7,624</b>

### 8. External Audit Costs

The following fees were payable relating to external audit and inspection in respect of the relevant financial year:

#### External Audit Costs

2021/22 £000		2022/23 £000
46	External audit services	46
14	Certification of grant claims and returns	14
-	Prior year adjustments	-
<b>60</b>	<b>Total Fees Payable for the Year</b>	<b>60</b>

Audit fees shown above are estimated and based on Scale Fees set by the Public Sector Audit Appointments Ltd (PSAA) and an estimate of additional grant certification work. Actual fees payable may be subject to agreed fee variations.

## Notes to the Accounts

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### 9. Members' Allowances and Expenses

The Council paid the following amounts to Members during the year.

2021/22		2022/23	
£000		£000	
251	Basic allowances	251	
19	Communication allowances	21	
15	Development allowances	11	
158	Special responsibility allowances	183	
1	Expenses reimbursed	3	
<b>444</b>	<b>Total</b>	<b>469</b>	

Further details of allowances paid and expenses claimed by Members are available on the Council's website [here](#)

## Notes to the Accounts

### 10. Officers' Remuneration & Exit Packages

Senior Officers 2022/23	Gross salary	Benefits in Kind	Total Remuneration	Contributions to Pension Fund	Total Remuneration including Pension Contributions
	£	£	£	£	£
Chief Executive (to 31/08/22)	60,688		60,688	12,247	72,935
Chief Executive (wef 26/09/22)	70,262		70,262	14,073	84,335
Corporate Director (P/T) (to 14/04/2022)	5,666		5,666	541	6,207
Corporate Director	106,076		106,076	21,533	127,609
Corporate Director	114,599		114,599	23,264	137,863
Corporate Director	109,599	4,242	113,841	22,249	136,090
Head of Finance	77,632		77,632	15,759	93,391
Head of Operations	80,897	5,206	86,103	16,422	102,525
Head of Governance	72,442		72,442	14,691	87,133
Head of Housing and Community	68,906		68,906	13,988	82,894
Head of Environment	74,276		74,276	15,078	89,354
Head of Planning & Economic Growth	80,732		80,732	16,422	97,154

#### NOTE:

The Council also incurred the following costs in the following roles which were occupied on an interim basis:

Head of Strategic Investment – cost to the Council was £162,363 for the period

During the Year, the Chief Executive (to 31/08/22) received £358 as the Returning Officer. The Chief Executive (wef 26/09/22) received £939 as the Returning Officer

## Notes to the Accounts

Senior Officers 2021/22	Gross salary	Benefits in Kind	Total Remuneration	Contributions to Pension Fund	Total Remuneration including Pension Contributions
	£	£	£	£	£
Chief Executive	156,441	-	<b>156,441</b>	29,006	<b>185,447</b>
Corporate Director (P/T) (to 14/04/2022)	68,518	-	<b>68,518</b>	13,909	<b>82,427</b>
Corporate Director (wef 21/02/2022)	10,994	-	<b>10,994</b>	2,232	<b>13,226</b>
Corporate Director	112,674	-	<b>112,674</b>	22,873	<b>135,547</b>
Corporate Director	105,160	4,242	<b>109,402</b>	21,348	<b>130,750</b>
Head of Finance (P/T) (to 30/09/2021)	29,606	957	<b>30,563</b>	-	<b>30,563</b>
Head of Finance (wef 01/09/2021)	43,391	-	<b>43,391</b>	8,808	<b>52,199</b>
Head of Operations	78,972	4,962	<b>83,934</b>	16,031	<b>99,965</b>
Head of Governance	69,122	-	<b>69,122</b>	14,032	<b>83,154</b>
Head of Housing and Community (to 30/09/2021)	36,176	-	<b>36,176</b>	7,344	<b>43,520</b>
Head of Housing and Community (wef 10/11/2021)	25,775	-	<b>25,775</b>	5,232	<b>31,007</b>
Head of Environment (to 31/10/2021)	41,552	-	<b>41,552</b>	8,554	<b>50,106</b>
Head of Environment (wef 16/12/2021)	21,200	-	<b>21,200</b>	4,304	<b>25,504</b>
Head of Planning & Economic Growth	79,735	-	<b>79,735</b>	16,031	<b>95,766</b>

### NOTE:

The Council also incurred the following costs in the following roles which were occupied on an interim basis:

Head of Strategic Investment – cost to the Council was £181,513 for the period April 21 to March 22

During the Year the Chief Executive received £13,554.82 as the Returning Officer.

## Notes to the Accounts

### Other Employees

Employees whose remuneration in the year was £50,000 or more:

2021/22	Remuneration Bands	2022/23
Number of employees		Number of employees
Total		Total
10	£50,000 to £54,999	10
7	£55,000 to £59,999	8
1	£60,000 to £64,999	4
-	£65,000 to £69,999	1
-	£70,000 to £74,999	-
<b>18</b>	<b>Total</b>	<b>23</b>

### Exit Packages

Cost Bands	Number of Exit Packages		Cost of Exit Packages	
	2021/22	2022/23	2021/22 £000	2022/23 £000
Up to £20,000	-	1	-	6
£20,001 - £40,000	-	1	-	21
<b>Totals</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>27</b>

There were no exit packages (including any compulsory / voluntary redundancies) agreed in 2021/22.

### **11. Movement in Reserves Statement – Adjustments between Accounting Basis and Funding under Regulations**

This note details the adjustments that are made to the CIES recognised in the year in accordance with proper accounting practice to the resources specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

#### **General Fund Balance**

The General Fund is a statutory fund into which all receipts are required to be paid and out of which all liabilities are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should influence the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend at the end of the financial year. A significant proportion of the General Fund Balance has been allocated by the Council for specific purposes (i.e. referred to as “earmarked reserves”) further details of which are provided in these Notes.

#### **Capital Receipts Reserve**

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.

#### **Capital Grants Unapplied**

The Capital Grants Unapplied Account (reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or financial year in which this can take place.

## Notes to the Accounts

**2022/23**

	Usable Reserves			Movement in Unusable Reserves	Relevant Unusable Reserve
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account		
	£000	£000	£000	£000	
Depreciation and revaluation losses	14,830	-	-	(14,830)	Capital Adjustment Account
Amortisation of intangible assets	113			(113)	
Changes in the fair value of investment properties	(3,293)			3,293	
Revenue expenditure funded from capital under statute	3,083			(3,083)	
Net gain/ loss on disposal of non-current assets & from other receipts	6,817			(6,817)	
Capital grants and contributions	(11,656)	10,018	61	1,577	
Donated Capital Assets	-			-	
Provision for repayment of debt	(1,233)			1,233	
Capital expenditure charged to revenue	(645)			645	
<b>Capital Adjustments</b>	<b>8,016</b>	<b>10,018</b>	<b>61</b>	<b>(18,095)</b>	
Use of capital receipts reserve to finance capital expenditure	-	(6,581)	-	6,581	Capital Adjustment Account
Use of capital grants to finance capital expenditure	-	-	(65)	65	
Repayment of capital loans and mortgages	-	16	-	(16)	Deferred Capital Receipts Reserve
	<b>-</b>	<b>(6,565)</b>	<b>(65)</b>	<b>6,630</b>	
<b>Financing Adjustments</b>					
Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on provision of services	6,390			(6,390)	Pension Reserve
Employer's contributions to the Essex Pension Fund	(3,369)			3,369	
<b>Pension Adjustments</b>	<b>3,021</b>	<b>-</b>	<b>-</b>	<b>(3,021)</b>	
Statutory reversal of loss on pooled fund investments	1,184			(1,184)	Pooled Investments Adjustment Account
Difference between finance cost charged to the CIES in year and those charged to the GF under statute	1,333	-	-	(1,333)	Financial Instruments Adjustment Account
Council Tax and Business Rates	(3,317)			3,317	Collection Fund Adjustment Account
Accrued officer leave	(31)			31	Accumulated Absences Account
<b>Other Adjustments</b>	<b>(831)</b>	<b>-</b>	<b>-</b>	<b>831</b>	
<b>Total Adjustments between Accounting Basis and Funding Basis</b>	<b>10,206</b>	<b>3,453</b>	<b>(4)</b>	<b>(13,655)</b>	

## Notes to the Accounts

**2021/22**

	Usable Reserves			Movement in Unusable Reserves	Relevant Unusable Reserve
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account		
	£000	£000	£000	£000	
Depreciation and revaluation losses	10,481	-	-	(10,481)	Capital Adjustment Account
Amortisation of intangible assets	170	-	-	(170)	
Changes in the fair value of investment properties	(638)	-	-	638	
Revenue expenditure funded from capital under statute	3,219	-	-	(3,219)	
Net gain/ loss on disposal of non-current assets & from other receipts	(8,801)	15,796	-	(6,995)	
Capital grants and contributions	(8,382)	-	37	8,345	
Donated Capital Assets	-	-	-	-	
Provision for repayment of debt	(657)	-	-	657	
Capital expenditure charged to revenue	(83)	-	-	83	
<b>Capital Adjustments</b>	<b>(4,691)</b>	<b>15,796</b>	<b>37</b>	<b>(11,142)</b>	
Use of capital receipts reserve to finance capital expenditure	-	(18,382)	-	18,382	Capital Adjustment Account
Use of capital grants to finance capital expenditure	-	-	(2,062)	2,062	
Repayment of capital loans and mortgages	-	11	-	(11)	Deferred Capital Receipts Reserve
<b>Financing Adjustments</b>	<b>-</b>	<b>(18,371)</b>	<b>(2,062)</b>	<b>20,433</b>	
Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on provision of services	7,236	-	-	(7,236)	Pension Reserve
Employer's contributions to the Essex Pension Fund	(3,167)	-	-	3,167	
<b>Pension Adjustments</b>	<b>4,069</b>	<b>-</b>	<b>-</b>	<b>(4,069)</b>	
Statutory reversal of loss on pooled fund investments	(1,713)	-	-	1,713	Pooled Investments Adjustment Account
Council Tax and Business Rates	(4,780)	-	-	4,780	Collection Fund Adjustment Account
Accrued officer leave	(63)	-	-	63	Accumulated Absences Account
<b>Other Adjustments</b>	<b>(6,556)</b>	<b>-</b>	<b>-</b>	<b>6,556</b>	
<b>Total Adjustments between Accounting Basis and Funding Basis</b>	<b>(7,178)</b>	<b>(2,575)</b>	<b>(2,025)</b>	<b>11,778</b>	

## Notes to the Accounts

### 12. General Fund Balances

	Balance 31-Mar 2021 £000	Transfers Out 2021/22 £000	Transfers In 2021/22 £000	Balance 31-Mar 2022 £000	Transfers Out 2022/23 £000	Transfers In 2022/23 £000	Balance 31-Mar 2023 £000
<b>Capital Investment:</b>							
Capital Reserve	7,663	(1,363)	3,267	9,567	(2,751)	190	7,006
Financial systems reinvestment	163	(1)	-	162	-	-	162
Vehicle & Plant replacement	413	(270)	148	291	(47)	295	539
New Homes Bonus	2,627	(1,071)	1,822	3,378	(749)	1,657	4,286
Discovery Centre All Weather Pitch	47	(5)	-	42	-	-	42
Corporate Technology Requirements	253	-	-	253	(150)	-	103
	<b>13,158</b>	<b>(4,210)</b>	<b>5,881</b>	<b>14,829</b>	<b>(3,697)</b>	<b>2,142</b>	<b>12,138</b>
<b>Risk Management:</b>							
Insurance Fund	91	(10)	15	96	(10)	15	101
Treasury Management	1,272	(203)	-	1,069	-	-	1,069
Housing Benefit - Universal Credit Migration	1,000	(46)	-	954	(63)	-	891
Business Rate Retention Scheme	9,153	(7,369)	3,172	4,956	(2,737)	30	2,249
	<b>11,516</b>	<b>(7,628)</b>	<b>3,187</b>	<b>7,075</b>	<b>(2,810)</b>	<b>45</b>	<b>4,310</b>
<b>Service Reserves:</b>							
Community Projects	219	(78)	17	158	(79)	27	106
District Elections	161	-	42	203	(14)	30	219
Economic Development	375	(15)	288	648	(208)	31	471
Business Rate Pool	1,992	(1,500)	644	1,136	-	669	1,805
Apprenticeships	81	-	43	124	-	26	150
Commuted Maintenance	421	(106)	-	315	(106)	-	209
Unilateral Undertakings	546	(93)	64	517	(79)	17	455
Partnership & Developer Funds	4	-	-	4	-	118	122
Councillor Grants Scheme	36	-	12	48	(18)	-	30
Procurement Hub	95	(4)	-	91	-	17	108
Discretionary Business rate relief	68	(68)	-	-	-	-	-
Local Plan	342	(49)	-	293	-	56	349
Local Council Tax Support	342	-	198	540	-	71	611
Leisure	73	(6)	-	67	-	-	67
Planned Maintenance (Revenue)	57	-	22	79	-	10	89
Planning Appeals	285	(99)	96	282	(89)	-	193

## Notes to the Accounts

Public Health Agenda	123	(13)	15	125	(28)	28	125
Homelessness Funds	762	(244)	479	997	(86)	149	1,060
Development Control	151	(121)	150	180	(121)	10	69
Housing Development & Local Growth	750	(639)	-	111	(52)	-	59
Land Charges	100	-	-	100	-	-	100
Covid-19	568	(302)	1,394	1,660	(1,209)	-	451
Climate Change	-	(11)	467	456	(79)	-	377
Planning Enforcement	-	-	150	150	(32)	-	118
Recycling Income	-	-	361	361	-	-	361
Growth Dividend	-	-	-	-	(15)	1,650	1,635
Other reserves less than £50k	316	(151)	6	171	(17)	18	172
Approved budget carry forwards	342	(238)	364	468	(241)	488	715
	<b>6,217</b>	<b>(2,237)</b>	<b>4,168</b>	<b>8,148</b>	<b>(2,473)</b>	<b>3,415</b>	<b>10,226</b>
<b>Change Management:</b>							
Training & Development	65	(5)	-	60	(17)	14	57
Corporate Improvement Programme	188	(22)	56	222	(116)	29	135
Transformation	-	-	-	-	-	850	850
	<b>253</b>	<b>(27)</b>	<b>56</b>	<b>282</b>	<b>(133)</b>	<b>893</b>	<b>1,042</b>
<b>Total Earmarked Reserves</b>	<b>31,144</b>	<b>(14,102)</b>	<b>13,292</b>	<b>30,334</b>	<b>(9,113)</b>	<b>6,495</b>	<b>27,716</b>
Unallocated balance	5,999	(1,459)	1,516	6,056	(460)	2,497	8,093
<b>Total General Fund</b>	<b>37,143</b>	<b>(15,561)</b>	<b>14,808</b>	<b>36,390</b>	<b>(9,573)</b>	<b>8,992</b>	<b>35,809</b>

**Capital Investment:** includes a range of reserves established to provide financing of capital expenditure and other resources required to support the Council's wider investment ambitions.

**Risk Management:** funding for irregular or unknown risk management related matters. Reserves are also held to manage the risks associated with treasury management activities, the Business Rates Retention Scheme (BRRS), and housing benefit overpayments.

**Service Reserves:** a range of reserves established for specific service requirements and/or crosscutting service initiatives, and money held where the Council is the lead authority or acting as accountable body for a joint project.

**Change Management:** reserves established to meet costs associated with improving the overall efficiency of the Council, and to meet one-off costs to achieve on-going cost savings.

## Notes to the Accounts

### 13. Property, Plant and Equipment (PPE)

	Council Dwellings	Other Land and Building	Vehicles, Plant & Equipment	Community Assets	Surplus Assets Not for Sale	Assets Under Construction	Total Property, Plant, and Equipment
	£000	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>							
At 1 April 2022	423	81,906	13,285	2,909	11,468	17,381	127,372
Additions	-	137	1,095	20	59	3,686	4,997
Transfers and reclassifications	-	15,829	44	-	382	(15,873)	382
Revaluations	9	(6,913)	-	-	336	-	(6,568)
Disposals & derecognition	-	-	(386)	-	(26)	(4,982)	(5,394)
<b>At 31 March 2023</b>	<b>432</b>	<b>90,959</b>	<b>14,038</b>	<b>2,929</b>	<b>12,219</b>	<b>212</b>	<b>120,789</b>
<b>Accumulated Depreciation and Impairment</b>							
At 1 April 2022	(4)	(96)	(7,348)	(504)	-	-	(7,952)
Depreciation charge	(5)	(2,725)	(1,200)	(5)	-	-	(3,935)
Transfers and reclassifications	-	-	-	-	-	-	-
Write out of depreciation on revaluation	9	2,676	-	-	272	-	2,957
Impairments	-	-	-	-	(273)	(37)	(310)
Disposals & derecognition	-	-	358	-	-	37	395
<b>At 31 March 2023</b>	<b>-</b>	<b>(145)</b>	<b>(8,190)</b>	<b>(509)</b>	<b>(1)</b>	<b>-</b>	<b>(8,845)</b>
<b>Net Book Value:</b>							
<b>At 31 March 2023</b>	<b>432</b>	<b>90,814</b>	<b>5,848</b>	<b>2,420</b>	<b>12,218</b>	<b>212</b>	<b>111,944</b>
At 31 March 2022	419	81,810	5,937	2,405	11,468	17,381	119,420

## Notes to the Accounts

### Comparative Movements in 2021/22

	Council Dwellings	Other Land and Building	Vehicles, Plant & Equipment	Community Assets	Surplus Assets Not for Sale	Assets Under Construction	Total Property, Plant, and Equipment
	£000	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>							
At 1 April 2021	423	58,034	13,137	2,808	6,011	36,538	116,951
Additions	-	536	1,940	101	-	25,583	28,160
Transfers and reclassifications	-	26,395	-	-	2,660	(42,023)	(12,968)
Revaluations	-	(3,058)	-	-	2,797	-	(261)
Disposals & derecognition	-	(1)	(1,792)	-	-	(2,717)	(4,510)
<b>At 31 March 2022</b>	<b>423</b>	<b>81,906</b>	<b>13,285</b>	<b>2,909</b>	<b>11,468</b>	<b>17,381</b>	<b>127,372</b>
<b>Accumulated Depreciation and Impairment</b>							
At 1 April 2021	-	(81)	(8,097)	(503)	-	(316)	(8,997)
Depreciation charge	(4)	(1,986)	(1,007)	(1)	-	-	(2,998)
Transfers and reclassifications	-	-	-	-	-	-	-
Write out of depreciation on revaluation	-	1,971	-	-	-	-	1,971
Impairments	-	-	-	-	-	-	-
Disposals & derecognition	-	-	1,756	-	-	316	2,072
<b>At 31 March 2022</b>	<b>(4)</b>	<b>(96)</b>	<b>(7,348)</b>	<b>(504)</b>	<b>-</b>	<b>-</b>	<b>(7,952)</b>
<b>Net Book Value:</b>							
<b>At 31 March 2022</b>	<b>419</b>	<b>81,810</b>	<b>5,937</b>	<b>2,405</b>	<b>11,468</b>	<b>17,381</b>	<b>119,420</b>
At 31 March 2021	423	57,953	5,040	2,305	6,011	36,222	107,954

### Depreciation

The following useful lives have been used in the calculation of depreciation:

Council Dwellings	60 years
Other Land and Buildings	Up to 60 years
Vehicles, Plant, and Equipment	Up to 35 years
Infrastructure	Up to 40 years
Community Assets	Up to 50 years

### Effects of Changes in Estimates

There was no change in estimates that had a material effect.

## Notes to the Accounts

2021/22 £000		2022/23 £000
	<b><u>Infrastructure Assets:</u></b>	
<b>2,735</b>	<b>Net Book Value (modified historical cost) at 1 April</b>	<b>9,095</b>
171	Additions	342
(779)	Derecognition	(7)
(238)	Depreciation	(500)
779	Depreciation written out on derecognition	6
-	- Impairment	-
6,427	Other Movements	-
<b>9,095</b>	<b>Net Book Value at 31 March</b>	<b>8,936</b>

In accordance with the temporary relief offered by the Update to the Code on Infrastructure Assets, this note does not include disclosure of gross cost and accumulated depreciation because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

The authority has determined in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

### Revaluations

Valuations of land and buildings are undertaken by an external firm, NPS Property Consultants Ltd, and are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS). The effective date of valuations conducted in the year was 31 March 2023. Significant assumptions applied by the valuer in estimating fair values are:

- There are no planning proposals likely to influence the value of properties.
- Unless otherwise advised, assets have been assumed to be in a reasonable standard of repair and, where deleterious or hazardous material could be present, this is assumed not to be in an adverse condition.
- No contaminative or potentially contaminative uses have been carried out on property including neighbouring land.
- Unless information was available to the contrary, each property was assumed not to be subject to any unusual or onerous covenants or restrictions that would affect value and to be held with vacant possession.

## Notes to the Accounts

	<b>Council Dwellings</b>	<b>Other Land and Buildings</b>	<b>Vehicles, Plant &amp; Equipment</b>	<b>Surplus Asset</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Carried at historical cost	-	366	14,038	2	<b>14,406</b>
Valued at Fair Value as at:					
31-Mar-19	-	353	-	-	<b>353</b>
31-Mar-20	-	69	-	-	<b>69</b>
31-Mar-21	-	348	-	737	<b>1,085</b>
31-Mar-22	-	1,920	-	225	<b>2,145</b>
31-Mar-23	432	87,903	-	11,255	<b>99,590</b>
<b>Total Cost or Valuation</b>	<b>432</b>	<b>90,959</b>	<b>14,038</b>	<b>12,219</b>	<b>117,648</b>

All the Council's Surplus Assets have been assessed as Level 2 in the fair value hierarchy for valuation purposes.

The fair value of Surplus Assets has been measured using a market approach. Typical valuation inputs which have been taken into account include: market sales values; size, configuration, proportions and layout; location, visibility and access; condition; covenants; and obsolescence. Market conditions are such that relevant similar properties are actively purchased and sold and the level of observable inputs are significant.

There has been no change in the valuation techniques used during the year for Surplus Assets.

In estimating the fair value of the Council's Surplus Assets, the "highest and best use" in most cases is their potential for residential or other development.

## Notes to the Accounts

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### 14. Heritage Assets

Heritage assets are mainly held and managed on behalf of the Council by the Braintree District Museum and Study Centre Trust Ltd ("the Trust"). The assets are held in support of the shared aims and objectives agreed between the Council and the Trust, reflected in the Museum Service's mission statement of: "Braintree District Museum – preserving the past, understanding the present, creating the future for citizens of and visitors to Braintree District."

Heritage assets are recognised and measured in accordance with the accounting policies for all other PPE and Intangible Assets, subject to the application of a de minimis value of £1,000 on initial recognition.

Heritage Assets comprise the Museum collection (i.e., ceramics, art, archaeology, and social history), civic regalia, and a small number of historic buildings and monuments. In 2022/23 there were no additions or disposals (2021/22 enhancements totalled £11k).

Valuations of the Council's Museum collection were obtained from Mulluck Wells in 2008 and Bonhams in 2010. Civic regalia are included at current insurance valuation, whereas historic monuments and buildings are included at their depreciated historical cost.

The Council also owns other heritage assets, such as coins and tokens, costume, geology and natural history specimens, photography and film, and reference material, which individually have a value less than £1,000. It is considered that the cost of seeking valuations of these items would be disproportionate to the benefit gained from their recognition on the Balance Sheet.

The Town Hall Centre located in Market Square, Braintree is also an asset with historic significance; however, as this asset is also used for the purpose of room hire and civic ceremonies it continues to be reported under PPE. The Gross Carrying Value of this asset at 31 March 2022 was £0.640m (£0.698m 31 March 2022).

Further information about the Council's collection of heritage assets, including the Museum Collections Management Policy, can be found at [www.braintreemuseum.co.uk](http://www.braintreemuseum.co.uk)

## Notes to the Accounts

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### 15. Investment Property

Income from investment property was £2.575m in the year (£2.850m in 2021/22), and related expenses incurred were £0.403m (£0.330m in 2021/22) resulting in a net gain of £2.172m (£2.520m in 2021/22).

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

Leases held on investment properties are mainly 'Full Repairing and Insuring' leases where the tenant is responsible for performing all repairs and maintenance on the internal and external structure of the leased asset. In some cases, leases are on an 'Internal Repairing' basis where the Council has an obligation to perform ad hoc repairs and maintenance on the external structure.

The following table summarises the movement in carrying value:

2021/22		2022/23
£000		£000
43,231	Balance at 1 April	43,951
-	Additions	-
82	Enhancement expenditure	13
-	Disposals	-
-	Category transfer	(382)
638	Net gain from change in fair value	3,293
<b>43,951</b>	<b>Balance at 31 March</b>	<b>46,875</b>

All the Council's investment properties have been assessed as Level 2 in the fair value hierarchy for valuation purposes.

Fair value has been measured using a market approach. Typical valuation inputs which have been taken into account include: market rentals and sales values; yields; void and letting periods; size, configuration, proportions, and layout; location, visibility and access; condition; lease covenants; and obsolescence. Market conditions for these asset types are such that the levels of observable inputs are significant.

There has been no change in the valuation techniques used during the year.

In estimating fair value, the "highest and best use" in most cases is their current use. Where this is not the case this is due to historical lease terms; however, once these expire, the intention is to renegotiate to prevailing market levels.

## Notes to the Accounts

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### 16. Intangible Assets

The movement on Intangible Assets during the year is as follows:

2021/22		2022/23
£000		£000
	Balance at 1 April:	
1,701	Gross carrying amounts	1,694
(1,104)	Accumulated amortisation	(1,242)
597	Net carrying amount at 1 April	452
25	Additions and enhancements	198
(32)	Disposals - gross value	(159)
32	Disposals - accumulated amortisation	106
-	Transfers and reclassifications	-
(170)	Amortisation for the period	(113)
452	Net carrying amount at 31 March	484
	Comprising:	
1,694	Gross carrying amounts	1,733
(1,242)	Accumulated amortisation	(1,249)
452		484

### 17. Assets Held for Sale

The movement on Assets Held for Sale during the year is as follows:

2021/22		2022/23
£000		£000
-	Balance at 1 April:	1,984
6,541	Asset Reclassification	-
-	Additions	18
(4,557)	Disposal	(1,764)
1,984	Balance at 31 March	238

## Notes to the Accounts

### 18. Capital Expenditure and Financing

Capital expenditure incurred in the year and amounts set aside for financing is shown in the table below. The Capital Financing Requirement (CFR) is a measure of the amount of capital expenditure that has yet to be financed.

2021/22 £000		2022/23 £000
<b>23,799</b>	<b>Opening Capital Financing Requirement</b>	<b>25,938</b>
	Capital Investment:	
28,331	Property, Plant, and Equipment	5,339
82	Investment Properties	13
25	Intangible Assets	198
-	Assets Held for Sale	18
11	Heritage Assets	-
3,219	Revenue Expenditure Funded from Capital under Statute	3,083
<b>31,668</b>		<b>8,651</b>
	Sources of Finance:	
(18,382)	Capital Receipts	(6,581)
(10,407)	Government Grants and Other Contributions	(1,642)
(83)	Sums set aside from Revenue (including reserves)	(645)
-	Donated Assets	-
(657)	Minimum Revenue Provision	(1,233)
<b>(29,529)</b>		<b>(10,101)</b>
<b>25,938</b>	<b>Closing Capital Financing Requirement</b>	<b>24,488</b>
	<b>Explanation of movements in the year:</b>	
10,713	Increase due to capital expenditure not yet financed	3,303
(7,918)	Reduction in prior year unfinanced expenditure	(3,520)
(657)	Minimum Revenue Provision	(1,233)
<b>2,138</b>	<b>Increase (Reduction) in Capital Financing Requirement</b>	<b>(1,450)</b>

## Notes to the Accounts

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### 19. Capital Commitments

At the Balance Sheet date the Council had entered into a number of contracts for the construction or enhancement of PPE which resulted in a commitment in future years to budgeted costs of £0.679m (£3.602m at 31 March 2022).

### 20. Financial Instruments

#### Income, Expense, Gains and Losses on Financial Instruments

2021/22 £000		2022/23 £000
	<b>Surplus or Deficit on the Provision of Services</b>	
	<b>Net (gains)/ losses on:</b>	
(1,713)	Financial assets measured at fair value through profit or loss	1,185
<b>(1,713)</b>	<b>Total (gains)/ losses</b>	<b>1,185</b>
	<b>Interest &amp; dividend revenue:</b>	
(19)	Financial assets measured at amortised cost	(444)
(844)	Financial assets measured at fair value through profit or loss	(1,404)
<b>(863)</b>	<b>Total revenue</b>	<b>(1,848)</b>
	<b>Interest &amp; premium expense</b>	
387	Financial liabilities measured at amortised cost - interest	286
	Financial liabilities measured at amortised cost - premium	1,403
<b>387</b>	<b>Total expense</b>	<b>1,689</b>
	<b>Loss allowances</b>	
(10)	Impairment losses (reversals)	69
<b>(10)</b>	<b>Total loss allowance</b>	<b>69</b>
<b>(2,199)</b>	<b>Net (Gains)/ Losses for the year</b>	<b>1,095</b>

## Notes to the Accounts

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

	Non-Current		Current	
	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23
	£000	£000	£000	£000
<b>Financial Assets</b>				
<b>Investments</b>				
<b>Amortised cost</b>				
Principal	-	-	13,000	3,000
<b>Fair Value through profit or loss</b>				
Money Market Funds	-	-	23,998	24,019
Pooled funds	21,952	20,747	-	-
Accrued dividends	-	-	183	272
<b>Total Investments</b>	<b>21,952</b>	<b>20,747</b>	<b>37,181</b>	<b>27,291</b>
<b>Debtors (amortised cost)</b>				
Trade receivables and other debtors	-	-	6,245	3,487
Loans made for service purposes	27	57	1	2
Loss allowance	-	-	(55)	(122)
<b>Total Debtors</b>	<b>27</b>	<b>57</b>	<b>6,191</b>	<b>3,367</b>
<b>Restricted Cash</b>	-	-	-	-
<b>Cash and Cash Equivalents (amortised cost)</b>				
Cash and bank accounts	-	-	(35)	1,131
<b>Total Cash and Cash Equivalents</b>	<b>-</b>	<b>-</b>	<b>(35)</b>	<b>1,131</b>
<b>Total Financial Assets</b>	<b>21,979</b>	<b>20,804</b>	<b>43,337</b>	<b>31,789</b>

The Balance Sheet includes £1.999m (31 March 2022 £2.030m) of Long-term Debtors and £5.653m (31 March 2022 £5.569m) of Short-term Debtors that do not meet the definition of a financial asset.

## Notes to the Accounts

	Non-Current		Current	
	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23
	£000	£000	£000	£000
<b>Financial Liabilities (at amortised cost)</b>				
<b>Borrowings</b>				
Principal sum borrowed	-	5,400	6,000	400
Accrued interest	-	-	8	50
<b>Total Borrowings</b>	-	<b>5,400</b>	<b>6,008</b>	<b>450</b>
<b>Other Long Term Liabilities</b>				
Finance leases	2,953	2,769	-	-
<b>Total Other Long Term Liabilities</b>	<b>2,953</b>	<b>2,769</b>	-	-
<b>Creditors</b>				
Trade payables and other creditors	46	18	9,851	5,043
<b>Total Creditors</b>	<b>46</b>	<b>18</b>	<b>9,851</b>	<b>5,043</b>
<b>Other Short Term Liabilities</b>				
Finance leases	-	-	186	186
<b>Total Other Short Term Liabilities</b>	-	-	<b>186</b>	<b>186</b>
<b>Total Financial Liabilities</b>	<b>2,999</b>	<b>8,187</b>	<b>16,045</b>	<b>5,679</b>

The Balance Sheet total for Short-term Creditors includes £14.162m (31 March 2022 £29.358m) of items that do not meet the definition of a financial liability.

### 21. Fair Value of Financial Assets and Liabilities

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For money market funds and other pooled funds, the fair value is taken from quoted market prices.

For financial instruments carried in the Balance Sheet at amortised cost, their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at the 31 March, using the following methods and assumptions:

- Fair values are estimated as the price the lender would receive to sell the loans to another market participant on 31st March, based on observed market rates for similar transactions.
- The fair values of finance lease liabilities have been calculated by discounting the contractual cash flows at the appropriate AA-rated corporate bond yield.
- No early repayment or impairment is anticipated.
- The fair value of short-term instruments, including trade payables and receivables is assumed to approximate to the carrying value.

## Notes to the Accounts

Fair values are shown in the tables below. Level 1 values are derived from quoted prices in active markets for identical assets/ liabilities, and Level 2 values are calculated from inputs other than quoted prices that are observable for the asset or liability.

		31-Mar-22		31-Mar-23	
	Fair Value Level	Carrying Value £000	Fair Value £000	Carrying Value £000	Fair Value £000
<b>Financial Assets held at fair value:</b>					
Money Market Funds	1	24,037	24,037	24,076	24,076
Equity Multi-Asset Funds	1	18,399	18,399	17,779	17,779
Property Fund	2	3,553	3,553	2,968	2,968
<b>Total</b>		<b>45,956</b>	<b>45,956</b>	<b>44,823</b>	<b>44,823</b>
Asset for which fair value is not disclosed		19,360		7,770	
<b>Total Financial Assets</b>		<b>65,316</b>		<b>52,593</b>	
<i>Recorded on the Balance Sheet as:</i>					
Long Term Investments		21,952		20,747	
Long Term Debtors		27		57	
Short Term Investments		36,998		27,019	
Short Term Debtors		6,374		3,639	
Cash and Cash Equivalents		(35)		1,131	
<b>Total Financial Assets</b>		<b>65,316</b>		<b>52,593</b>	

## Notes to the Accounts

		31-Mar-22		31-Mar-23	
	Fair Value Level	Carrying Value £000	Fair Value £000	Carrying Value £000	Fair Value £000
<b>Financial Liabilities held at amortised cost:</b>					
Long term LOBO loans	2	6,008	8,066	-	-
Long term PWLB Loan	2	-	-	5,850	5,063
Lease payables	2	3,139	4,055	2,955	2,763
<b>Total</b>		<b>9,147</b>	<b>12,121</b>	<b>8,805</b>	<b>7,826</b>
Liabilities for which fair value is not disclosed		9,897		5,061	
<b>Total Financial Liabilities</b>		<b>19,044</b>		<b>13,866</b>	
<i>Recorded on the Balance Sheet as:</i>					
Short Term & Long-Term Creditors		9,905		5,111	
Other Short-Term Liabilities		186		186	
Short Term Borrowing		6,000		400	
Long Term Borrowing		-		5,400	
Other Long Term Liabilities		2,953		2,769	
<b>Total Financial Liabilities</b>		<b>19,044</b>		<b>13,866</b>	

The fair value of financial liabilities is lower than the carrying amount because borrowing and finance lease liabilities are at a rate of interest which is below the equivalent rates for loans of similar terms/duration. Over the life of the loans, it is likely that the fair value will fluctuate as market interest rates vary.

## 22. Nature and Extent of Risks arising from Financial Instruments

The Council's overall risk management procedure focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under the direction of the Section 151 Officer. The Council complies with the Chartered Institute for Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities. The Council also has regard to statutory guidance.

A Treasury Management Strategy Statement (TMSS) is approved annually by the Council as part of its annual Budget and Council Tax setting, which sets out the parameters for management of risks associated with financial instruments, further details of which can be found on the Council's website at [www.braintree.gov.uk](http://www.braintree.gov.uk). Treasury Management Practices (TMPs) are maintained specifying the practical arrangements to be followed to manage these risks.

The following describes the main risks that the Council is exposed to through its activities in financial instruments:

## Notes to the Accounts

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### Credit Risk

Credit risk is the possibility that a counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to the Council.

The Council manages the credit risk from its treasury management activities by ensuring that investments are only placed with organisations of high credit quality as set out in the TMSS. These include commercial entities with a minimum long-term credit rating of A-, the UK government, other local authorities, and organisations without credit ratings upon which the Council has received independent investment advice. As well as credit ratings, the Council also has regard to other measures including credit default swap and equity prices when selecting commercial entities for investment.

A limit of up to £5 million was placed on the amount that could be invested with a single counterparty (other than UK government). The Council also set a limit of £10 million on amounts invested for a period longer than a year, and separate aggregate limits of £25 million for both pooled fund investments and short-term money market funds. Within these limits further restrictions were placed on amounts and duration of investments with counterparties, along with a strategy of diversification, in line with changing market conditions as advised by the Council's treasury management advisors.

The table below shows the credit risk exposure of the treasury management portfolio based on market values analysed by credit rating:

	<b>31-Mar-22</b>	<b>31-Mar-23</b>
	<b>£000</b>	<b>£000</b>
<b>Credit Rating</b>		
AAAmmf	23,998	24,019
AA-	-	3,000
Unrated local authorities	13,000	-
<b>Total</b>	<b>36,998</b>	<b>27,019</b>
Pooled Funds (unrated)	21,952	20,747
<b>Total Investments</b>	<b>58,950</b>	<b>47,766</b>

Credit risk is not applicable to the shares/ units in pooled funds as there is no contractual right to receive any sum of money. Whilst it is the intention to hold these funds for the long-term, classifying them as such on the Balance Sheet, the Council may, in normal circumstances, seek redemption of its investments at relatively short notice.

No allowance has been made to the carrying value of treasury investments for expected losses as these are considered immaterial based on the investment holdings at the end of the year.

The risk associated with collection of service debtors is managed and controlled by a central recovery team in conjunction with appointed external collection agencies. Credit risk on lease receivables is mitigated by its legal ownership of the assets leased, which can be repossessed if the debtor defaults.

## Notes to the Accounts

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Debtors include a total of £0.969m of trade receivables (£0.472m at 31 March 2022). The amount can be analysed by age of debt as follows:

<b>31-Mar-22</b>	<b>Aged debt analysis</b>	<b>31-Mar-23</b>
<b>£000</b>		<b>£000</b>
329	Less than 3 months	751
75	Three to six months	121
22	Six months to one year	29
46	More than one year	68
<b>472</b>	<b>Total due at 31 March</b>	<b>969</b>

During the reporting period the Council did not hold any other collateral as security which it could sell or re-pledge in the absence of default by a borrower.

### Liquidity Risk

The Council manages its investment portfolio in such a way that the risk to liquidity is minimised by investing in a mixture of money market funds, call accounts and fixed term deposits and short-term loans to other local authorities – with decisions about investment duration taken based on a regularly updated cash flow forecast. If required, the Council has access to funds either from the money markets or from the Public Works Loan Board (PWLB).

### Refinancing and Maturity Risk

At the start of the year, the Council had two LOBO market loans of £3 million each with outstanding maturity periods of 19 years, subject to six-monthly call option dates. During the year, these loans were refinanced and replaced with PWLB borrowing.

The Council has £20.747 million invested across seven pooled funds – four equity funds, two multi-asset funds, and one property fund. It is intended that these investments will be held for the medium-long term; however, the equity and multi-asset funds (£17.778m) do allow the Council to withdraw its money at any time subject to normal settlement terms (e.g. transaction date plus 3 days). The property fund (£2.968m) has monthly redemption dates for which at least 180 days' notice is required. As the valuation of these funds is subject to market fluctuations, in the event the Council wishes to withdraw its money, the value of its investment at that time could be higher or lower than the original sum invested.

### Market Risk – Interest Rate Risk

The Council is exposed to risk in terms of exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- Investments – the interest income credited to the CIES will rise, subject to whatever fixed term deposits the Council already had in place; and
- Investments at fixed rates – the fair value of the assets will fall.

A fall in interest rates would:

- Investments – Decrease interest income from variable money market investments credited to the CIES.

## Notes to the Accounts

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Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses would not influence the CIES. However, changes in interest receivable on variable rate financial instruments will be posted to the CIES and therefore impact on the General Fund Balance £ for £.

A central treasury team seeks to mitigate fixed and variable interest rate risks and monitors market and forecast interest rates within the year, adjusting exposures as deemed appropriate. A treasury management reserve is maintained which can provide some level of protection to the revenue budget from both changes in interest rates and fluctuations in the fair values of pooled funds.

If all interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£000
Increase in interest receivable on variable rate investments – based on the average amount invested in short-term financial assets during the year of £45.2m	452
<b>Impact on the Surplus or Deficit on the Provision of Services</b>	<b>452</b>

Whilst the fair value of fixed rate investments and borrowing would vary, this would have no impact on the CIES.

A fall in the overall rate of return of 1% would have reduced investment income by a sum equivalent to the figure in the preceding table.

### Market Risk – Price Risk

The market prices of the units in a variable net asset value cash/ bond money market fund are governed by prevailing interest rates and price risk associated with these instruments is managed alongside interest rate risk.

Investment in a property fund is subject to the risk of falling commercial property prices. A 5% fall in commercial property prices would result in a £0.138m charge to the CIES.

Investments in equity funds are subject to the risk of falling share prices. A 5% fall in share prices would result in a £0.721m charge to the CIES.

Investments in diversified funds are subject to the risk of falling share prices. A 1% rise in interest rates and 5% fall in commercial property and equity prices would result in a £2k charge to the CIES.

Current statutory regulations mean that changes in the fair value of pooled funds does not constitute a charge (or credit) and therefore when setting Council Tax has no immediate impact on General Fund balances until such investments are sold.

## Notes to the Accounts

### 23. Leases

#### Finance Leases – Council as Lessee

Assets acquired under leases are carried in the Balance Sheet at the following net amount:

31-Mar-22		31-Mar-23
£000		£000
1,327	PPE – Vehicles & plant	1,137
1,849	Investment property	2,121
<b>3,176</b>	<b>Total Carrying Value</b>	<b>3,258</b>

Minimum lease payments, comprising settlement of the long-term liability for the interest in the assets acquired, and the finance costs that will be payable whilst the liability remains outstanding are:

31-Mar-22		31-Mar-23
£000		£000
	Finance lease liabilities (net present value of minimum lease payments):	
186	• Current	186
2,953	• Non-current	2,769
5,866	Finance costs payable in future years	5,754
<b>9,005</b>	<b>Total Minimum Lease Payments</b>	<b>8,709</b>

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31-Mar-22 £000	31-Mar-23 £000	31-Mar-22 £000	31-Mar-23 £000
Not later than one year	296	294	186	186
Over one year but not later than five years	1,177	1,270	766	787
Later than five years	7,532	7,145	2,187	1,982
	<b>9,005</b>	<b>8,709</b>	<b>3,139</b>	<b>2,955</b>

## Notes to the Accounts

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The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

### Finance Leases – Council as Lessor

Leases have been granted which are considered finance leases. These arrangements are typically at peppercorn or nominal lease payment and therefore assets have been derecognised and rentals, where received, treated as revenue income. This departure from the Code is not considered material to the accounts.

### Operating Leases – Council as Lessor

Leases have been granted of land and buildings to third parties for business use. The assets involved are mainly categorised as Investment Properties in the Balance Sheet. In addition, leases are in place where assets are being shared or provision of a service through an asset is now being delivered by a third party, e.g. community facilities.

The future minimum lease rentals receivable under the remaining non-cancellable term of the significant lease arrangements are:

<b>31-Mar-22</b>		<b>31-Mar-23</b>
<b>£000</b>		<b>£000</b>
1,009	Not later than one year	1,009
3,973	Later than one year and not later than five years	3,733
1,625	Later than five years	856
<b>6,607</b>		<b>5,598</b>

### Operating Leases – Council as a Lessee

Vehicles and property are being used under arrangements classified as operating leases.

The future minimum lease payments due under non-cancellable leases in future years are:

<b>31-Mar-22</b>		<b>31-Mar-23</b>
<b>£000</b>		<b>£000</b>
224	Not later than one year	325
649	Later than one year and not later than five years	541
837	Later than five years	821
<b>1,710</b>		<b>1,687</b>

## Notes to the Accounts

### 24. Long and Short-term Debtors

31-Mar-22		31-Mar-23
£000		£000
2,030	Deferred income from property leases	1,999
27	Mortgages & other advances	57
<b>2,057</b>	<b>Long-Term Debtors</b>	<b>2,056</b>

  

31-Mar-22		31-Mar-23
£000		£000
976	Central government bodies	1,900
835	Central government business rate agency	-
2,216	Essex County Council (ECC)	802
150	ECC business rate and council tax agency	-
258	Other local authorities	255
	Other entities and individuals:	
817	• Council Tax & business ratepayers	836
954	• Housing Benefit overpayments & penalties	890
183	• Accrued interest & dividends	291
518	• Trade receivables	401
344	• Deferred income from property leases	423
4,870	• Other debtors and prepayments	3,494
<b>11,943</b>	<b>Short-Term Debtors</b>	<b>9,292</b>

## Notes to the Accounts

### 25. Long and Short-term Creditors

31-Mar-22 £000		31-Mar-23 £000
	Central government bodies:	
4,556	• Business grants agency (Covid-19)	105
	• Business rate agency	3,780
7,133	• Business rates compensation grant	3,232
7,668	• Energy grant agency	800
6,893	• Other central government	1,303
1,635	Essex County Council (ECC)	1,927
276	ECC business rate and council tax agency	1,297
125	Other local authorities	612
	Other entities and individuals:	
459	• Council Tax & business rates prepaid	497
8	• Accrued interest	50
-	• Supplier creditors	127
10,464	• Other creditors and receipts in advance	5,524
<b>39,217</b>	<b>Short-Term Creditors</b>	<b>19,254</b>

  

31-Mar-22 £000		31-Mar-23 £000
46	Rent Deposits	18
<b>46</b>	<b>Long-Term Creditors</b>	<b>18</b>

## Notes to the Accounts

### 26. Pension Scheme

#### Transactions relating to Post-employment Benefits

The costs of retirement benefits are recognised in the CIES when employees earn them, rather than when the benefits are eventually paid as pensions. However, the charge against Council Tax is based on employer contributions in the year, therefore the real cost is reversed via the MIRS. The following transactions have been made during the year:

2021/22 £000		2022/23 £000
	<b><u>Comprehensive Income &amp; Expenditure Statement</u></b>	
	<b>Service cost included within the Cost of Services</b>	
6,119	Current service cost	5,890
-	Past service costs (including curtailments)	85
94	Administration expenses	103
	<b>Financing and Investment Income and Expenditure</b>	
1,023	Net interest expense	312
<b>7,236</b>	<b>Post-employment Benefits Charged to Surplus or Deficit on the Provision of Services</b>	<b>6,390</b>
	<b>Re-measurement of the Net Defined Benefit Liability comprising:</b>	
(14,510)	Return on assets excluding amounts included in the net interest	4,752
(5,646)	Actuarial (gains) arising on changes in demographic assumptions	-
(11,021)	Actuarial (gains) and losses arising on changes in financial assumptions	(87,539)
(2,217)	Other Actuarial (gains) and losses on assets	15
(9,786)	Experience and other (gains) and losses	17,359
<b>(43,180)</b>	<b>Re-measurements recognised in Other Comprehensive Income</b>	<b>(65,413)</b>
<b>(35,944)</b>	<b>Total Post Employment-Benefits Charged to the CI+ES</b>	<b>(59,023)</b>
	<b><u>Movement in Reserves Statement</u></b>	
(7,236)	Reversal of the net charge made to the Surplus or Deficit for the Provision of Services	(6,390)
3,169	Employers' contributions charged against the General Fund balance	3,369
<b>(4,067)</b>	<b>Net Adjustments in the MIRS</b>	<b>(3,021)</b>

## Notes to the Accounts

### Pension Assets and Liabilities in the Balance Sheet

The amounts included in the Balance Sheet arising from obligations in respect of the Council's defined benefit scheme are as follows:

2021/22		2022/23
£000		£000
213,113	Fair value of employer assets	210,558
(218,926)	Present value of funded liabilities	(155,261)
(7,794)	Present value of unfunded liabilities	(6,510)
<b>(13,607)</b>	<b>Net Asset / (Liability)</b>	<b>48,787</b>

### Reconciliation of the present value of the defined benefit scheme liabilities:

	Funded liabilities: Local Government Pension Scheme		Unfunded liabilities: Discretionary Benefits	
	2021/22	2022/23	2021/22	2022/23
	£000	£000	£000	£000
<b>Opening balance at 1 April</b>	<b>239,023</b>	218,926	<b>9,105</b>	7,794
Current service cost	6,119	5,885	-	-
Interest cost	4,727	5,617	176	195
Contributions from scheme participants	858	929	-	-
<i>Re-measurement (gains) and losses:</i>				
Changes in demographic assumptions	(5,384)	-	(262)	-
Changes in financial assumptions	(10,845)	(85,952)	(176)	(1,587)
Experience (gain) or loss	(9,324)	16,667	(462)	692
Past service cost	-	85	-	-
Losses on curtailment	-	-	-	-
Benefits paid	(6,248)	(6,896)	(587)	(584)
Liabilities extinguished on settlements	-	-	-	-
<b>Closing balance at 31 March</b>	<b>218,926</b>	<b>155,261</b>	<b>7,794</b>	<b>6,510</b>

## Notes to the Accounts

### Reconciliation of the movements in the fair value of the defined benefit scheme assets:

2021/22		2022/23
£000		£000
<b>195,408</b>	<b>Opening fair value of scheme assets</b>	<b>213,113</b>
3,880	Interest income	5,500
	<i>Re-measurement gain/ (loss):</i>	
14,510	Return on assets less interest	(4,752)
2,217	Other actuarial gains/ (losses)	-
(94)	Administration expenses	(123)
3,169	Contributions from employer	3,371
858	Contributions from employees	929
(6,835)	Benefits paid	(7,480)
-	Settlement prices paid	-
<b>213,113</b>	<b>Closing balance at 31 March</b>	<b>210,558</b>

### Pension scheme assets:

31-Mar-22			31-Mar-23		
Fair value	% of		Fair value	% of	
£000	Total		£000	Total	
126,472	59%	Equities	121,285	58%	
5,157	2%	Gilts	3,079	1%	
9,254	4%	Other bonds	-	0%	
18,203	9%	Property	17,245	8%	
6,032	3%	Cash	6,789	3%	
26,861	13%	Alternative assets	33,325	16%	
21,134	10%	Other managed funds	28,835	14%	
<b>213,113</b>	<b>100%</b>		<b>210,558</b>	<b>100%</b>	

At the 31 March 2023, 59% (65% 31 March 2022) of the assets of the fund were held in quoted securities/ investments.

## Notes to the Accounts

### Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis, using the projected unit method, which estimates the amounts payable in future years by applying certain assumptions. Barnett Waddingham, an independent firm of actuaries, has assessed the pension scheme liabilities.

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table below:

	31-Mar-23
<b>Financial assumptions:</b>	
Rate of CPI inflation	2.90%
Rate of increase in salaries	3.90%
Rate of increase in pensions	2.90%
Rate for discounting liabilities	4.80%
<b>Longevity from age 65 (years):</b>	
Male (female) Retiring in 20 years	22.3 (25.0)
Male (female) Retiring today	21.1 (23.5)

The following shows the estimated impact on the defined benefit obligation by applying changes that could reasonably occur at the end of the reporting period. For each change estimated, it is assumed that all other assumptions remain constant:

Change in Assumptions at 31 March 2023	Impact on the Defined Benefit Obligation in the Scheme	
	Approx.% change in Present Value of Total Obligation	Approximate Monetary Amount £000
0.1% increase in discount rate	1.68%	£2,714
0.1% increase in long term salary increase	1.73%	£2,807
0.1% increase in pension increases and deferred revaluation	1.79%	£2,901
1 year increase in member life expectancy	1.80%	£2,905

## Notes to the Accounts

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### Risks associated with the Defined Benefit Scheme

The principal risks to the Council of participating in the LGPS are:

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

In addition, as many related 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 remaining employers, including the Council.

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

### Impact on the Council's Cash Flows

Contributions to the Fund are set every three years following an actuarial valuation, the most recent being as at 31 March 2022, and which established the rate of contributions for the period 1 April 2023 to 31 March 2026. There is no minimum funding requirement in the LGPS, but the contributions are generally set to target a funding level of 100%, whilst also aiming to keep employers' contributions reasonably constant.

The net asset of £48.8 million has a substantial impact on the net worth recorded in the Balance Sheet but is susceptible to changes in market conditions that means the value could significantly change year-on-year.

The commitment of the Council to pay pensions is reflected in the annual contributions required to be paid expressed as a percentage of employee pensionable pay, currently 22.1%; and finance is only required to be raised to cover any discretionary benefits when the pensions are actually paid.

The total amount estimated to be paid into the Pension Fund for the financial year ending 31 March 2024 is £3.3m.

## Notes to the Accounts

### 27. Unusable Reserves

31-Mar-22		31-Mar-23
£000		£000
38,137	Revaluation Reserve	43,192
111,720	Capital Adjustment Account	101,688
27	Deferred Capital Receipts	10
(13,607)	Pensions Reserve	48,787
2,950	Pooled Investments Adjustment Account	1,766
-	Financial Instruments Adjustments Account	(1,333)
(2,436)	Collection Fund Adjustment Account	881
(292)	Accumulating Absences Account	(261)
<b>136,499</b>	<b>Total Unusable Reserves</b>	<b>194,730</b>

### Revaluation Reserve

The Revaluation Reserve holds the balance of unrealised gains arising from the valuation of non-current assets since 1 April 2007.

2021/22		2022/23	
£000		£000	£000
<b>30,276</b>	<b>Balance at 1 April</b>		<b>38,137</b>
9,124	Upward revaluation of assets	9,601	
(171)	Downward revaluation of assets and impairment losses	(3,129)	
8,953	Surplus on revaluation of non-current assets not posted to Surplus/ Deficit on the Provision of Services		6,472
(1,091)	Difference between fair value depreciation and historical cost depreciation	(1,321)	
(1)	Accumulated gains on assets disposed	(96)	
(1,092)	Amount written off to the Capital Adjustment Account		(1,417)
<b>38,137</b>	<b>Balance at 31 March</b>		<b>43,192</b>

## Notes to the Accounts

### Capital Adjustment Account

The Capital Adjustment Account reflects the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing their acquisition, construction or enhancement under statutory provisions. The Account contains accumulated gains and losses on Investment Properties.

2021/22		2022/23	
£000		£000	£000
<b>101,325</b>	<b>Balance at 1 April</b>		<b>111,720</b>
	Reversal of items relating to capital expenditure debited or credited to the CI+ES:		
(10,481)	• Depreciation and impairment of non-current assets	(14,830)	
(170)	• Amortisation of intangible assets	(113)	
(3,219)	• Revenue expenditure funded from capital under statute	(3,083)	
(6,995)	• Amounts of Non-current assets written off on disposal	(6,721)	
(20,865)		(24,747)	
1,091	Adjusting amounts written out of the Revaluation Reserve	1,321	
<b>(19,774)</b>	Net written out amount of the cost of non-current assets consumed in the year		<b>(23,426)</b>
	Capital financing applied in the year:		
18,382	• Capital Receipts	6,581	
10,408	• Grants and contributions received and applied in the year	1,577	
-	• Capital Grants Unapplied Account	65	
-	• Donated Assets	-	
657	• Minimum revenue provision	1,233	
84	• Capital expenditure charged to revenue	645	
<b>29,531</b>			<b>10,101</b>
<b>638</b>	Movements in the market value of Investment Properties		<b>3,293</b>
<b>111,720</b>	<b>Balance at 31 March</b>		<b>101,688</b>

### Pooled Investments Adjustments Account

The Pooled Investments Adjustment Account holds the balance of unrealised gains/ losses arising from the Council's financial assets held at fair value through profit and loss. In 2022/23 the movement on this account was an unrealised gain of £1.747m (unrealised gain in 2021/22 £2.952m).

## Notes to the Accounts

### Financial Instruments Adjustment Account

The balance on the Financial Instruments Adjustment Account at the end of the financial year represents the amount of debt refinancing premium that should have been charged to the Comprehensive Income and Expenditure Statement in accordance with proper accounting practice, but which statutory provisions allow or require to be deferred over future years.

### 28. Cash Flow Operating Activities

2021/22 £000		2022/23 £000
	<b>Cash flows for operating activities included the following items:</b>	
(863)	Interest & dividends received	(1,932)
388	Interest paid	243
<b>(475)</b>		<b>(1,689)</b>
	<b>Adjustments to net surplus or deficit on the provision of services for non-cash movements:</b>	
(3,238)	Depreciation	(4,748)
(7,243)	Revaluation losses/ gains	(10,082)
(170)	Amortisation of intangibles	(113)
2,351	Change in fair value of investment property and financial assets	2,109
1,852	(Increase)/Decrease in creditors	11,852
(296)	(Increase) in provisions	(415)
(8,940)	(decrease) in debtors	(941)
13	Increase in inventories	36
(4,069)	Movement in pension liability	(3,021)
(6,995)	Carrying amount of non-current assets sold	(6,817)
<b>(26,735)</b>	<b>Total non-cash movements</b>	<b>(12,140)</b>
	<b>Adjustment for items included in the surplus or deficit on the provision of services that are investing and financing activities:</b>	
2,744	Net rental income from investment property	2,428
15,796	Proceeds from the sale of property, plant and equipment, investment property, and other capital receipts	10,018
7,250	Capital grants credited to surplus or deficit on the provision of services	352
-	Premium for early repayment of debt	(1,403)
<b>25,790</b>	<b>Total of items that are investing and financing activities</b>	<b>11,395</b>

## Notes to the Accounts

### 29. Cash Flow Reconciliation of Liabilities arising from Financing Activities

	01-Apr-22 £000	Financing cash flows £000	Non-cash change £000	31-Mar-23 £000
Long-term borrowings	-	(5,800)	400	(5,400)
Finance lease liabilities	(2,953)		184	(2,769)
<i>Short-term borrowing</i>				
Finance lease liabilities	(186)	184	(184)	(186)
Short-term borrowing	(6,000)	6,000	(400)	(400)
<b>Total Liabilities from Financing Activities</b>	<b>(9,139)</b>	<b>384</b>	<b>-</b>	<b>(8,755)</b>
Net change in agency debtor/ creditor		1,845		
Premium paid on re-financing (Short-Term borrowing)	-	1,403		
<b>Net Cash outflow from Financing Activities</b>		<b>3,632</b>		

### Comparative Year 2021/22

	01-Apr-21 £000	Financing cash flows £000	Non-cash change £000	31-Mar-22 £000
Long-term borrowings	(6,000)	-	6,000	-
Finance lease liabilities	(1,916)	(1,223)	186	(2,953)
<i>Short-term borrowing</i>				
Finance lease liabilities	(46)	46	(186)	(186)
Short-term borrowing	-		(6,000)	(6,000)
<b>Total Liabilities from Financing Activities</b>	<b>(7,962)</b>	<b>(1,177)</b>	<b>-</b>	<b>(9,139)</b>
Net change in agency debtor/ creditor		(11,117)		
<b>Net Cash outflow from Financing Activities</b>		<b>(12,294)</b>		

## Notes to the Accounts

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### 30. Related Party Transactions

The Council is required to disclose material transactions with related parties i.e. bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. The most significant related party transactions have been with government departments, which exert significant influence through legislation and grant funding, and precepting bodies, for which details of financial transactions with these bodies are disclosed in the financial statement and other specific notes. Other related party transactions during the year include grants and financial support to the following organisations:

#### **Braintree District Museum Trust (“the Museum Trust”)**

A Braintree District Council Cabinet Member was a Trustee of the Museum Trust.

Payments were made to the Museum Trust amounting to £187,367 (£192,640 in 2021/22). This includes £3,422 (£6,000 in 2021/22) reported within the Braintree District Councillors’ Grant Scheme below.

A Braintree District Council Member was a director (non-remunerated) of the Warner Textile Archive, a subsidiary of the Museum Trust

A loan of £60,000 was made to the Trust in 2022/23 of which repayments of £3,397 including interest were made. The balance on the loan outstanding at the Balance Sheet date was £57,342.

#### **Braintree District Councillors’ Community Grant Scheme**

A community grants scheme was operated providing all ward Councillors with £1250 each to support, either individually or jointly with other Councillors, organisations, and groups to develop and deliver community projects and initiatives that benefit residents. The scheme is monitored by a Grants Panel and Councillors are obliged to consider the Members Code of Conduct when making grant decisions. Where a Councillor has not used their grant in previous years the scheme allowed for the balance to be carried over to be used in another year.

In total £83,340 was paid out (£61,259 in 2021/22) to organisations under the scheme.

Details of individual grants paid are published alongside the Members’ Register of Interests both of which can be found on the Council’s website [here](#).

## Notes to the Accounts

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### 31. Contingent Assets & Liabilities

The following contingent assets and liabilities are not recognised in the Balance Sheet but instead are disclosed by way of note:

- i. As part of the transfer of its housing stock in November 2007, the Council warranted to Greenfields Community Housing (now Eastlight Community Homes):
  - Settlement of claims arising from environmental pollution on property and land for a period of twenty-two years from the date of transfer (i.e. to 2029). The maximum liability is £90m against which the Council has environmental insurance (currently running to 2027) for individual/aggregate losses up to £10m, subject to an excess of £100,000 on each claim.
  - Settlement of costs incurred in dealing with asbestos found in properties, including any claims arising from exposure to asbestos. The warranty is to meet any costs above an aggregate sum of £9.6m (indexed annually) and is for a period of twenty-two years up to 2029.

The transfer agreement provided for a major programme of improvement works from which the Council is entitled to a 50% share of any VAT recovered. The Council also receives a share of any proceeds from disposals of properties, either because of preserved Right to Buys, or clawback on other property disposals. The proportion of RTB sales received is subject to property type and is based on a reducing scale to allow for the cumulative effect of investment since properties were transferred.

- ii. As part of the arrangements for the leisure management contract the Council entered into a guarantee with Essex County Council covering the contractor's admission to the Essex Pension Fund. The guarantee would be invoked if the admission agreement is prematurely terminated and amounts remain outstanding to the pension fund, which cannot be collected from the contractor. The risk is mitigated by the admission being a 'closed' fund which means only staff that transferred to the contractor and were either active members or eligible for membership can be included. The Council also retains the right to request the contractor to provide an indemnity bond at any time. The Council has also guaranteed the admission of the Braintree District Museum Trust to the Essex Pension Fund. The risks associated with this guarantee are similarly limited by the admission being a 'closed' fund, and only covers a small number of employees.
- iii. On the 29 March 2023 plans to house asylum seekers at the RAF Wethersfield airfield site were announced by the Home Office. The Council applied to the High Court for an injunction challenging the Home Office proposals. At a hearing of the Court, the injunction was not granted; however, the Council has now lodged an appeal to the Court of Appeal. The Council is also currently working with other interested parties across three related judicial reviews, the progression of which will be determined by the High Court following the outcome of the Council's appeal for an injunction. The Council is exposed to ongoing legal costs and a risk that it is required to meet the costs of other parties.

### 32. Accounting Standards issued but not yet adopted

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

### 33. Events after the Balance Sheet Date

There are no significant events after the balance sheet date that would materially impact on these financial statements.

## Collection Fund

2021/22			Note	2022/23	
Business Rates £000	Council Tax £000			Business Rates £000	Council Tax £000
		<b><u>Income</u></b>			
	102,522	Council Tax receivable	1		108,957
36,972	-	Business Rates receivable	2	41,568	-
70	-	Transitional protection payment		-	-
18,422	-	Contributions towards previous year's estimated Collection Fund deficit		6,843	-
<b>55,464</b>	<b>102,522</b>	<b>Total Income</b>		<b>48,411</b>	<b>108,957</b>
		<b><u>Expenditure</u></b>			
		Precepts, Demands and Shares:			
17,212	12,440	· Braintree District Council		15,503	13,084
21,516	-	· Central Government		19,380	-
3,873	72,035	· Essex County Council		3,488	77,001
-	11,202	· Police & Crime Commissioner for Essex		-	12,009
430	3,970	· Essex Fire Authority		388	4,140
97	-	Payment to ECC for renewable energy disregard		99	-
93	-	Transfer to General Fund for BDC renewable energy disregards		103	-
-	-	Transitional protection payment		50	-
189	-	Allowance for business rate collection costs	2	188	-
(210)	104	Contribution to provision for impairment of debts	5	92	419
741	-	Change in provision for business rate valuation appeals:	6	1,037	-
-	1,355	Contributions from previous year's estimated Collection Fund surplus	3	-	1,587
<b>43,941</b>	<b>101,106</b>	<b>Gross Expenditure</b>		<b>40,328</b>	<b>108,240</b>
		<b><u>Collection Fund Balance</u></b>			
18,658	(1,971)	Balance at the beginning of the year		7,135	(3,387)
(18,422)	1,355	Contributions (to)/ from a previous year's Collection Fund deficit/ surplus		(6,843)	1,587
6,899	(2,771)	In-year (surplus) or deficit for the year		(1,240)	(2,304)
<b>7,135</b>	<b>(3,387)</b>	<b>Balance at the end of the year</b>	4	<b>(948)</b>	<b>(4,104)</b>

# **1. Council Tax**

Council Tax derives from charges raised according to the value of residential properties, classified by the Valuation Office Agency (VOA) into nine Bands (A to H). The individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the Council and other major precepting authorities and dividing this by the Council Tax base to give an average Band D Council Tax rate. Properties in other bands are charged a set proportion of this rate.

The average Band D Council Tax for 2022/23 was set at £1,933.05 (£1,854.90 in 2021/22). The tax base used to determine this rate was calculated at 54,957 equivalent number of Band D dwellings (53,721 in 2021/22), assuming a collection rate of 99%, as detailed in the table below:

Tax Band	Total Number of Dwellings in the District	Number of Chargeable Dwellings (after taking off Exemptions & Discounts)	Chargeable amount in relation to a Band D Property	Band D Equivalent Number of Chargeable Dwellings	Tax Base Band D Equivalents (after making allowance for non-collection)
A (Reduced)	-	-	5/9	1	1
A	6,148	5,732	6/9	2,555	2,530
B	17,322	17,032	7/9	10,283	10,180
C	19,451	19,247	8/9	14,696	14,549
D	9,991	9,901	9/9	8,984	8,894
E	7,614	7,547	11/9	8,696	8,609
F	4,496	4,477	13/9	6,198	6,136
G	2,302	2,290	15/9	3,656	3,619
H	224	222	18/9	409	405
Contributions in lieu	-	-		34	34
	67,548	66,448		55,512	54,957

## Notes to the Collection Fund

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Income to the Collection Fund has been derived as shown in the table below:

2021/22		2022/23
£000		£000
102,460	Council Taxpayers	108,895
62	Transfer from General Fund	62
<b>102,522</b>	<b>Council Tax Income</b>	<b>108,957</b>

### 2. Income from Business Ratepayers

The Council collects business rates for its area based on local rateable values (RV) set by the Valuation Office Agency (VOA) and by applying business rate multipliers set by central government. In 2022/23 the multipliers were frozen at that same rate as for 2021/22: 49.9p where the property is eligible for small business relief; and 51.2p in all other cases. Businesses may have also been eligible for further small business rate relief, and other mandatory and discretionary reliefs to determine the net amount payable. Additional reliefs were also given to businesses through Retail Hospitality and Leisure relief and the Covid-19 Additional Relief Fund.

Business rates are shared equally between central government and local authorities under a scheme referred to as the Business Rate Retention Scheme (BRRS). Prior to the start of the year the Council estimated that Non-Domestic Rating Income would be £38.8m (£43.0m in 2021/22), after allowing for provisions for non-collection, the effect of business rate appeals, and other allowances. This sum has been paid or transferred to the Council, central government and the major precepting authorities (Essex County Council and the Essex Fire Authority). The actual amount was £40m (£36.1m in 2021/22).

At the start of the year there were 5,014 businesses with a total RV of £113.1m, and at the end of the year 5,084 businesses with a total RV of £114.5m.

### 3. Payment of Previous Year's Collection Fund Surplus

Any surplus or deficit on the Collection Fund is shared between the Council and major precepting bodies (and Government for business rates) in proportion to their precept or demand on the Fund or share of business rates under BRRS. An estimate of the Fund balance is made annually in January prior to setting the level of precepts and council tax rates for the forthcoming financial year. The estimated balance is paid/ (received) during that year and any difference between the estimated and actual balance is taken into account in future years.

## Notes to the Collection Fund

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A share of the estimated balance was paid / recovered during the year as follows:

2021/22			2022/23	
Business Rates £000	Council Tax £000		Business Rates £000	Council Tax £000
(7,369)	171	Braintree District Council	(2,737)	198
(9,211)	-	Central Government	(3,422)	-
(1,658)	982	Essex County Council	(616)	1,147
-	147	Police & Crime Commissioner for Essex	-	179
(184)	55	Essex Fire Authority	(68)	63
<b>(18,422)</b>	<b>1,355</b>	<b>Estimated Collection Fund Balance</b>	<b>(6,843)</b>	<b>1,587</b>

### 4. Collection Fund Balance

For the purposes of calculating and setting precepts and council tax rates for the 2023/24 financial year, an estimate of the balance on the Collection Fund for the period ending 31 March 2023 was made.

The estimated balance in respect of business rates was a surplus of £250k which is being paid to the Government, the Council and preceptors in 2023/24. The actual balance is £948k and the difference will be taken into account for 2024/25.

The estimated balance in respect of council tax was a surplus of £1.8m which is being paid to the Council and preceptors in 2023/24. The actual balance is £4.1m and the difference will be taken into account for 2024/25.

## 5. Provision for Impairment of Debts

The Collection Fund account provides for potential bad debts on arrears based on prior years' experience and current year collection performance.

2021/22			2022/23		
Business Rates	Council Tax	Total	Business Rates	Council Tax	Total
£000	£000	£000	£000	£000	£000
448	1,999	2,447	221	1,850	2,071
(17)	(253)	(270)	(96)	(368)	(464)
(210)	104	(106)	92	419	511
(227)	(149)	(376)	(4)	51	47
221	1,850	2,071	217	1,901	2,118

## 6. Provision for Business Rates Valuation Appeals

Businesses can lodge appeals against their RV used in the calculation of chargeable amounts. Appeals can be lodged for a variety of reasons and backdated to either specific events, or in some cases, to the start of the Valuation List. As such, a provision is required which is financed by setting aside amounts collected from business rates. A three-stage system, Check, Challenge, and Appeal (CCA) is in place in which ratepayers can query and ultimately appeal against the 2017 Valuation List. Under this system appeals are ultimately submitted to Valuation Tribunal. An assessment has been made of the impact the CCA system will have on rates payable against the 2017 Valuation List resulting in a total provision of £6.5 million at 31 March 2023 (£5.4m at 31 March 2022).

2021/22	2022/23
£000	£000
4,693	5,434
(446)	(211)
1,187	1,248
741	1,037
5,434	6,471

Under the BRRS only 40% or £2.6m (£2.2m at 31 March 2022) of the provision is attributable to Braintree DC and, as such, shown in the Balance Sheet.

### 1. Scope of Responsibility

Braintree District Council ("the Council") is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and provides value for money. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

In discharging these overall responsibilities, the Council is responsible for putting in place proper arrangements for the governance of its affairs, and for facilitating the effective exercise of its functions, including arrangements for the management of risk.

The Council has approved and adopted a Local Code of Governance (the Code), which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Framework: *Delivering Good Governance in Local Government*. A copy of the Council's Code is on our website: [Here](#)

The Code was approved by the Governance and Audit Scrutiny Committee on 22<sup>nd</sup> July 2021.

The Annual Governance Statement explains how the Council has complied with the Code and meets the requirements of the Accounts and Audit Regulations, which requires the Council to prepare an annual governance statement.

### 2. The Purpose of the Governance Framework

The Council's governance framework comprises of the systems and processes, and culture and values, by which the Council is directed and controlled and those activities through which it accounts to, engages with, and leads its communities. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost-effective services.

The core elements of the framework are:

- **The Constitution**, which sets out how the Council operates and how it makes decisions. The Constitution details the process through which the Council can make decisions efficiently, transparently, and accountably. The Monitoring Officer undertakes a review of the Constitution annually to ensure the Council's arrangements remain compliant with legislative requirements and is fit for purpose in supporting the Council's Corporate Strategy.
- **The Corporate Strategy**, which sets out the vision and priorities for the Braintree District for the four-year period 2020 to 2024. An Annual Plan details the agreed projects and initiatives to deliver each of the priorities of the Corporate Strategy as well as details of how the Council plans to measure progress against these objectives. A revised plan focusing on recovery following the Covid pandemic recovery, 'Bouncing back together', was agreed for the period October 2021 to March 2023, which has also been subject to review taking into account changing circumstances.
- **The System of Internal Control**, which is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively, and economically.

- **The Local Code of Corporate Governance**, which sets out how the Council's strategies, policies, plans, procedures, processes, structures, attitudes, and behaviours are in place to deliver good governance to all, as well as summarising the processes in place to support the delivery of strategic outcomes.

The core elements of the Council's governance framework are detailed against each principle in the CIPFA/SOLACE Framework:

### **A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

- The roles and responsibilities of elected members and officers and the processes to govern the conduct of the Council's business are defined in the Council's Constitution (including the Financial Procedure Rules), Schemes of Delegation, and the Procurement Procedure Rules all of which are regularly reviewed and revised where appropriate.
- Codes of Conduct are in place for elected members and officers to make sure that public business is conducted with fairness and integrity, which define the high ethical values and standards of behaviour expected.
- The Head of Governance is the Council's Monitoring Officer and is responsible for ensuring that the Council operates within the law and that decisions are administered correctly and in accordance with the Constitution.
- The Head of Finance is the Council's Chief Financial Officer in accordance with Section 151 of the Local Government Act 1972.
- Corporate complaints policy agreed and published on the Council's website.
- Members and Officers are required to record any gifts and hospitality received in accordance with the Authority's agreed procedure.
- A Whistleblowing Policy which enables concerns to be raised in a confidential manner and dealt with in a proportionate manner.
- The Governance and Audit Committee may make referrals to the Standards Sub-Committee with the aim of promoting high standards of conduct and to conduct a hearing into any allegation that a Member or Co-opted Member has breached the Member Code of Conduct.
- The Governance and Audit Committee members receive appropriate briefings supported by training from key officers and third parties to enhance the Governance Framework.

### **B. Ensuring openness and comprehensive stakeholder engagement**

- Council meetings are held in public unless one of the criteria in Schedule 12A of the Local Government Act 1972 are satisfied. Unless confidential, decisions made by Council, the Executive (Cabinet/Cabinet Members) or other Committees are documented in the public domain. Meetings are broadcasted live using webcasting and are available for viewing.
- All elected members represent their electoral ward. Those not appointed to the Cabinet support the development of policy and scrutinise decisions made by the Cabinet or by officers under delegated powers.
- Systems are in place to ensure that relevant decisions taken by officers are published in accordance with legislative requirements.
- A standard decision-making report format is used to ensure that the decision maker is presented with all the information necessary to inform the decision, including outcomes of consultation and any relevant issues identified. Reports are subject to a sign-off process involving Directors, statutory officers, and where appropriate Cabinet Member.
- The views of the community are sought on a wide range of issues and regular consultation and engagement with residents and service users is undertaken.
- The Council demonstrates its openness by publishing the following:

- A Pay Policy Statement;
  - The Constitution;
  - Council, Cabinet and Committee Reports;
  - Delegated decisions; and
  - Transparency information including: payments to suppliers, the remuneration of senior officers, Members' allowances and expenses, and gender pay reporting.
- A Councillor Community Grant Scheme is in place whereby voluntary and community groups can approach ward councillors for financial support for projects that benefit residents. Each Member is provided with a financial allocation (currently £1250) which they can distribute as grants either individually or joint fund projects with another Member(s).
  - The Council's Marketing and Communications Team provides a range of support for the whole council including using social media, internal communications, marketing and promotions advice, and media relations. Public consultation plays a key part in the development of our key strategies and decision-making process, across the full range of the Council's services.

### **C. Defining outcomes in terms of sustainable economic, social, and environmental benefits**

- The Council sets out the vision and priorities for the Braintree District in its Corporate Strategy. The Corporate Strategy is based on: public opinion about what is important in the district; issues which Members know to be of importance; data and research into key issues which affect the quality of life; and issues of national importance which need to be implemented at a local level.
- The 'Corporate Implications' template used in the decision-making process considers risks and impacts for individuals and communities; safeguarding; and other legal or governance matters to ensure that fair access to services is not adversely affected. Changes to services are supported by an Equality Impact Assessment.
- The Council's Performance Management Framework.

### **D. Determining the interventions necessary to optimise the achievement of the intended outcomes**

- The Corporate Strategy covers a four-year period, supported by a more detailed plan that sets out the agreed projects and initiatives to deliver each of the priorities of the Corporate Strategy for the period of the plan, as well as details of how the Council will measure progress against these objectives.
- Cabinet Members are assigned specific portfolios with responsibility for different themes: Transformation, the Environment and Customer Services; Resources and Performance; Planning and Infrastructure; Economic Growth and Inward Investment; Housing, Health, and Wellbeing; and Stronger Communities. The Leader of the Council's portfolio includes matters such as overall vision and strategic lead, corporate strategy, business planning and performance, external strategic partnerships and joint working at national, regional, and local level, corporate communications, and promotion of the district.
- In determining how services and other courses of action should be planned and delivered the Council has well established engagement frameworks with internal and external stakeholders which is undertaken at a strategic, service, and individual level.
- The Council fosters effective relationships, collaborative working, and contractual arrangements with other public, private, and voluntary organisations in delivering services that meet the needs of residents as stated in the Council's Corporate Strategy, values, and priorities.

**E. Developing the entity's capacity, including the capability of its leadership and the individuals within it**

- The Chief Executive (as the designated role of Head of Paid Service) is responsible and accountable to the Council for all aspects of management including promoting sound governance, providing quality information/support to inform decision making and scrutiny, supporting other statutory officers, and building relationships with all Councillors.
- Performance reviews of staff ensure performance is managed and development needs are identified and monitored. These reviews may be undertaken as part of regular 1-2-1 discussions. For the Chief Executive and Corporate Directors, performance reviews are carried out by a panel of Members which include the Leader and/or appropriate Cabinet Members and the Chairman of the Performance Management Scrutiny Committee.
- There are regular team meetings, staff, and manager briefings, and 1-2-1s.
- There is a Member Induction and Member Development programme in place which includes specialist training for Members holding specific committee roles such as licensing and planning and for appointed Chairman of the committees. The content of the Member Development programme is refreshed annually.
- The Learning & Development Team ensure an appropriate programme of training and development is available for staff and managers including via an e-learning platform, the Learning Hive. During 2022/23 several mandatory courses were introduced that all staff were required to complete: Information Security, Data Protection, Code of Conduct, Diversity & Equality, Health & Safety, Fire Safety, and Safeguarding.
- The Council recognises the national agreements on pay and conditions of service. Where appropriate market supplements are paid to attract and retain staff.
- The Monitoring Officer provides training to officers on the application of the Constitution and other procedure rules.

**F. Managing risks and performance through robust internal control and strong public financial management**

- The Council has a Risk Management Policy and approach including robust systems of identification, evaluation and control of risks which threaten the Council's ability to meet its objectives to deliver services to the public.
- The Head of Finance (the Section 151 officer) is responsible for the proper administration of all aspects of the Council's financial affairs including ensuring appropriate advice is given to the Council on all financial matters.
- The Council's system of internal financial control is based on a framework of Financial Procedure Rules, regular management information, administrative procedures (including segregation of duties), management supervision and a system of delegation and accountability.
- The Council has a proactive, holistic approach to tackling fraud, theft, corruption, and crime, as an integral part of protecting public finances, safeguarding assets, and delivering services effectively and sustainably.
- A Medium-Term Financial Strategy and annual revenue and capital budgets are based on corporate priorities developed by the Cabinet and supported by the Management Board and presented for approval by Council in February each year.
- Revenue and Capital Budget Monitoring reports are presented to the Cabinet on a regular basis for monitoring and control purposes including the annual outturn.
- A Programme and Project Assurance Team (PPAT) meet regularly to review progress on the Council's strategic capital projects where risks and issues are considered along with project budgets. Each project has its own project risks and issues tracker.
- Two working groups have been established under the Leader's authority and which include Cabinet Members, along with Management Board and other senior managers. The Investment and Development Programme Board is focused on oversight of projects and processes that will

contribute to delivering a balanced budget and more robust financial standing. A Capital Programme Board has oversight of all capital projects that do not directly contribute to addressing the budget challenge and to ensure a disciplined and standardised approach to capital projects.

- Progress on delivering the Corporate Strategy and Annual Plan is communicated through a performance management framework. The Cabinet and Corporate Scrutiny Committee receive quarterly reports on both performance against the Corporate Plan/ Objectives and financial monitoring. These quarterly reports focus by exception and set out corrective measures where key performance indicators are not met or where there is any overspending against budget.
- All Statutory Officers are appropriately skilled and experienced, undertake training and support to perform their duties effectively and, as appropriate, participate in continuous professional development.
- Items for decision are published in the Decision Planner to enable the public to be aware of future decisions. All reports set out how a matter will help the Council to demonstrate that it is achieving its corporate objectives. In the event of an urgent item requiring a decision, the Chairman of the Corporate Scrutiny Committee must agree that the decision is a matter of urgency, in accordance with the Access to Information Procedure Rules.
- The annual budget is supported by the Section 151 Officer commenting upon the robustness of the estimates made for the purposes of the budget requirement calculations, and the adequacy of the proposed financial reserves. The final accounts, of which this Statement is an integral part, outline the financial outturn of the Authority and are prepared in accordance with professional standards and are subject to external audit review.

### **G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

- The Audit, Insurance and Fraud Manager provides an independent and objective annual opinion on the effectiveness of internal control, risk management and governance. This is undertaken by an in-house Internal Audit team working in accordance with the Public Sector Internal Audit Standards. The findings of Internal Audit are reported to the Governance and Audit Committee which includes an annual opinion on the internal control environment.
- The Council responds to the findings and recommendations of Internal Audit, External Audit, Scrutiny, and Inspection bodies. The Governance and Audit Committee is integral to overseeing independent and objective assurance and monitoring improvements in internal control and governance.
- The Council's scrutiny arrangements are well established and provide challenge and review and promote service improvement.
- The Scrutiny process as detailed in the Constitution enables those who are not Cabinet Members to call in key decisions should this be required.

### **3. Review of Effectiveness of the Governance Framework**

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The review of effectiveness is informed by the work of the senior managers within the Council who have responsibility for the development and maintenance of the governance environment, the audit manager's annual report, and by comments made by the external auditors and other review agencies and inspectorates.

The key elements of the review of effectiveness are:

- a. Both in-year and year-end review processes have taken place. In-year review mechanisms include:
- The Cabinet is responsible for monitoring overall financial performance and received comprehensive reports on a quarterly basis. Budgetary reports provided details of income and expenditure against profile together with a prediction of the financial position at the year-end. Key Performance Indicators and progress of projects are also included in the quarterly reports.
  - Report by the Section 151 Officer on the robustness of the budget and the adequacy of balances.
  - The work programme of the Performance Management Scrutiny Committee (now the Corporate Scrutiny Committee) included reviews of S106 open spaces and NHS expenditure and the 2023/24 Budget proposals and Medium-Term Financial Strategy.
  - The Community Development Scrutiny Committee undertook a scrutiny review of markets and associated events in the Braintree District.
  - The Cabinet agreed its response to previous scrutiny reviews undertaken by the various scrutiny committees on the following matters: enforcement procedures at Braintree District Council 2021/22; review into cycling and walking in the Braintree District 2021/22; and review into commercialisation at Braintree District Council.
  - Cabinet received the report and recommendations on the scrutiny reviews carried out into S106 open spaces and NHS expenditure; markets and associated events within the Braintree District; and review into litter management in the Braintree District.
  - A Combined Scrutiny Committee was set up by Full Council which consisted of the chairs and committee members of the Community Development and Partnership Development Scrutiny committees to undertake a short-term scrutiny review into the measures in place to support residents through the cost-of-living crisis and to recommend any further assistance that the Council could deliver. The report and recommendations of the Combined Scrutiny Committee were considered by Full Council at its meeting on 10<sup>th</sup> October 2022, and the Cabinet's response was approved at the Full Council meeting held on 3<sup>rd</sup> January 2023.
  - A small number of complaints were raised under the Member Code of Conduct and these have been reviewed in line with the Council's processes by the Monitoring Officer. The issues raised are particular to their circumstances and do not reflect a wider or systemic issue within the Council and are not regarded as significant governance issues within the meaning of the Annual Governance Statement. There are a few complaints that remain under consideration by the Monitoring Officer at the end of this period. There were no complaints referred to the Standards Sub Committee during the year.
  - The Governance and Audit Scrutiny Committee (now the Governance and Audit Committee) provided independent assurance to the Council in relation to the effectiveness of the risk management framework and internal control environment. The Committee met four times during the 2022/23 year and received reports on risk management, internal control, and governance matters.
  - The Governance and Audit Scrutiny Committee (GASC) met in April 2022 to consider the annual review of the Council's Constitution; and on 30<sup>th</sup> May 2022 to consider proposals for a Planning Committee Members Forum.
  - The Council's Internal Audit Charter, as required under the Public Sector Internal Audit Standards, was last reviewed, and approved by the Governance and Audit Scrutiny Committee on 20<sup>th</sup> April 2023.
  - Internal Audit, as an independent and objective assurance service to the management of the Council, completed a programme of reviews throughout the year to provide an opinion on the internal control, risk management and governance arrangements. The effectiveness of Internal Audit and its compliance with the Public Sector Internal Audit Standards was externally assessed in February 2023. The conclusion of the external assessor was that the Internal Audit service conformed with the requirements of the Standards which was an improvement over the previous assessment that the service partially conforms. An action plan to deliver continuous improvement and to

maintain this level of compliance was approved by the GASC at its meeting held on 20<sup>th</sup> April 2023. Progress against the action plan will be reported to the Governance and Audit Committee.

- The External Auditor, BDO LLP (BDO), continues to review the Council's arrangements for:
  - Preparing accounts in compliance with statutory and other relevant requirements
  - Ensuring the proper conduct of financial affairs and monitoring their adequacy and effectiveness in practice
  - Managing performance to secure economy, efficiency, and effectiveness in the use of resources

The results of the audit for 2019/20 were initially reported to the GASC meeting held on 28<sup>th</sup> October 2021; however, a formal opinion on the accounts and Annual Audit Letter has been delayed due to a national financial reporting issue relating to accounting for infrastructure assets and resourcing within BDO. Significant work has been completed on the audit review of the 2020/21 accounts and an interim report presented to the GASC at its meeting held on 30<sup>th</sup> November 2022; however, a formal opinion has yet to be issued (this is also subject to the conclusion of the 2019/20 audit). The interim report indicated that BDO had not identified any significant control deficiencies nor any significant weaknesses in the Council's arrangements for ensuring value for money. A date has not yet been confirmed by BDO for the commencement of the 2021/22 audit.

- BDO have indicated that whilst changes will be required to the 2019/20 accounts resulting from the infrastructure asset issue, they do not anticipate this resulting in any significant change to their overall audit findings and expectation of issuing an unmodified opinion on the financial statements.
- The Council's Strategic Risk Register was reviewed by Management Board and by Members in May 2022. A further review was undertaken by Management in December 2022. The Strategic Risk Register together with details of Management Board's action plans to manage those strategic risks considered high risk was agreed by Cabinet on 11<sup>th</sup> July 2022, and 6<sup>th</sup> February 2023. The Strategic Risk Register was also reported to the Governance and Audit Scrutiny Committee on 21<sup>st</sup> July 2022 and 20<sup>th</sup> April 2023.
- Awareness training on the Council's procurement procedure rules was provided to managers and key officers by the former Commercial Manager and Monitoring Officer.
- External inspections during the year included:
  - On 25<sup>th</sup> April 2023, Logistics UK undertook the annual audit of the Council's Operator Licence compliance. The audit covered several key areas of activity. The report has no recommendations and confirms that the three recommendations arising from the previous audit have all been satisfied.
  - On 16<sup>th</sup> February 2023, the Environment Agency undertook an inspection of the waste transfer station at Cordons Farm. This found that the Council was operating within the requirements of the Environmental Permitting Regulations permit, and one non-compliance in relation to waste coding. Action has been taken to address the non-compliance and take on board all the advice and guidance issued by the Agency as part of the inspection.
  - PSN (Public Service Network) continued compliance.
- Local Government and Social Care Ombudsman: During the year, the Ombudsman considered and determined a total of 12 matters. Of those matters the Ombudsman upheld two complaints against the Council. In both cases the Council agreed remedies with the Ombudsman to resolve the complaints. In both complaints, the Ombudsman considered that the Council had failed to keep proper records. This has been addressed by the service in question which, to date has satisfied the Ombudsman. The substantive area of complaint was parties being aggrieved by the decision of the Local Planning Authority in respect of Planning Applications and Planning Enforcement complaints.
- Oversight arrangements for the Investment & Development Programme and capital programme were refreshed with focus being separated between two Boards and membership changed. The Boards will be supported by an Officer Group and by a developing Project Management Office, which will also support on wider project management across the organisation.

- The recommended approach to agile and flexible working across the organisation continues to be developed with a detailed survey having been conducted with input from a wide spectrum of stakeholders. This has informed further work being undertaken in developing the Council's approach to an agile and flexible working.

b. The year-end review of the governance arrangements and the control environment included:

- Signed Service Assurance Statements from Senior Managers, who report to a member of the Management Board, that key elements of the control framework were in place during the year in their areas of responsibility.
- The Audit, Insurance and Fraud Manager's most recent Annual Report was considered by the Governance and Audit Scrutiny Committee on 21<sup>st</sup> July 2022. The conclusion was that 'the Council's systems for internal control, risk management and governance generally provided adequate assurance that key business processes and financial systems accord with proper practice. The Manager will be reviewing and updating the assessment which will be reported to the Governance and Audit Committee and will be reflected in an update to this AGS.

#### 4. Issues and Improvements in Governance Arrangements for 2023/24

The following activities are planned for 2023/24:

Peer Review	During the autumn of 2023 the Local Government Association (LGA) will facilitate a Corporate Peer Challenge for the Council. One of the core areas of the challenge is Governance and Culture and the peers will be looking to test whether there are clear and robust governance arrangements and a culture of respect, challenge, and scrutiny.
External Quality Assessment (EQA) of Internal Audit – Action Plan	Following the EQA in February 2023 an action plan was agreed to address recommendations and suggestions made by the external assessor. Many of the points raised will be implemented over the coming financial year.
Risk Management Policy and Strategic Risk Register	The Council's Risk Management Policy has been identified as needing updating and bringing into line with current best practice. This will also involve a refresh of the approach to the Strategic Risk Register.
Agile & Flexible Working	As the Council progresses with its transition to a more agile and flexible working environment, new ways of working and managing performance are being developed which will be reflected in an Agile & Flexible Working Policy and staff

	etiquette, along with a revised performance management framework.
Member Development	Following the May 2023 local elections there has been a high proportion of new Members elected to the Council. To support their induction an extensive programme of Member Development will be delivered in conjunction with other externally sourced/ sign-posted development opportunities.

### 5. Assurance Statement

The review as detailed above provides good overall assurance that the Council's governance arrangements have remained fit for purpose. There has been no significant detriment on the Council's ability to deliver its services. The Council will continue to keep these arrangements under review and make improvements where this further strengthens our governance arrangements.

Graham Butland  
Leader of the Council

Dan Gascoyne  
Chief Executive

## Glossary & Abbreviations

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### **Accruals Concept**

Income and expenditure is recognised where it is earned or incurred, not when the money is received or paid.

### **Actuary**

An expert who advises on the cost of pensions and determines whether the Pension Fund is adequate to meet its present and future commitments. Barnet Waddingham LLP is currently appointed as consulting actuaries to the Essex Pension Fund.

### **Amortisation**

Spreading the cost of an intangible asset over the expected periods of its use and benefit to the Council.

### **Amortised Cost**

The carrying amount of an asset or liability determined from future expected cash flows.

### **Assets Held for Sale**

Non-current assets which are no longer required by the Council and are being marketed for sale/ disposal.

### **Balance Sheet**

A statement of our assets, liabilities and balances at the end of the financial year.

### **Billing Authority**

This refers to Braintree District Council as the authority responsible for invoicing and collecting the Council Tax from all residential properties within the District. This is undertaken on behalf of Braintree District Council, Essex County Council, Essex Fire & Rescue, the Police and Crime Commissioner for Essex, and Parish and Town Councils. Braintree District Council is also the authority responsible for invoicing and collecting Non-Domestic Rates on behalf of central government, Essex County Council and Essex Fire & Rescue.

### **Budget Requirement**

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

### **Business Rate Retention Scheme (BRRS)**

Introduced from April 2013, BRRS provides for income collected from business rates to be shared equally between central government and local authorities. The system provides a baseline for all authorities so that they receive an amount of income commensurate with their assessed need to spend. Income above this baseline can also be retained locally subject to a levy arrangement. A safety net is also included so that if income from business rates falls below this amount the government will provide additional financial support.

### **Capital Adjustment Account (CAA)**

An account which reflects the timing difference between the charges to the CIES Account for the use of non-current assets to provide services over a number of years, and actual funds set aside to pay for the original cost of the assets.

### **Capital Financing Requirement (CFR)**

This is a measure of the Council's need to borrow funds to pay for capital expenditure.

### **Capital Receipt**

Proceeds from the sale of an asset. Sums received and not yet used for further capital expenditure are held in the Usable Capital Receipt reserve.

### **Capital Expenditure**

Spending on non-current assets that have a lasting value, for example, property, plant and equipment.

### **Cash and Cash Equivalents**

Cash available at immediate notice and short-term investments readily convertible to cash without risk to the principal sum.

### **Chartered Institute of Public Finance and Accountancy (CIPFA)**

This is the professional body for public services. CIPFA issues the Code of Practice on Local Authority Accounting (the Code), which sets down in detail how the accounting standards are to be applied to the preparation of statement of accounts for local authorities.

### **Collection Fund**

A fund that is used to show what happens to Council Tax and business rate income.

## Glossary & Abbreviations

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### **Community Assets**

Assets that the Council does not plan to sell, and which have no definite useful life. Examples of community assets are parks and historic buildings.

### **Contingent Assets and Liabilities**

Money that might be owed to or by the Council, but which will only be determined by some future event, and for which we cannot be certain of the exact timing and amount.

### **Council Tax**

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

### **Creditors**

Money owed by the Council for works, goods or services received in the financial year, but which has not been paid at the Balance Sheet date.

### **Current Assets**

These are the short-term assets to the benefit of the Council, e.g., inventories for future use or sale, money owed to be collected, or cash held in the bank.

### **Current Liabilities**

These are the short-term obligations of the Council, e.g., Creditors that the Council will be required to pay within the next financial year, Provisions that will be settled within the next financial year.

### **Debtors**

Money that is owed to the Council for services provided in the financial year which have not been paid for at the Balance Sheet date.

### **Depreciation**

A measure of the reduction in the value of property, plant and equipment over its useful life.

### **Earmarked Reserves**

Amounts set aside for future commitments or potential liabilities.

### **Effective Interest Rate (EIR)**

The rate of interest necessary to discount the expected cash flows on a financial instrument in order to reduce its amortised cost to equal the amount of original principal invested or borrowed.

### **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.

### **Finance Lease**

A lease which effectively transfers the risk associated with ownership of a non-current asset from a lessor to lessee in return for a series of regular payments. Where the Council has obtained non-current assets by finance lease these assets are shown on the Council's balance sheet.

### **Financial Instruments**

A contract that creates an asset for one entity and a liability for another. The term covers both financial liabilities, e.g., amounts owed or borrowed, and financial assets, e.g., amounts due or investments.

### **Financial Year**

The period of twelve months covered by the accounts from 1 April up until 31 March.

### **General Fund (GF)**

A fund maintained to account for all the Council's activities, e.g., leisure, waste management etc., other than the direct provision of housing and collection of local taxes.

### **Gross Expenditure**

The total cost of providing services before taking account of any income or grants received.

### **Impairment**

A reduction in the value of an asset due either to a change in its market value, or as a result of some other event, e.g., demolition, fire damage etc.

### **Infrastructure**

Typically comprise assets such as unadopted roads, and cycleways.

### **Intangible Assets**

Assets that have benefit or use for more than one-year but are not physical, for example, computer software licences.

## Glossary & Abbreviations

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### **International Financial Reporting Standards (IFRS)**

The collective name for the set of accountancy standards which define the accounting treatment used and adopted by the CIPFA Code.

### **Inventories**

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

### **Investment Property**

Non-current assets held by the Council solely for earning income or capital appreciation, e.g., industrial units and land let to businesses.

### **Local Government Pension Scheme (LGPS)**

The fund that pays and manages the pensions of the Council's staff. Essex County Council manages the fund on behalf of employer bodies such as the Council.

### **Local Council Tax Support Scheme (LCTS)**

A discount provided to eligible low-income households which reduces the amount of council tax payable. The scheme is agreed by the Council whereas Council Tax Benefit which the LCTS replaced was administered according to a national scheme. The scheme agreed by the Council ensures that all working age claimants pay a minimum amount towards their council tax.

### **Long-Term Assets**

Assets that will yield economic benefits to the Council for more than one year e.g., PPE.

### **Long-Term Liabilities**

Obligations of the Council that will be due in more than a year's time e.g., long-term borrowing.

### **Minimum Lease Payments (MLP)**

Contracted future payments under either an operating or finance lease arrangement. MLP will comprise a principal and finance or interest element.

### **Minimum Revenue Provision (MRP)**

An amount which should be set aside from revenue as provision for the repayment of borrowing or other long-term liabilities, e.g., finance leases. The amount is calculated by reference to the Capital Financing Requirement and the Council's own policy on making MRP, as approved by Full Council.

### **National Non-Domestic Rates (NNDR)**

The formal term for business rates paid on commercial premises. The charge is set nationally and based on property rateable values.

### **Net Book Value**

This is the value of an asset, less any accumulated depreciation or impairments up to the balance sheet date.

### **Net Expenditure**

The cost of providing a service after taking into account income from grants and fees and charges.

### **Non-Current Assets**

Assets that are used (or receivable) over more than one financial year, examples

include Property Plant & Equipment, long-term debtors, long-term investments.

### **Operating Lease**

A lease which provides for non-current assets to be used by a lessee in return for a regular payment, but which does not transfer the risk of ownership from the lessor. Assets acquired by these leases are not shown on the Council's Balance Sheet.

### **Precept**

A demand made by Essex County Council, the Police & Crime Commissioner for Essex, Essex Fire & Rescue, and Parish and Town councils/ meetings, for money they want the Council to collect from Council Taxpayers for them.

### **Property, Plant & Equipment (PPE)**

Non-current assets held by the Council to provide services, e.g., offices, community halls, leisure facilities, refuse freighters etc.

### **Provision**

Money set aside to meet specific service liabilities or costs at the date of the accounts, which have yet to be settled.

### **Related Parties (Related Party Transactions)**

Where two or more parties are related through some form of control or influence. Where transactions have arisen between related parties these must be disclosed in the accounts, for example, the Council providing a grant to an organisation on which it also has representation.

## Glossary & Abbreviations

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### **Revenue Expenditure funded from Capital Under Statute (REFCUS)**

Expenditure which under the Code would be treated as a revenue expense but which under Statutory Regulations is permitted to be funded from capital resources.

### **Reserves**

Reserves may be **unusable** – reflecting the unrealised gains and losses of the Council timing differences, either relating to capital expenditure or timing differences between accounting rules and statutory regulations. These reserves cannot be used to increase spending or reduce Council Tax levels.

**Usable** reserves are those that are available to the Council to use for future spending and/ or reduce Council Tax levels. Some of these reserves (**Earmarked**) have been set aside for specific reasons determined by the Council.

### **Section 151 Officer**

This is the statutory officer of the Council under the Local Government Act 1972 responsible for the administration of the Council's financial affairs. For this Council the Head of Finance fulfils this role.

### **Useful Life**

The period over which benefits will be derived from the use of a non-current asset by the Council.