



Braintree District Council

Statement of Accounts

2023 - 2024

(Unaudited)

www.braintree.gov.uk

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Narrative Report

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. 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, Green 4, and the Halstead Residents Association 3.

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.

Supporting the work of Councillors is the organisational structure of the Council headed by a Management Board, led by 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 459 full-time equivalent employees.

Corporate Strategy

This strategy sets out our priorities over the next four years and describes the context in which our services will work to drive forward the actions needed to achieve our vision. The strategy outlines our three key priorities, designed to ensure the focus of our efforts are on the things that make the most difference to our residents and businesses.

The Corporate Strategy sets out our priorities to 2028. 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.

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The three key priorities listed below link into the long-term vision of the council to

“To create a district of opportunity – a place where our communities can thrive, our people prosper, and our environment is cherished for all to enjoy”



COMMUNITIES

We know that vibrant communities are crucial in addressing the future challenges we have as a district and we want to enable more people to participate and have a role in how things are done on matters that impact them and where they live. Communities have the ability to improve people's quality of life and the support they can bring is also essential to reducing health inequalities.

PROSPERITY

Economic growth plays a crucial role in improving the health and wellbeing and living standards of our residents. We want to create the conditions for sustainable economic growth within the district and ensure that all residents can benefit as a result.


ENVIRONMENT

Our district is an attractive place full of opportunities, offering clean, safe and green spaces for all to enjoy. Our spaces are important in supporting people's health and wellbeing, providing opportunities to enjoy the natural environment as well as access to high quality built environments.

This strategy will be supported by our Fit for the Future programme, ensuring that our key services are delivered in the most efficient and effective way.

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Our Key Priorities

<div><div>Communities</div><div></div></div> <p>Improve the health, wellbeing and quality of life for individuals and families and reduce health inequalities focusing on prevention and early intervention.</p> <p>Provide affordable, high quality and safe homes that meet the needs of our residents.</p> <p>Reduce social isolation and loneliness and support communities to build positive social networks and connections.</p> <p>Develop safer and more resilient communities, empowering residents to take ownership of local projects and initiatives.</p>	<div><div>Prosperity</div><div></div></div> <p>Ensure district growth is sustainable and accessible with strong connectivity and infrastructure.</p> <p>Attract and support business growth, providing high quality employment opportunities in high growth sectors and industries.</p> <p>Provide tailored business support and access to funding to help businesses thrive and innovate.</p> <p>Develop skills that are attractive to employers and support residents to access opportunities to improve their economic wellbeing.</p>	<div><div>Environment</div><div></div></div> <p>Protect and enhance our built and natural environments across the district, providing good access to open spaces and increasing biodiversity.</p> <p>Continue to deliver a cohesive and integrated response to climate change adaptation and mitigation.</p> <p>Support residents and businesses to reduce their carbon footprint and be more resilient to climate related impacts.</p> <p>Improve the way that we manage waste and encourage residents and businesses to reduce, reuse and recycle more</p>
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Cost of Living Crisis & Other Economic Influences

Since 2022/23, the cost of living crisis has been the major factor impacting households who have faced 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:

- As part of the 2023/24 Budget, it was agreed that £1m of New Homes Bonus would be spent over the 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; 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 paid 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.

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The Council itself has been impacted by the challenging economic climate through increases in the cost of supplies and services.. The staff pay award for 2023/24 was agreed at a flat rate of £1,925 or 3.88% which equated to an increase of 6% compared to the original budget provision of 3%. Income from recycling material which is subject to market pricing, started to fall from the highs of late 2022. The rapid rise in UK Bank Base Rate also meant a sharp increase 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 Corporate Scrutiny Committee. In addition, at each meeting of the Governance and Audit Committee, financial performance along with a suite of key financial indicators was reported.. The performance reports can be viewed on the Council's website at 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 & Homelessness
7. Return on Investments Risk
8. Emergency Planning Risk
9. Information Management & Cyber Security
10. Major Capital Programme (formerly Strategic Investment)
11. Climate Change
12. Landscape Services (new Jan 2024) Strategic Investment

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 2023/24 was a net £17.6m.adjusted to account for unringfenced grants which had previously been shown as service income. This was financed from business ratepayers (£5.8m), council taxpayers (£11.1m) and Central Government Grants (£743k).

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The total Band D Council Tax rate for the District was £2,029.44 of which the Council's portion was £194.31.

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.

Revenue Budget Outturn for the Year

The following table provides a summary of the budget outturn for 2023/24 by service area:

Business Plan Service	Updated Budget £'000	Actual Spend £'000	Total Variance £'000	Carry Forwards £'000	Net General Fund £'000	Forecast RAG Status	RAG Status
Asset Management	(2,819)	(2,557)	262	0	262	R	9%
Community & Leisure	800	877	77	0	77	R	10%
Corporate Management Plan	1,498	1,533	35	0	35	A	2%
Economic Development	237	230	(7)	0	(7)	G	-3%
Environment	944	1,013	69	16	85	R	9%
Finance	660	(689)	(1,349)	50	(1,299)	G	-197%
Governance	1,325	1,279	(46)	22	(24)	G	-2%
Housing Services	958	944	(14)	0	(14)	G	-1%
ICT & Facilities	2,045	1,879	(166)	0	(166)	G	-8%
Marketing & Communications	648	620	(28)	0	(28)	G	-4%
People & Performance	1,027	889	(138)	77	(61)	G	-6%
Operations	7,518	7,164	(354)	0	(354)	G	-5%
Strategic Investment	36	36	0	0	0	G	0%
Sustainable Development	1,500	1,746	246	0	246	R	16%
Service Plan Total	16,377	14,964	(1,413)	165	(1,248)	G	-8%
Corporate Financing	1,691	1,009	(682)	142	(540)	G	-32%
Wethersfield Legal Challenge	0	234	234	0	234		
Est. Impact of Proposed Pay Award	0	0	0	0	0		
Efficiency Savings Target	(425)	0	425	0	425		
Net Total	17,643	16,207	(1,436)	307	(1,129)	G	-6%

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The overall budget position for the year was a net overachievement of income combined with staffing related underspends due primarily to vacancies, partially offset by cost pressures on 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 £5.8m with key highlights including:

- The Council continued to invest in community facilities across the district, including play areas, leisure centres, cemeteries, and open spaces; 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 (£2.6m), government grants and other third-party contributions (£3.5m), with the balance reducing the Council's prudential borrowing requirement. During the year, there was a reduction in the Council's borrowing requirement of primary due to refinancing the H120 Plaza using SELEP funding.

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 £1.3m, with £0.1m being as a result of the sale and transfer of land and property; and £1.2m 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
- 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 2024, the Council's overall General Fund balances were £36.7m, an increase from 31 March 2023 of £904k. Within this total, £28.1m was held as earmarked reserves, with the remaining balance of £8.6m unallocated.

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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 2024 was £8.4m, a decrease of £1.4m.

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 decreased in the year by a net £46m, primarily due to changes in accounting treatment for the Asset Ceiling on the pension fund assets.

Cash, Investments and Borrowing

Financial Investments & Cash

Investment balances averaged £68m, with a peak of over £77m. Cash flows were increased during the year following higher than anticipated collection fund balances and additional government funding. 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 £1m of dividend income, a yield of 5.3%. 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 4.97%, generating a further £2.4m 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 increased by £496k compared to the previous year end. The total value of all funds was £25.3m at 31 March 2024, representing an unrealised gain of £2.3m. 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.

Investment Property

Income from investment property was £2.7m in the year, and related expenses incurred were £474k resulting in a net gain of £2.3m. The fair value of the property portfolio increased in the year by £1.2m. The total fair value of investment property at the end of the year was £48.9m.

Borrowing

The Council's borrowing as at the 31 March 2024 amounted to £5.4m (£5.8m 31 March 2023). A premium of £1.4m incurred on a prior year refinancing is being amortised under statutory regulations and charged to the General Fund revenue account at £70k per annum over the remaining term of the replaced loans. The previous refinancing is generating interest savings over the unexpired term of the original loans.

Other liabilities include finance lease commitments of £2.8m (with £189k shown under short-term liabilities) where the Council has acquired the use of buildings, vehicles, and plant.

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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 liability of £6.1m at 31 March 2024, a change of £54.9m from the previous year's liability. This main reasons for this net decrease were:

- The requirement to recognise an Asset Ceiling (£78.2m) which reduces the net pension asset value to the amount considered recoverable from the scheme in the form of refunds or reductions in future contributions.
- Total returns on fund assets including interest, were greater than the actuary had originally assumed by £26m.

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.

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 primary 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 2023/24 totalled £3.3m, with a further £1m paid by employees as scheme members.

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 town and parish councils / meetings, 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 £116.2m for the year, which, after paying precepts and making provision for non-collection, resulted in a net surplus for the year of £2.5m. A charge of £1.8m 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 £4.7m. The budget for 2023/24 including that of the major preceptors, has already taken into account £3.0m 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. From April 2023, a new Rating List was introduced leading to an overall increase in rateable values (RVs) for businesses across the district. A transitional protection scheme was also introduced which phases in increases at varying rates depending on the RV size of a business.

The estimated amount of business rates collectable for the year was £45.6m and this sum has been paid across to the relevant bodies. The actual amount of income for the year was £51.0m resulting in a surplus for the year of £5.4m. A surplus balance of £1.0m was brought forward from 2022/23, therefore, leaving a combined net balance on the Collection at 31 March 2024 of £6.1m. This amount will be paid to the Government and preceptors, including the Council in future years according to shares under the business rate retention scheme.

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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 2023/24 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 £2.0m; however, based on a provisional estimate made of all Essex authorities, £1.1m 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 2024/25 was the fifth consecutive single-year funding agreement announced by the Government. A funding guarantee of +4% was included along with the ability to raise local Council Tax by no more than 3% or £5 whichever is the higher without having to hold a referendum. New Homes Bonus (NHB) was allocated based on the same methodology as that which applied in 2023/24, resulting in £1.2m to be paid to the Council.

In setting the budget for 2024/25, 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.

The Council’s approach 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 2024/25 at its meeting in February 2024, and which included: an increase in the Council’s Band D Council Tax rate of £5.76 per year or 11p a week; newly identified savings and additional income of £1.686m; and a contribution to balances of £262k.

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An updated MTFS highlights the financial challenges which will be faced by the Council over the forecast period to March 2028, including a revised financial profile setting out the requirements for future ongoing savings of:

	£m
2025/26	1.4
2026/27	0.5
2027/28	0.4
Cumulative savings required	2.3

The updated MTFS is based on a range of assumptions and estimates which in the current economic context could change significantly. To balance future budgets will require more transformational change to the way the Council operates. There is already work underway on this wider transformation agenda of 'Fit for the Future' which currently includes the following workstreams:

- Agile and Flexible working
- Shared Services and Partnership
- Asset Management Review
- Service Reviews
- Organisational Design

The financial horizon remains one of great uncertainty; 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 2025/26 budget and revisions to the MTFS covering the next four years.

Guide to the Financial Statements

The Published Accounts for 2023/24

The Statement of Accounts summarises the Council's transactions for the financial year and its position at the year ended 31 March 2024. 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 2023/24. 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

- **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')

Further Information

Details about the Council's performance for the year can be obtained from the Fourth Quarter and Annual Performance Management Report 2023/24 available on the Council's website at www.braintree.gov.uk. Further information about the accounts is available from Financial Services, Braintree District Council, Causeway House, Bocking End, Braintree, Essex, CM7

Statement of Responsibilities

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 their 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 2024.

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 10th October 2024

Comprehensive Income and Expenditure Account

2022/23			Note	2023/24		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
11,499	(1,385)	10,114		2,492	(1,674)	818
3,821	(1,023)	2,798		5,254	(1,766)	3,488
2,025	(158)	1,867		1,694	(326)	1,368
1,336	(60)	1,276		756	(228)	528
3,693	(2,733)	960		4,097	(3,084)	1,013
28,538	(26,230)	2,308		28,505	(26,091)	2,414
1,520	(266)	1,254		1,731	(257)	1,474
1,707	(789)	918		1,789	(917)	872
1,025	(72)	953		981	(103)	878
2,572	(18)	2,554		2,060	(4)	2,056
900	(106)	794		801	(130)	671
15,267	(6,519)	8,748		14,791	(6,800)	7,991
1,969	(276)	1,693		398	(135)	263
3,652	(1,554)	2,098		3,464	(1,487)	1,977
(79)	(547)	(626)		2,058	(668)	1,238
79,445	(41,736)	37,709		70,871	(43,670)	27,201
		(476)	1/6			1,860
		(4,128)	2			(9,553)
		(22,318)	3			(25,608)
		10,787	4/5			(6,100)
			6			
		(6,472)	27			(6,381)
		(65,413)	26			58,276
		(1)				(6)
		(71,886)				51,889
		(61,099)				45,789

Items that will not be reclassified to the (Surplus) or Deficit on Provision of Services:

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
Balance at 1 April 2023	35,809	9,414	399	45,622	194,730	240,352
<u>Movement in Reserves during 2023/24</u>						
Total Comprehensive Income and Expenditure	6,100			6,100	(51,889)	(45,789)
Adjustments between accounting basis & funding basis under regulations	(5,196)	(1,337)	(48)	(6,581)	6,581	-
Increase in 2023/24	904	(1,337)	(48)	(481)	(45,308)	(45,789)
Balance at 31 March 2024	36,713	8,077	351	45,141	149,422	194,563

	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Balance at 1 April 2022	36,390	5,961	403	42,754	136,499	179,253
<u>Movement in Reserves during 2022/23</u>						
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)	-
Increase in 2022/23	(581)	3,453	(4)	2,868	58,231	61,099
Balance at 31 March 2023	35,809	9,414	399	45,622	194,730	240,352

Balance Sheet

31 March 2023		Note	31 March 2024
£000			£000
111,944	Property, Plant & Equipment	13	115,645
8,936	Infrastructure Assets	13c	8,883
889	Heritage Assets	14	786
46,875	Investment Property	15	48,850
484	Intangible Assets	16	592
20,747	Long Term Investments	20	21,224
48,787	Pension Fund	26	-
2,056	Long Term Debtors	24	1,642
240,718	Long Term Assets		197,622
27,019	Short Term Investments	20	36,538
238	Assets Held for Sale	17	-
194	Inventories		204
9,292	Short Term Debtors	24	9,314
1,131	Cash and Cash Equivalents	20	826
37,874	Current Assets		46,882
(19,255)	Short Term Creditors	25	(24,504)
(400)	Short Term Borrowing	20	(400)
(186)	Finance Lease Liabilities	23	(190)
(2,588)	Provisions	CF6	(2,602)
(22,429)	Current Liabilities		(27,696)
(5,400)	Long Term Borrowing	20	(5,000)
(2,769)	Finance Lease Liabilities	23	(2,579)
(18)	Long-Term Creditors	25	(42)
-	Pension Fund	26	(6,063)
(7,624)	Capital Grants & Contributions Receipts in Advance	7	(8,561)
(15,811)	Long Term Liabilities		(22,245)
240,352	Net Assets		194,563
45,622	Usable Reserves		45,141
194,730	Unusable Reserves	27	149,422
240,352	Total Reserves		194,563

Cash Flow Statement

2022/23 £000		Note	2023/24 £000
10,787	(Surplus)/ Deficit on the Provision of Services		(6,100)
(12,140)	Adjustment for non-cash movements	28	(2,142)
11,395	Adjustment for items that are investing and financing activities	28	4,846
10,042	Net Cash (Inflow)/ Outflow from Operating Activities		(3,396)
	<u>Investing Activities:</u>		
10,774	Purchase of property, plant and equipment, investment property and intangible assets		3,114
143,500	Purchase of short-term and long-term investments		124,000
599	Other payments for investing activities		226
(7,999)	Proceeds from the sale of PPE, investment property, and intangible assets		(1,280)
(153,500)	Proceeds from sale of short-term and long-term investments		(114,500)
(8,214)	Other receipts from investing activities		(4,503)
(14,840)	Net Cash (Inflow)/ Outflow from Investing Activities		7,057
	<u>Financing Activities:</u>		
184	Cash payments to reduce outstanding finance lease liabilities		186
7,603	Re-payment of short/long term borrowing		400
(6,000)	New long term borrowing		-
(105)	Business grants (received)/paid		-
7,895	Energy rebates grant (received)/paid		-
(5,945)	Other (receipts)/payments from Financing Activities		(3,942)
3,632	Net Cash (Inflow)/Outflow from Financing Activities	29	(3,356)
(1,166)	Net (Increase) Decrease in Cash & Cash Equivalents		305
35	Cash & Cash Equivalents at beginning of reporting period		(1,131)
(1,131)	Cash & Cash Equivalents at end of reporting period		(826)

Accounting Principles and Policies

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

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 2023/24.

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

- 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. Following a CIPFA consultation over the summer, clarification has been provided over the treatment of pension asset which has been applied to 2023/24. As a result, the ability to recover an IAS 19 surplus are limited by the assumptions that the actuaries have made in setting the contribution rate for the authority. This has resulted in a £78m Asset Ceiling adjustment in 2023/24 only contributing to the adverse movement on the balance sheet of £54.9m from an asset of £48.8m at 31 March 2023 to a deficit of £6.1m at 31 March 2024.

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 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).
- 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.

Accounting Principles and Policies

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.

The authority has opted not to implement IFRS 16 during 2023/24 however in 2024/25 IFRS 16 will replace the current IAS 17. IFRS 16 extends the current definition of a finance lease to cover all leases, from the lessee's position. An operational lease will no longer exist from a lessee's perspective. The change will result in accounting implications as the value of the lease needs to be capitalised and recorded as a 'Right of Use' asset on the lessee's balance sheet. A corresponding liability will be recognized on the balance sheet, extending over the life of the lease, to reflect the lease payments still to be made. It is expected that the move to IFRS 16 will not have a material impact to the accounts and a £10k de-minimis in line with the Council Capitalisation policy will be implemented.

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.
 - **Asset Ceiling** – Changes in the accounting for Pension Fund Surplus has been reflected which limits the pension assets that can be recognised.
- **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.

Accounting Principles and Policies

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.

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.

2022/23 (Restated)				2023/24		
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
(2,352)	12,466	10,114	Asset Management	(2,555)	3,373	818
702	2,096	2,798	Community & Leisure	1,096	2,392	3,488
1,599	268	1,867	Corporate Management	1,418	(50)	1,368
669	607	1,276	Economic Development	470	58	528
655	305	960	Environment	963	50	1,013
342	1,966	2,308	Finance	(798)	3,212	2,414
1,170	84	1,254	Governance	1,494	(20)	1,474
713	205	918	Housing Services	907	(35)	872
828	125	953	People & Performance	900	(22)	878
1,811	743	2,554	ICT & Facilities	1,880	176	2,056
654	140	794	Marketing & Communications	628	43	671
6,466	2,282	8,748	Operations	6,973	1,018	7,991
566	1,127	1,693	Strategic Investment	269	(6)	263
1,599	499	2,098	Sustainable Development	1,902	75	1,977
(1,336)	710	(626)	Corporate Financing	573	817	1,238
14,086	23,623	37,709	Net Cost of Services	16,120	11,081	27,201
(13,505)	(13,417)	(26,922)	Other Income and Expenditure	(17,024)	(16,277)	(33,301)
581	10,206	10,787	Surplus on the Provision of Services	(904)	(5,196)	(6,100)
(36,390)			General Fund Balance at 1 April	(35,809)		
(35,809)			General Fund Balance at 31 March	(36,713)		

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.

2023/24	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Differences £000	Re- allocation & other items £000	Total Adjustments £000
Asset Management	1,214	(6)	-	2,165	3,373
Community & Leisure	2,450	(26)	-	(32)	2,392
Corporate Management	-	(44)	-	(6)	(50)
Economic Development	51	(8)	-	15	58
Environment	86	(42)	-	6	50
Finance	44	(62)	-	3,230	3,212
Governance	-	(15)	-	(5)	(20)
Housing Services	4	(36)	-	(3)	(35)
People & Performance	-	(21)	-	(1)	(22)
ICT & Facilities	208	(24)	-	(8)	176
Marketing & Communications	1	(14)	-	56	43
Operations	1,163	(158)	-	13	1,018
Strategic Investment	-	(6)	-	-	(6)
Sustainable Development	140	(60)	-	(5)	75
Corporate Financing	(1,016)	(463)	2	2,294	665
Net Cost of services	4,345	(985)	2	7,719	11,081
Other Income and Expenditure	(3,441)	(2,434)	(2,683)	(7,719)	(16,277)
Total	904	(3,419)	(2,681)	-	(5,196)

Notes to the Accounts

2022/23	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	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
People & Performance	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
Corporate Financing	(1,263)	(405)	(32)	2,410	710
Net Cost of services	14,862	2,709	(32)	6,084	23,623
Other Income and Expenditure	(6,846)	312	(799)	(6,084)	(13,417)
Total	8,016	3,021	(831)	-	10,206

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>2022/23</u>				<u>2023/24</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	(3,961)	-	-	92	(4,413)	-	-	93
Community & Leisure	(801)	(164)	-	-	(941)	(232)	-	-
Corporate Management	(158)	-	-	-	(326)	-	-	-
Economic Development	(56)	11	-	-	(122)	-	-	-
Environment	(1,389)	-	-	-	(1,253)	(6)	-	-
Finance	(1,245)	(24,985)	(1,848)	244	(1,363)	(24,728)	(3,463)	214
Governance	(240)	(26)	-	-	(194)	(63)	-	-
Housing Services	(234)	(555)	-	-	(243)	(673)	-	-
People & Performance	(7)	(65)	-	-	-	(102)	-	-
ICT & Facilities	(18)	-	-	-	(4)	-	-	-
Marketing & Communications	(104)	-	-	-	(130)	-	-	-
Operations	(6,524)	(1)	-	204	(6,785)	-	-	202
Strategic Investment	-	-	-	-	-	-	-	-
Sustainable Development	(1,530)	(20)	-	-	(1,443)	(44)	-	-
Corporate Financing	(1,841)	(1,819)	-	1,049	(1,873)	(1,772)	-	1,016
Net Cost of services	(18,108)	(27,624)	(1,848)	1,589	(19,090)	(27,620)	(3,463)	1,525

Notes to the Accounts

2. Other Operating Expenditure

2022/23		2023/24
£000		£000
69	Change in corporate provision for doubtful debts	252
2,663	Parish and town council precepts	2,911
(1,189)	Gains on the disposal of non-current assets	(143)
(2,019)	Gains from other capital receipts	(1,160)
(476)	Total	1,860

3. Financing and Investment Income and Expenditure

2022/23		2023/24
£000		£000
312	Net interest on the pension net defined liability	(2,434)
286	Interest payable	253
(1,848)	Interest & pooled funds' dividends receivable	(3,464)
1,184	(Gain) / loss on financial assets held at Fair Value through Profit and Loss	(496)
1,403	Premium paid on early refinancing of debt	-
(5,465)	Net income and other gains from investment property	(3,412)
(4,128)	Total	(9,553)

4. Taxation and Non-Specific Grant Income

2022/23		2023/24
£000		£000
(13,365)	Council Tax income	(14,055)
(2,077)	Business Rates income [see Note 5]	(3,325)
(6,459)	General government grants [see Note 5]	(7,248)
(417)	Capital grants and contributions	(980)
(22,318)	Total	(25,608)

Notes to the Accounts

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).

2022/23		2023/24
£000		£000
	Credited to Taxation and Non-Specific Grant Income	
(16,102)	Business Rate income	(20,463)
13,240	Tariff	16,346
1,454	Levy due to the Pool	1,905
(669)	Share of growth received from the Pool	(1,113)
(2,077)	Business Rate income	(3,325)
(4,287)	Compensation grants included in general government grants	(5,003)
(6,364)	Net Retained Income relating to Business Rates	(8,205)
3,487	Baseline funding allocation	3,617
3,225	Safety Net (92.5%)	3,346

Notes to the Accounts

6. Subjective Analysis of Expenditure and Income

	2022/23			2023/24		
	Net Cost of Services £000	Corporate amounts £000	Total £000	Net Cost of Services £000	Corporate amounts £000	Total £000
Expenditure						
Employee benefit expenses	22,280	312	22,592	20,452	(2,434)	18,018
Housing benefits	24,302	-	24,302	24,554	-	24,554
Other service expenses	14,837	69	14,906	16,293	252	16,545
Depreciation, amortisation and impairment	14,943	-	14,943	4,883	-	4,883
Revenue expenditure funded from capital	3,083	-	3,083	3,106	-	3,106
Interest payable	-	286	286	-	253	253
Premium paid on early refinancing of debt	-	1,403	1,403	-	-	-
Investment property expenses	-	404	404	-	473	473
Business rate retention scheme tariff and net levy	-	14,025	14,025	-	17,137	17,137
New Homes & Growth Dividend	-	-	-	1,583	-	1,583
Local precepts	-	2,663	2,663	-	2,911	2,911
Total Expenditure	79,445	19,162	98,607	70,871	18,592	89,463
Income						
Fees, charges and other service income	(14,511)	-	(14,511)	(15,053)	-	(15,053)
Income and gains from investment property	-	(5,869)	(5,869)	-	(3,886)	(3,886)
Interest and dividend receivable	-	(1,848)	(1,848)	-	(3,463)	(3,463)
(Gain)/ loss on the fair value of financial assets	-	1,184	1,184	-	(496)	(496)
Council Tax	-	(13,365)	(13,365)	-	(14,055)	(14,055)
Business rates	-	(16,102)	(16,102)	-	(20,463)	(20,463)
Government grants and other third party contributions	(27,225)	(6,876)	(34,101)	(28,617)	(8,227)	(36,844)
Gain on disposal of non-current assets & other gains	-	(3,208)	(3,208)	-	(1,303)	(1,303)
Total Income	(41,736)	(46,084)	(87,820)	(43,670)	(51,893)	(95,563)
Surplus or Deficit on Provision of Services	37,709	(26,922)	10,787	27,201	(33,301)	(6,100)

Notes to the Accounts

7. Grant Income

The following grants and contributions were credited to the CIES:

2022/23 £000		2023/24 £000
	Credited to Services	
	Government grants:	
24,487	• Housing Benefit and Council Tax Support Admin Subsidy	24,462
1,209	• Better Care Fund - Disabled Facilities grant	1,710
478	• Homelessness grants	632
133	• Shared Prosperity Fund	250
-	• Asylum Large Sites grant	308
191	• Energy Grants - Administration	39
213	• Energy Grants - Discretionary Payments	3
379	• Other government grants	568
135	Other Capital grants and developer contributions	645
27,225		28,617
	Credited to Taxation and Non-Specific Grant	
	Government grants:	
4,287	• Compensation for business rate reliefs	5,003
1,657	• New Homes Bonus	1,427
-	• Funding Guarantee	440
515	• Other government grants	377
417	Capital grants and developer contributions	980
6,876		8,227
34,101	Total	36,844

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:

2022/23 £000		2023/24 £000
	Grants & Contributions Receipts in Advance – within Short Term Creditors	
20	Unilateral undertakings	20
128	Recreational disturbance avoidance mitigation (RAMs) contributions	121
1,639	Developer & other contributions	1,748
1,787		1,889
	Capital Grants & Contributions Receipts in Advance	
7,624	Developer contributions	8,561
7,624		8,561

8. External Audit Costs

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

2022/23 £000		2023/24 £000
46	External audit services	164
14	Certification of grant claims and returns	37
60	Total Fees Payable for the Year	201

Fees for external audit services as per the Public Sector Audit Appointments Ltd (the PSAA) Scale Fees. The fees do not include additional work required from auditing risks around material misstatement; and the auditor's responsibilities relating to fraud. The fees also assume no significant risks are identified as part of the value for money risk assessment. Fee variations are subject to agreement through the PSAA.

Notes to the Accounts

9. Members' Allowances and Expenses

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

2022/23		2023/24	
£000		£000	
251	Basic allowances	250	
21	Communication allowances	31	
11	Development allowances	-	
183	Special responsibility allowances	175	
3	Expenses reimbursed	5	
469	Total	461	

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 2023/24	Gross salary	Benefits in Kind	Total Remuneration	Contributions to Pension Fund	Total Remuneration including Pension Contributions
	£	£	£	£	£
Chief Executive - Dan Gascoyne	160,157		160,157	35,395	195,552
Corporate Director	113,410		113,410	25,064	138,474
Corporate Director	118,610		118,610	26,213	144,823
Corporate Director	111,508	4,243	115,751	25,108	140,859
Head of Finance	81,932		81,932	18,107	100,039
Head of Operations	84,036	4,637	88,673	18,572	107,245
Head of Governance	76,459		76,459	16,897	93,356
Head of Housing and Community	73,097		73,097	16,154	89,251
Head of Environment	77,158		77,158	17,052	94,210
Head of Planning & Economic Growth (to 17/03/24)	80,873		80,873	17,873	98,746

NOTE:

The Council also secured services in the following role on an interim basis:

Head of Strategic Investment – cost to the Council was £22,475 for the period April 23 to May 23 (£162,363 for the period April 22 to March 23)

During the Year, the Chief Executive received £17,977 as the Returning Officer

Notes to the Accounts

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 (from 26/09/22) received £939 as the Returning Officer

Notes to the Accounts

Other Employees

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

2022/23	Remuneration Bands	2023/24
Number of employees		Number of employees
Total		Total
10	£50,000 to £54,999	18
8	£55,000 to £59,999	11
4	£60,000 to £64,999	3
1	£65,000 to £69,999	2
23	Total	34

Exit Packages

Cost Bands	Number of Exit Packages		Cost of Exit Packages	
	2022/23	2023/24	2022/23 £000	2023/24 £000
Up to £20,000	1	1	6	6
£20,001 - £40,000	1		21	
Totals	2	1	27	6

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

2023/24

	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	4,790	-	-	(4,790)	Capital Adjustment Account
Amortisation of intangible assets	93	-	-	(93)	
Changes in the fair value of investment properties	(1,153)	-	-	1,153	
Revenue expenditure funded from capital under statute	3,106	-	-	(3,106)	
Net gain/ loss on disposal of non-current assets & from other receipts	2	-	-	(2)	
Capital grants and contributions	(4,732)	1,280	32	3,420	
Donated Capital Assets	-	-	-	-	
Provision for repayment of debt	(1,202)	-	-	1,202	
Capital expenditure charged to revenue	-	-	-	-	
Capital Adjustments	904	1,280	32	(2,216)	
Use of capital receipts reserve to finance capital expenditure	-	(2,627)	-	2,627	Capital Adjustment Account
Use of capital grants to finance capital expenditure	-	-	(80)	80	Deferred Capital Receipts Reserve
Repayment of capital loans and mortgages	-	10	-	(10)	
Financing Adjustments	-	(2,617)	(80)	2,697	
Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on provision of services	493	-	-	(493)	Pension Reserve
Employer's contributions to the Essex Pension Fund	(3,913)	-	-	3,913	
Pension Adjustments	(3,420)	-	-	3,420	
Statutory reversal of gain on pooled fund investments	(496)	-	-	496	Pooled Investments Adjustment Account
Difference between finance cost charged to the CIES in year and those charged to the GF under statute	(70)	-	-	70	Financial Instruments Adjustment Account
Council Tax and Business Rates	(2,116)	-	-	2,116	Collection Fund Adjustment Account
Accrued officer leave	2	-	-	(2)	Accumulated Absences Account
Other Adjustments	(2,680)	-	-	2,680	
Total Adjustments between Accounting Basis and Funding Basis	(5,196)	(1,337)	(48)	6,581	

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	
Capital Adjustments	8,016	10,018	61	(18,095)	
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	Deferred Capital Receipts Reserve
Repayment of capital loans and mortgages	-	16	-	(16)	
Financing Adjustments	-	(6,565)	(65)	6,630	
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	
Pension Adjustments	3,021	-	-	(3,021)	
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
Other Adjustments	(831)	-	-	831	
Total Adjustments between Accounting Basis and Funding Basis	10,206	3,453	(4)	(13,655)	

Notes to the Accounts

12. General Fund Balances

	Balance 31-Mar 2022 £000	Transfers Out 2022/23 £000	Transfers In 2022/23 £000	Balance 31-Mar 2023 £000	Transfers Out 2023/24 £000	Transfers In 2023/24 £000	Balance 31-Mar 2024 £000
Capital & Other Investment:							
Capital Reserve	9,567	(2,751)	190	7,006	(25)	351	7,332
Financial systems reinvestment	162	-	-	162	-	-	162
Vehicle & Plant replacement	291	(47)	295	539	(35)	156	660
Business Rate Pool	1,136	-	669	1,805	-	1,112	2,917
New Homes Bonus	3,378	(749)	1,657	4,286	(325)	-	3,961
Discovery Centre All Weather Pitch	42	-	-	42	(1)	-	41
Corporate Technology Requirements	253	(150)	-	103	-	-	103
	14,829	(3,697)	2,811	13,943	(386)	1,619	15,176
Risk Management:							
Insurance Fund	96	(10)	15	101	(10)	-	91
Treasury Management	1,069	-	-	1,069	-	86	1,155
Housing Benefit - Universal Credit Migration	954	(63)	-	891	(59)	-	832
Business Rate Retention Scheme	4,956	(2,737)	30	2,249	(671)	83	1,661
Recycling Income	361	-	-	361	-	-	361
Pension Deficit	-	-	-	-	-	554	554
	7,436	(2,810)	45	4,671	(740)	723	4,654
Service Reserves:							
Community Projects	158	(79)	27	106	(20)	3	89
District Elections	203	(14)	30	219	(247)	30	2
Economic Development	648	(208)	31	471	(195)	8	284
Apprenticeships	124	-	26	150	(12)	5	143
Commuted Maintenance	315	(106)	-	209	(106)	-	103
Unilateral Undertakings	517	(79)	17	455	(95)	-	360
Partnership & Developer Funds	4	-	118	122	(4)	-	118
Councillor Grants Scheme	48	(18)	-	30	-	29	59
Procurement Hub	91	-	17	108	-	8	116
Local Plan	293	-	56	349	(10)	82	421
Local Council Tax Support	540	-	71	611	-	-	611
Leisure	67	-	-	67	(26)	-	41
Planned Maintenance (Revenue)	79	-	10	89	-	-	89

Notes to the Accounts

Planning Appeals	282	(89)	-	193	(138)	-	55
Public Health Agenda	125	(28)	28	125	(22)	-	103
Homelessness Funds	997	(86)	149	1,060	(68)	101	1,093
Development Control	180	(121)	10	69	(69)	-	-
Housing Development & Local Growth	111	(52)	-	59	(57)	-	2
Land Charges	100	-	-	100	-	-	100
Covid-19	1,660	(1,209)	-	451	(10)	-	441
Climate Change	456	(79)	-	377	(108)	2	271
Planning Enforcement	150	(32)	-	118	(15)	-	103
Cost of Living	-	-	-	-	(161)	1,000	839
Growth & Economic Strategy	-	-	-	-	-	427	427
New Homes & Growth Dividend	-	(15)	1,650	1,635	(1,583)	-	52
Braintree & Bocking Heritage (Restricted)	-	-	-	-	(1)	156	155
Licensing	-	-	-	-	-	479	479
Other reserves less than £50k	171	(17)	18	172	(35)	6	143
Approved budget carry forwards	468	(241)	488	715	(524)	308	499
	7,787	(2,473)	2,746	8,060	(3,506)	2,644	7,198
Change Management:							
Training & Development	60	(17)	14	57	-	-	57
Corporate Improvement Programme	222	(116)	29	135	(20)	29	144
Transformation	-	-	850	850	(80)	-	770
North Essex Councils	-	-	-	-	-	162	162
	282	(133)	893	1,042	(100)	191	1,133
Total Earmarked Reserves	30,334	(9,113)	6,495	27,716	(4,732)	5,177	28,161
Unallocated balance	6,056	(460)	2,497	8,093	(850)	1,309	8,552
Total General Fund	36,390	(9,573)	8,992	35,809	(5,582)	6,486	36,713

Capital & Other 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
Cost or Valuation							
At 1 April 2023	432	90,959	14,038	2,929	12,219	212	120,789
Additions	-	323	1,363	34	83	315	2,118
Transfers and reclassifications	-	91	-	103	(809)	(225)	(840)
Revaluations	17	5,667	-	-	(2,009)	-	3,674
Disposals & derecognition	-	-	(427)	-	-	-	(427)
At 31 March 2024	449	97,040	14,974	3,066	9,484	302	125,314
Accumulated Depreciation and Impairment							
At 1 April 2023	-	(145)	(8,190)	(509)	-	-	(8,844)
Depreciation charge	(5)	(3,021)	(1,261)	(5)	-	-	(4,292)
Transfers and reclassifications	-	-	-	-	-	-	-
Write out of depreciation on revaluation	5	3,037	-	-	-	-	3,042
Impairments	-	-	-	-	-	-	-
Disposals & derecognition	-	-	425	-	-	-	425
At 31 March 2024	-	(129)	(9,026)	(514)	-	-	(9,669)
Net Book Value:							
At 31 March 2024	449	96,911	5,948	2,552	9,484	302	115,645
At 31 March 2023	432	90,814	5,848	2,420	12,219	212	111,945

Notes to the Accounts

Comparative Movements in 2022/23

	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
Cost or Valuation							
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)
At 31 March 2023	432	90,959	14,038	2,929	12,219	212	120,789
Accumulated Depreciation and Impairment							
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	-	-	-	-	(272)	(37)	(309)
Disposals & derecognition	-	-	358	-	-	37	395
At 31 March 2023	-	(145)	(8,190)	(509)	-	-	(8,844)
Net Book Value:							
At 31 March 2023	432	90,814	5,848	2,420	12,219	212	111,945
At 31 March 2022	419	81,810	5,937	2,405	11,468	17,381	119,420

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

2022/23 £000		2023/24 £000
	<u>Infrastructure Assets:</u>	
9,095	Net Book Value (modified historical cost) at 1 April	8,936
342	Additions	440
(7)	Derecognition	-
(500)	Depreciation	(493)
6	Depreciation written out on derecognition	-
8,936	Net Book Value at 31 March	8,883

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.

In accordance with the Local Authorities (Capital Finance and Accounting) Regulations 2022, 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 2024. 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

	Council Dwellings	Other Land and Buildings	Vehicles, Plant & Equipment	Surplus Asset	Total
	£000	£000	£000	£000	£000
Carried at historical cost	-	719	14,973	2	15,694
Valued at Fair Value as at:					
31-Mar-20	-	70	-	-	70
31-Mar-21	-	54	-	410	464
31-Mar-22	-	50	-	225	275
31-Mar-23	-	1,141	-	2,483	3,623
31-Mar-24	449	95,007	-	6,363	101,819
Total Cost or Valuation	449	97,040	14,973	9,483	121,945

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

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 2023/24 there were no additions or disposals (nil in 2022/23).

Valuations of the Museum collection was obtained from Patrick Bowen Fine Art Consultants in 2024. This resulted in a valuation reduction of £100,800. 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 2024 was £0.640m (£0.640m 31 March 2023).

Further information about the Council's collection of heritage assets, including the Museum Collections Management Policy, can be found at www.braintreemuseum.co.uk

Notes to the Accounts

15. Investment Property

Income from investment property was £2.7m in the year (£2.6m in 2022/23), and related expenses incurred were £474k (£403k in 2022/23) resulting in a net gain of £2.3m (£2.2m in 2022/23).

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:

2022/23		2023/24
£000		£000
43,951	Balance at 1 April	46,875
-	Additions	-
13	Enhancement expenditure	13
-	Disposals	-
(382)	Category transfer	809
3,293	Net gain from change in fair value	1,153
46,875	Balance at 31 March	48,850

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

16. Intangible Assets

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

2022/23 £000		2023/24 £000
	Balance at 1 April:	
1,694	Gross carrying amounts	1,733
(1,242)	Accumulated amortisation	(1,249)
452	Net carrying amount at 1 April	484
198	Additions and enhancements	170
(159)	Disposals - gross value	-
106	Disposals - accumulated amortisation	-
-	Transfers and reclassifications	31
(113)	Amortisation for the period	(93)
484	Net carrying amount at 31 March	592
	Comprising:	
1,733	Gross carrying amounts	1,934
(1,249)	Accumulated amortisation	(1,342)
484		592

17. Assets Held for Sale

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

2022/23 £000		2023/24 £000
1,984	Balance at 1 April:	238
18	Additions	-
(1,764)	Disposal	(238)
238	Balance at 31 March	-

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.

2022/23 £000		2023/24 £000
25,938	Opening Capital Financing Requirement	24,488
	Capital Investment:	
5,339	Property, plant and equipment	2,558
13	Investment properties	13
198	Intangible assets	170
18	Assets Held For Sale	-
3,083	Revenue expenditure funded from capital under statute (REFCUS)	3,106
8,651		5,847
	Sources of Finance:	
(6,581)	Capital receipts	(2,628)
(1,642)	Government grants and other contributions	(3,499)
(645)	Sums set aside from revenue (including earmarked reserves)	-
(1,233)	Minimum Revenue Provision	(1,202)
(10,101)		(7,329)
	Repayment of long-term debtors	
24,488	Closing Capital Financing Requirement	23,006
	Explanation of movements in the year:	
3,303	Increase due to capital expenditure not yet financed	287
(3,520)	Repayment of prior year unfinanced expenditure	(567)
(1,233)	Minimum Revenue Provision	(1,202)
(1,450)	Increase (Reduction) in Capital Financing Requirement	(1,482)

Notes to the Accounts

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 £1.392m (£0.679m at 31 March 2023).

20. Financial Instruments

Income, Expense, Gains and Losses on Financial Instruments

2022/23 £000		2023/24 £000
	Surplus or Deficit on the Provision of Services	
	Net (gains)/ losses on:	
1,185	Financial assets measured at fair value through profit or loss	(496)
1,185	Total (gains)/ losses	(496)
	Interest & dividend revenue:	
(444)	Financial assets measured at amortised cost	(1,253)
(1,404)	Financial assets measured at fair value through profit or loss	(2,210)
(1,848)	Total revenue	(3,463)
	Interest & premium expense	
286	Financial liabilities measured at amortised cost - interest	253
1,403	Financial liabilities measured at amortised cost - premium	-
1,689	Total expense	253
	Loss allowances	
69	Impairment losses (reversals)	252
69	Total loss allowance	252
1,095	Net (Gains)/ Losses for the year	(3,454)

Notes to the Accounts

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

	Non-Current		Current	
	31-Mar-23	31-Mar-24	31-Mar-23	31-Mar-24
	£000	£000	£000	£000
Financial Assets				
Investments				
Amortised cost				
Principal	-	-	3,000	7,500
Fair Value through profit or loss				
Money Market Funds	-	-	24,019	29,038
Pooled funds	20,747	21,224	-	-
Accrued dividends	-	-	272	394
Total Investments	20,747	21,224	27,291	36,932
Debtors (amortised cost)				
Trade receivables and other debtors	-	-	3,487	4,080
Loans made for service purposes	57	35	2	-
Loss allowance	-	-	(122)	(374)
Total Debtors	57	35	3,367	3,706
Cash and Cash Equivalents (amortised cost)				
Cash and bank accounts	-	-	1,131	826
Total Cash and Cash Equivalents	-	-	1,131	826
Total Financial Assets	20,804	21,259	31,789	41,464

The Balance Sheet includes £1.608m (31 March 2023 £1.999m) of Long-term Debtors and £5.213m (31 March 2023 £5.653m) of Short-term Debtors that do not meet the definition of a financial asset.

Notes to the Accounts

	Non-Current		Current	
	31-Mar-23	31-Mar-24	31-Mar-23	31-Mar-24
	£000	£000	£000	£000
Financial Liabilities (at amortised cost)				
Borrowings				
Principal sum borrowed	5,400	5,000	400	400
Accrued interest	-	-	50	47
Total Borrowings	5,400	5,000	450	447
Other Long Term Liabilities				
Finance leases	2,769	2,579	-	-
Total Other Long Term Liabilities	2,769	2,579	-	-
Creditors				
Trade payables and other creditors	18	42	5,043	5,876
Total Creditors	18	42	5,043	5,876
Other Short Term Liabilities				
Finance leases	-	-	186	190
Total Other Short Term Liabilities	-	-	186	190
Total Financial Liabilities	8,187	7,621	5,679	6,513

The Balance Sheet total for Short-term Creditors includes £18.580m (31 March 2023 £14.162m) of items that do not meet the definition of a financial liability.

Notes to the Accounts

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.

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-23		31-Mar-24	
	Fair Value Level	Carrying Value £000	Fair Value £000	Carrying Value £000	Fair Value £000
Financial Assets held at fair value:					
Money Market Funds	1	24,076	24,076	29,149	29,149
Equity Multi-Asset Funds	1	17,779	17,779	18,372	18,372
Property Fund	2	2,968	2,968	2,852	2,852
Total		44,823	44,823	50,373	50,373
Asset for which fair value is not disclosed		7,770		11,875	
Total Financial Assets		52,593		62,248	
<i>Recorded on the Balance Sheet as:</i>					
Long Term Investments		20,747		21,224	
Long Term Debtors		57		35	
Short Term Investments		27,019		36,538	
Short Term Debtors		3,639		3,625	
Cash and Cash Equivalents		1,131		826	
Total Financial Assets		52,593		62,248	

Notes to the Accounts

		31-Mar-23		31-Mar-24	
	Fair Value Level	Carrying Value £000	Fair Value £000	Carrying Value £000	Fair Value £000
Financial Liabilities held at amortised cost:					
Long term PWLB Loan	2	5,850	5,063	5,447	4,845
Lease payables	2	2,955	2,763	2,769	2,604
Total		8,805	7,826	8,216	7,449
Liabilities for which fair value is not disclosed		5,061		4,887	
Total Financial Liabilities		13,866		13,103	
<i>Recorded on the Balance Sheet as:</i>					
Short Term & Long-Term Creditors		5,111		4,568	
Other Short-Term Liabilities		186		184	
Short Term Borrowing		400		400	
Long Term Borrowing		5,400		5,000	
Other Long Term Liabilities		2,769		2,951	
Total Financial Liabilities		13,866		13,103	

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. Treasury Management Practices (TMPs) are maintained specifying the practical arrangements to be followed to manage these risks.

Notes to the Accounts

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

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:

	31-Mar-23	31-Mar-24
	£000	£000
Credit Rating		
AAA	24,019	29,038
AA-	3,000	-
Unrated local authorities	-	7,500
Total	27,019	36,538
Pooled Funds (unrated)	20,747	21,224
Total Investments	47,766	57,762

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.

Debtors include a total of £1.449m of trade receivables (£0.969m at 31 March 2023). The amount can be analysed by age of debt as follows:

Notes to the Accounts

31-Mar-23	Aged debt analysis	31-Mar-24
£000		£000
751	Less than 3 months	864
121	Three to six months	142
29	Six months to one year	202
68	More than one year	241
969	Total due at 31 March	1,449

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. The increase in trade receivables has increased the provision for doubtful debts of £195k in year.

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).

Maturity Risk

The Council has £21.224 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 (£18.372m) 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 (£2.852m) 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.

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 £.

Notes to the Accounts

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 £48.980 million	490
Impact on the Surplus or Deficit on the Provision of Services	490

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 £0.125m 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 £0.741m 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-23		31-Mar-24
£000		£000
1,137	PPE – Vehicles & plant	948
2,121	Investment property	1,996
3,258	Total Carrying Value	2,944

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-23		31-Mar-24
£000		£000
	Finance lease liabilities (net present value of minimum lease payments):	
186	• Current	190
2,769	• Non-current	2,579
5,754	Finance costs payable in future years	5,645
8,709	Total Minimum Lease Payments	8,414

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31-Mar-23	31-Mar-24	31-Mar-23	31-Mar-24
	£000	£000	£000	£000
Not later than one year	294	294	186	190
Over one year but not later than five years	1,270	1,152	787	684
Later than five years	7,145	6,968	1,982	1,895
	8,709	8,414	2,955	2,769

Notes to the Accounts

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:

31-Mar-23		31-Mar-24
£000		£000
1,009	Not later than one year	1,009
3,733	Later than one year and not later than five years	2,956
856	Later than five years	624
5,598		4,589

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:

31-Mar-23		31-Mar-24
£000		£000
325	Not later than one year	327
541	Later than one year and not later than five years	417
821	Later than five years	806
1,687		1,550

Notes to the Accounts

24. Long and Short-term Debtors

31-Mar-23		31-Mar-24
£000		£000
1,999	Deferred income from property leases	1,608
57	Mortgages & other advances	35
2,056	Long-Term Debtors	1,643

31-Mar-23		31-Mar-24
£000		£000
1,900	Central government bodies	1,362
802	Essex County Council (ECC)	1,265
255	Other local authorities	364
	Other entities and individuals:	
836	• Council Tax & business ratepayers	897
890	• Housing Benefit overpayments & penalties	832
291	• Accrued interest & dividends	396
401	• Trade receivables	503
423	• Deferred income from property leases	423
3,494	• Other debtors and prepayments	3,272
9,292	Short-Term Debtors	9,313

Notes to the Accounts

25. Long and Short-term Creditors

31-Mar-23 £000		31-Mar-24 £000
	Central government bodies:	
105	• Business grants agency (Covid-19)	105
3,780	• Business rate agency	6,154
3,232	• Business rates compensation grant	3,242
800	• Energy rate grant agency	-
-	• Asylum Large Sites	1,540
1,303	• Other central government	1,043
1,927	Essex County Council (ECC)	1,858
1,297	ECC business rate and council tax agency	2,614
612	Other local authorities	575
	Other entities and individuals:	
497	• Council Tax & business rates prepaid	475
50	• Accrued interest	47
127	• Supplier creditors	-
5,524	• Other creditors and receipts in advance	6,851
19,254	Short-Term Creditors	24,504
31-Mar-23 £000		31-Mar-24 £000
18	Rent Deposits	42
18	Long-Term Creditors	42

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:

2022/23 £000		2023/24 £000
	<u>Comprehensive Income & Expenditure Statement</u>	
	Service cost included within the Cost of Services	
5,890	Current service cost	2,781
85	Past service costs (including curtailments)	-
103	Administration expenses	146
	Financing and Investment Income and Expenditure	
312	Net interest expense	(2,434)
6,390	Post-employment Benefits Charged to Surplus or Deficit on the Provision of Services	493
	Re-measurement of the Net Defined Benefit Liability comprising:	
4,752	Return on assets excluding amounts included in the net interest	(15,677)
-	Actuarial (gains) arising on changes in demographic assumptions	(2,300)
(87,539)	Actuarial (gains) and losses arising on changes in financial assumptions	(2,409)
15	Other Actuarial (gains) and losses on assets	-
17,359	Experience and other (gains) and losses	478
-	Asset Ceiling applied to Net Asset position	78,184
(65,413)	Re-measurements recognised in Other Comprehensive Income	58,276
(59,023)	Total Post Employment-Benefits Charged to the CI+ES	58,769
	<u>Movement in Reserves Statement</u>	
(6,390)	Reversal of the net charge made to the Surplus or Deficit for the Provision of Services	(493)
3,369	Employers' contributions charged against the General Fund balance	3,919
(3,021)	Net Adjustments in the MIRS	3,426

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:

2022/23		2023/24
£000		£000
210,558	Fair value of employer assets	232,679
(155,261)	Present value of funded liabilities	(154,495)
(6,510)	Present value of unfunded liabilities	(6,063)
-	Impact of Asset Ceiling	(78,184)
48,787	Net Asset / (Liability)	(6,063)

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

	Funded liabilities: Local Government Pension Scheme		Unfunded liabilities: Discretionary Benefits	
	2022/23	2023/24	2022/23	2023/24
	£000	£000	£000	£000
Opening balance at 1 April	218,926	155,261	7,794	6,510
Current service cost	5,885	2,781		
Interest cost	5,617	7,293	195	298
Contributions from scheme participants	929	1,019	-	
<i>Re-measurement (gains) and losses:</i>				
Changes in demographic assumptions	-	(2,190)		(110)
Changes in financial assumptions	(85,952)	(2,364)	(1,587)	(45)
Experience (gain) or loss	16,667	457	692	21
Past service cost	85		-	
Losses on curtailment			-	
Benefits paid	(6,896)	(7,762)	(584)	(611)
Liabilities extinguished on settlements				
Closing balance at 31 March	155,261	154,495	6,510	6,063

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

Notes to the Accounts

2022/23		2023/24
£000		£000
213,113	Opening fair value of scheme assets	210,558
5,500	Interest income	10,025
	<i>Re-measurement gain/ (loss):</i>	
(4,752)	Return on assets less interest	15,677
-	Other actuarial gains/ (losses)	-
(123)	Administration expenses	(146)
3,371	Contributions from employer	3,919
929	Contributions from employees	1,019
(7,480)	Benefits paid	(8,373)
	Settlement prices paid	
210,558	Closing balance at 31 March	232,679

Pension scheme assets:

31-Mar-23			31-Mar-24		
Fair value	% of		Fair value	% of	
£000	Total		£000	Total	
121,285	58%	Equities	128,882	56%	
3,079	1%	Gilts	4,157	2%	
17,245	8%	Property	16,060	7%	
6,789	3%	Cash	5,740	2%	
33,325	16%	Alternative assets	35,375	15%	
28,835	14%	Other managed funds	42,465	18%	
210,558	100%		232,679	100%	

At the 31 March 2024, 57% (59% 31 March 2023) 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.

For the 2023-24 year an Asset Ceiling has been reflected which limits the pension assets that can be recognised to: the lower of (1) the amount of the net pension asset, or (2) the present value of any economic benefits available in the form of refunds or reductions in future contributions to the plan.

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

31-Mar-23		31-Mar-24
	Financial assumptions:	
2.90%	Rate of CPI inflation	2.90%
3.90%	Rate of increase in salaries	3.90%
2.90%	Rate of increase in pensions	2.90%
4.80%	Rate for discounting liabilities	4.90%
	Longevity from age 65 (years):	
22.3 (25.0)	Male (female) Retiring in 20 years	22.0 (24.7)
21.1 (23.5)	Male (female) Retiring today	20.8 (23.3)

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 2024	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

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 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 2025 is £3.6m.

Notes to the Accounts

27. Unusable Reserves

31-Mar-23		31-Mar-24
£000		£000
43,192	Revaluation Reserve	48,046
101,688	Capital Adjustment Account	103,706
10	Deferred Capital Receipts	-
48,787	Pensions Reserve	(6,063)
1,766	Pooled Investments Adjustment Account	2,262
(1,333)	Financial Instruments Adjustments Account	(1,263)
881	Collection Fund Adjustment Account	2,997
(261)	Accumulating Absences Account	(263)
194,730	Total Unusable Reserves	149,422

Revaluation Reserve

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

2022/23		2023/24	
£000		£000	£000
38,137	Balance at 1 April		43,192
9,601	Upward revaluation of assets	8,477	
(3,129)	Downward revaluation of assets and impairment losses	(2,096)	
6,472	Surplus on revaluation of non-current assets not posted to Surplus/ Deficit on the Provision of Services		6,381
(1,321)	Difference between fair value depreciation and historical cost depreciation	(1,527)	
(96)	Accumulated gains on assets disposed	-	
(1,417)	Amount written off to the Capital Adjustment Account		(1,527)
43,192	Balance at 31 March		48,046

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.

2022/23		2023/24	
£000		£000	£000
111,720	Balance at 1 April		101,688
	Reversal of items relating to capital expenditure debited or credited to the CI+ES:		
(14,830)	• Depreciation and impairment of non-current assets	(4,790)	
(113)	• Amortisation of intangible assets	(93)	
(3,083)	• Revenue expenditure funded from capital under statute	(3,106)	
(6,721)	• Amounts of Non-current assets written off on disposal	(1)	
(24,747)		(7,990)	
1,321	Adjusting amounts written out of the Revaluation Reserve	1,527	
(23,426)	Net written out amount of the cost of non-current assets consumed in the year		(6,463)
	Capital financing applied in the year:		
6,581	• Capital Receipts	2,627	
1,577	• Grants and contributions received and applied in the year	3,420	
65	• Capital Grants Unapplied Account	80	
1,233	• Minimum revenue provision	1,202	
645	• Capital expenditure charged to revenue	-	
10,101			7,328
3,293	Movements in the market value of Investment Properties		1,153
101,688	Balance at 31 March		103,706

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 2023/24 gains increased by £496k giving a total unrealised gain of £2.262m (unrealised gain in 2022/23 £1.766m).

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. In 2023/24 a charge of £70k was made against the General Fund.

28. Cash Flow Operating Activities

2022/23 £000		2023/24 £000
	Cash flows for operating activities included the following items:	
(1,932)	Interest & dividends received	(3,463)
243	Interest paid	255
(1,689)		(3,208)
	Adjustments to net surplus or deficit on the provision of services for non-cash movements:	
(4,748)	Depreciation	(4,786)
(10,082)	Revaluation losses/ gains	233
(113)	Amortisation of intangibles	(93)
2,109	Change in fair value of investment property and financial assets	1,649
11,852	(Increase)/Decrease in creditors	(1,908)
(415)	(Increase) in provisions	(13)
(941)	(Decrease) in debtors	(414)
36	Increase in inventories	10
(3,021)	Movement in pension liability	3,420
(6,817)	Carrying amount of non-current assets sold	(240)
(12,140)	Total non-cash movements	(2,142)
	Adjustment for items included in the surplus or deficit on the provision of services that are investing and financing activities:	
2,428	Net rental income from investment property	2,539
10,018	Proceeds from the sale of property, plant and equipment, investment property, and other capital receipts	1,279
352	Capital grants credited to surplus or deficit on the provision of services	1,016
(1,403)	Premium for early repayment of debt	-
	De minimis receipts	12
11,395	Total of items that are investing and financing activities	4,846

Notes to the Accounts

29. Cash Flow Reconciliation of Liabilities arising from Financing Activities

	01-Apr-23 £000	Financing cash flows £000	Non-cash change £000	31-Mar-24 £000
<i>Long-term borrowings</i>				
Long-term borrowings	(5,400)		400	(5,000)
Finance lease liabilities	(2,769)		190	(2,579)
<i>Short-term borrowing</i>				
Short-term borrowing	(400)	400	(400)	(400)
Finance lease liabilities	(186)	186	(190)	(190)
Total Liabilities from Financing Activities	(8,755)	586	-	(8,169)
Net change in agency debtor/ creditor		(3,942)		
Premium paid on re-financing		-		
Net Cash outflow from Financing Activities		(3,356)		

Comparative Year 2022/23

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

Notes to the Accounts

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 Corporate Trustee of the Museum Trust until 6th July 2023

Payments for the year were made to the Museum Trust amounting to £175,241 (£187,367 in 2022/23 inclusive of £3,422 Braintree District Councillor's Grant Scheme).

In 2022/23 a loan of £60,000 was advanced to the Warner Textile Archive which is owned by the Museum Trust. Repayments of £13,587 which includes interest were made in 2023/24 (£3,397 in 2022/23). The balance on the loan outstanding at the Balance Sheet date was £46,373.

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 £32,013 was paid out and £900 receipted (£83,340 in 2022/23) 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](#).

The Active Braintree Foundation

A Braintree District Council Cabinet Member is a Trustee of the Active Braintree Foundation.

A health and wellbeing grant of £1,000 was paid to the foundation in 2023/24.

Bridge Academy Trust

A Braintree District Council Corporate Director is a Trustee of the Bridge Academy Trust

Income of £11,000 for protected bookings was received in 2023/24.

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 initially applied to the High Court for an injunction, challenging the Home Office proposals, but were unsuccessful. That decision was subject to an appeal but was not successful before the Court of Appeal. Alongside those challenges, the Council worked with other interested parties across three related judicial reviews. Those hearings were concluded on 1st November, with Judgement being handed down on 6th December 2023. The Council, along with the two other parties were unsuccessful in their respective challenges brought through the Judicial review process. The determining judge gave permission to all parties to appeal that decision. Since then, the Home Office has brought into place a Special Development Order (SDO) which seeks to regularise the site, and therefore the Council took the decision to withdraw from the appeal on 11 May 2024. The Council is exposed to ongoing legal costs in the finalising of the matters and will be required to pay the Home Office Costs under the Judicial review decision and for any incurred as part of the Appeal process.
- iv. The Council has also received two letters before actions from Solicitors acting on behalf of a resident on the Wethersfield Site, seeking to challenge the decisions relating to the non-classification of the site as a House in Multiple Occupation, and the Home Office Decision to bring in an SDO. The Council are named as an interest party to the latter. The Council has provided a robust response to the letters before action, but may be exposed to further legal costs, if they choose to bring a formal claim.

Notes to the Accounts

32. Accounting Standards issued but not yet adopted

IFRS 16:

For the 2024/25 financial year, the Council must implement IFRS 16 Leases, applying the provisions as they have been adopted in the 2024/25 Accounting Code.

The main impact of IFRS 16 will relate to property that the Council holds under operating leases, for which assets and liabilities are not recognised and rents are generally charged as revenue expenditure when they are payable. Under IFRS 16, the accounting treatment for all leases (except those with a term of less than 12 months and those involving low value items) will be to recognise a right-of-use asset in the Balance Sheet, measuring the value of the Council's right to use the property over the remaining term of the lease. The Balance Sheet will also include a liability for the rents payable before the lease expires.

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

Based on the minimum lease payments outstanding at 31 March 2024 disclosed in Note 23, it is estimated that the transition will result in the recognition of new assets and liabilities in the Balance Sheet of £0.6m.

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

2022/23			Note	2023/24	
Business Rates £000	Council Tax £000			Business Rates £000	Council Tax £000
<u>Income</u>					
-	108,957	Council Tax receivable	1	-	116,240
41,568	-	Business Rates receivable	2	45,807	-
-	-	Transitional protection compensation		5,925	-
6,843	-	Contributions towards previous year's estimated Collection Fund deficit		-	-
48,411	108,957	Total Income		51,732	116,240
<u>Expenditure</u>					
Precepts, Demands and Shares:					
15,503	13,084	· Braintree District Council		18,236	13,754
19,380	-	· Central Government		22,795	-
3,488	77,001	· Essex County Council		4,103	80,921
-	12,009	· Police & Crime Commissioner for Essex		-	13,027
388	4,140	· Essex Fire Authority		456	4,480
99	-	Payment to ECC for renewable energy disregard		129	-
103	-	Transfer to General Fund for renewable energy disregards		90	-
50	-	Transitional protection payment		-	-
188	-	Allowance for business rate collection costs	2	194	-
92	419	Contribution to provision for impairment of debts	5	333	1,606
1,037	-	Change in provision for business rate valuation appeals:	6	34	-
-	1,587	Contributions from previous year's estimated Collection Fund surplus	3	251	1,807
40,328	108,240	Gross Expenditure		46,621	115,595
<u>Collection Fund Balance</u>					
7,135	(3,387)	Balance at the beginning of the year		(948)	(4,104)
(6,843)	1,587	Contributions from previous year's estimated Collection Fund surplus/(deficit)		251	1,807
(1,240)	(2,304)	In-year (surplus) or deficit for the year		(5,362)	(2,452)
(948)	(4,104)	Balance at the end of the year	4	(6,059)	(4,749)

Notes to the Collection Fund

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 2023/24 was set at £2,010.38 (£1,933.05 in 2022/23). The tax base used to determine this rate was calculated at 55,801 equivalent number of Band D dwellings (54,957 in 2022/23), assuming a collection rate of 98.5%, 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)	-	3	5/9	1	1
A	6,187	3,885	6/9	2,590	2,551
B	17,449	13,334	7/9	10,371	10,215
C	19,810	16,814	8/9	14,946	14,722
D	10,219	9,200	9/9	9,200	9,062
E	7,821	7,277	11/9	8,894	8,761
F	4,691	4,468	13/9	6,454	6,357
G	2,374	2,252	15/9	3,753	3,697
H	223	204	18/9	407	401
Contributions in lieu	-	-		34	34
	68,774	57,437		56,650	55,801

Totals rounded to nearest whole number

Notes to the Collection Fund

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

2022/23		2023/24
£000		£000
108,895	Council Taxpayers	115,985
62	Transfer from General Fund	255
108,957	Council Tax Income	116,240

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 2023/24 the multipliers were frozen at the same rate as for 2022/23: 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.

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 £45.6m (£38.8m in 2022/23), 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 £50.9m (£40m in 2022/23).

At the start of the year there were 5,084 businesses with a total RV of £114.5m. A new Rating List came into force from April 2023, which increased rateable values across the district by an average of 18.8% - this compares to the average for England of 7.3. At the end of the year there were 5,098 businesses with a total RV of £135.6m.

	Estimated	Actual
	£000	£000
Net payable by business ratepayers	44,069	45,807
Less:		
Renewable energy disregards	260	219
Transitional protection payment	(6,160)	(5,925)
Allowance for collection costs	194	194
Impairment of arrears	1,542	333
Change in provision for valuation appeals	2,644	34
Non-Domestic Rating Income	45,589	50,952

Notes to the Collection Fund

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.

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

2022/23			2023/24		
Business Rates £000	Council Tax £000		Business Rates £000	Council Tax £000	
(2,737)	198	Braintree District Council	100	222	
(3,422)	-	Central Government	125	-	
(616)	1,147	Essex County Council	23	1,310	
-	179	Police & Crime Commissioner for Essex	-	205	
(68)	63	Essex Fire Authority	3	70	
(6,843)	1,587	Contributions from previous year's estimated surplus/(deficit)	251	1,807	

4. Collection Fund Balance

The balance on the Collection Fund is taken into account for the purposes of calculating and setting precepts and council tax rates in future years. Balances are shared amongst preceptors (including government for business rates) in proportion to their demand or precept.

Notes to the Collection Fund

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.

2022/23			2023/24		
Business Rates	Council Tax	Total	Business Rates	Council Tax	Total
£000	£000	£000	£000	£000	£000
221	1,850	2,071	217	1,901	2,118
(96)	(368)	(464)	(86)	(274)	(360)
92	419	511	333	1,606	1,939
(4)	51	47	247	1,332	1,579
217	1,901	2,118	464	3,233	3,697

Balance at 1 April

Amounts written off in the year

Contribution to provisions during year

Net Increase (decrease) in provision

Balance at 31 March

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 Valuation List. Under this system, check & challenges are submitted to the Valuation Office and appeals are submitted to Valuation Tribunal. The 2017 Valuation List has now closed and only outstanding CCA's have been provided for within the appeals provision, along with any current CCA's from the 2023 Valuation List. An assessment has been made of the impact the CCA system will have on rates payable against the remaining 2017 CCA's and the current 2023 Valuation List, resulting in a total provision of £6.5 million at 31 March 2024.

2022/23		2023/24
£000		£000
5,434	Balance at 1 April	6,471
(211)	Amounts refunded from the provision	(851)
1,248	Increase in provision	885
1,037	Net change in provision	34
6,471	Balance at 31 March	6,505

Under the BRRS only 40% or £2.602m (£2.588m at 31 March 2023) of the provision is attributable to Braintree DC and, as such, shown in the Balance Sheet

Annual Governance Statement

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 *Local Government*. A copy of the Council's Code is on our website: [Here](#)

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 keeps under review the Constitution to ensure the Council's arrangements are compliant with legislative and other best practice and remains fit for purpose in supporting delivery of the Council's Corporate Strategy.
- **The Corporate Strategy**, which sets out the vision and priorities for the Braintree District. A new Corporate Strategy has recently been agreed covering the four-year period 2024 to 2028. An Annual Plan details the agreed projects and initiatives to deliver against each of the priorities of the Corporate Strategy as well as how the Council plans to measure progress against these objectives and its overall performance.
- **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, behaviours and values 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 subject to review and revision as 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.
- A corporate complaints policy is published on the Council's website.
- Members and Officers are required to record any gifts and hospitality.
- A Whistleblowing Policy enables concerns to be raised in a confidential manner and to be 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 of a breach of the Member Code of Conduct.
- The Governance and Audit Committee receive appropriate briefings and training from statutory and other senior officers and third parties to enhance the Governance Framework.
- A Developing Democracy Group is appointed as a Cabinet Working Group which includes representation from the Cabinet and all opposition group leaders.

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;
 - Members Register of Interest;
 - 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 Councillor 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 Scheme is monitored by a Grants Panel and Councillors are obliged to consider the Member Code of Conduct when making grant decisions. All grant awards are published.
- 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 decision-making template requires risks and impacts to be considered for individuals and communities; safeguarding; and other legal or governance matters to ensure that fair access to services is not adversely affected. Where appropriate, changes to services are supported by an Equality Impact Assessment.
- The Council's Performance Management Framework.
- The adopted Braintree District Local Plan provides a vision and planning framework for how the district will develop and grow up to 2033, identifying the most sustainable locations to deliver local housing needs and supporting infrastructure.
- The Council has adopted a Climate Change Strategy which is supported by an annual Climate Action Plan (CAP) setting out the areas of focus and how climate change objectives will be delivered. The CAP remains a living document and is revised as the climate and environmental emergency develops, previous targets are met, and funding becomes available and new technologies emerge.

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

- The Corporate Strategy covers the four-year period 2024 to 2028 and is supported by a more detailed Annual Plan that sets out the key activities to deliver on each of the priorities of the Corporate Strategy, as well as details of how the Council will measure progress on achievement against these objectives.
- Cabinet Members are assigned specific portfolios with responsibility for different themes: Transformation, the Environment and Customer Services; Finance, Resources and Performance; Planning; Economic Growth and Infrastructure; Housing, Health, and Wellbeing; and Stronger Communities. The Leader of the Council's portfolio includes 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.
- Deputy Cabinet Members are appointed to support the Leader and Cabinet Members, with appointments covering specific areas of portfolios: Climate Change and Sustainability; Risk Management and Member Support; Rural Issues; Leisure and Environmental Health; and Art, Heritage, Culture and Sport, and Children and Young People.

- The Directors, Heads of Service and other Senior Officers meet with Cabinet Members to discuss progress in their respective areas of responsibility with regular operational and strategic briefings. The Cabinet and Senior Management meet regularly as a Joint Executive Team and hold several Strategy Workshops during the financial year.
- 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.
- A Corporate Policy Development Committee conducts reviews of policy, services and aspects of services and can make suggestions to the Cabinet on the development of policies and/ or suggest new policies.

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 is managed and development needs are identified and monitored. 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 Chair of the Corporate 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 Chairs of the committees. The content of the Member Development programme is refreshed annually. A Cabinet Working Group, the Member Development Group, has been appointed.
- The Organisation Development & Learning Team ensure an appropriate programme of training and development is available for staff and managers including via an e-learning platform, the Learning Hive. All staff are expected to complete mandatory e-learning courses with annual refresh, covering areas such as: Information Security, Data Protection, Code of Conduct, Diversity & Equality, Health & Safety, Fire Safety, and Safeguarding.
- The Council recognises the National Joint Council (NJC) and Joint Negotiating Committee (JNC) national agreements on pay and conditions of service for its staff. Where appropriate, market supplements are paid to attract and retain staff.
- The Monitoring Officer provides training to Members and officers on the application of the Constitution and other procedural rules.

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

- The Council has a Risk Management Policy & Strategy setting out its approach to the 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 and integrated 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 to Council.
- 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 major capital projects where risks and issues are considered along with project budgets. Each project has its own project risks and issues tracker and a specific Budget Monitoring Tool.
- Two Cabinet sub-committees have been established: The Investment and Development Programme Board which is focused on oversight of projects and processes that will contribute to delivering a balanced budget and more robust financial standing, including the Fit for the Future Transformation Programme; and a Capital Programme Board which has oversight of all capital projects to ensure a disciplined and standardised approach is adopted.
- 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.
- Statutory officers are appropriately skilled and experienced and undertake training and continuous professional development to perform their duties effectively.
- 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 Chair 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 Section 151 Officer provides confirmation on the robustness of the estimates made for the purposes of the annual budget requirement calculations, and the adequacy of the proposed financial reserves. The final Statement of Accounts are prepared in accordance with legislation and professional codes and standards and 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 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.

- The Monitoring Officer submits reports annually to the Governance & Audit Committee on the functioning of the Members' Standards Framework.

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.

In 2023, the Council had a Corporate Peer Challenge (CPC) provided through the Local Government Association, The CPC review included consideration of the Council's governance arrangements.

The key elements of the review of effectiveness are:

a. 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 projection of the financial position at the year-end. Key Performance Indicators and progress of projects were also included in the quarterly reports.
- Report by the Section 151 Officer to the annual budget setting meeting of Full Council on the robustness of the budget and the adequacy of balances.
- At the Council's Annual General Meeting held on 25th May 2023, changes to the Constitution were agreed reflecting a new committee structure; introduced new procedures for Members to ask questions at Full Council of the Leader and Cabinet; and revision to the allocation of the number of Motions allowed during a civic year.
- The work programme of the Corporate Scrutiny Committee included receiving an overview of the Braintree District Community Safety Partnership delivery; consultation on the 2024/25 Budget proposals and Medium-Term Financial Strategy to which all Members of the Council were invited to participate; and received and considered the Quarterly Performance Reports.
- The Corporate Scrutiny Committee was also required to consider and determine the Call-In of the Cabinet decision to introduce a charge for the collection of garden waste. This was the first matter to have been raised through the current Call-In procedures and provided a basis for dealing with similar situations in future.
- A Corporate Policy Development Committee was established from May 2023, to conduct reviews and if necessary, make suggestions on policy, services, and aspects of services. In its first year of operation, the Committee considered the Cabinet's responses to previous scrutiny reviews into Litter Management across the Braintree District, and Markets and Associated Events. The Committee also reviewed policies for the following: Household Waste and Collection; Empty Homes; and Cemeteries. The Committee were involved in the development of the new Corporate Strategy and considered the draft Homelessness and Rough Sleeping Strategy prior to its approval.

- The Cabinet agreed its response to a previous scrutiny review into Litter Management across the Braintree District, and Markets and Associated Events.
- Public consultation and partner/ stakeholder engagement included the development of the new Corporate Strategy, the design of a new working age Local Council Tax Support Scheme from April 2024, The Livewell Strategy, the Homelessness and Rough Sleeping Strategy, and the Empty Homes Policy. Data evidence was gathered and analysed to support strategies.
- Following a Motion agreed at the Full Council meeting on 11th December 2023, the Cabinet agreed to establish a Member Working Group consisting of four Members from the controlling group and one representative from each of the three opposition groups, to consider and make recommendations on the potential for establishing a Community Delivery Plan covering the period 2025 to 2028. The Group was to report back to the Cabinet with its recommendations.
- Complaints raised under the Member Code of Conduct have been reviewed in line with the Council's processes by the Monitoring Officer. 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 were no complaints referred to the Standards Sub Committee during the year.
- 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 year and received regular reports on risk management, internal control, and governance matters. The Committee also approved an updated Regulation of Investigatory Powers Act 2000 (RIPA) and Investigatory Powers Act 2016 (IPA) Policy.
- The Governance and Audit Committee received and considered a report on the progress of management actions and improvements in the internal controls, risk management, project management, and governance environment relating to major projects that reflected on the lessons learned from an externally commissioned review.
- The Chair of the Governance and Audit Committee submitted the Annual Report on the work of Committee to Full Council in December 2023, in relation to its terms of reference and the effectiveness of the Committee in meeting its purpose.
- The Council's updated Internal Audit Charter, as required under the Public Sector Internal Audit Standards, was approved by the Governance and Audit Committee on 20th 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 previously assessed in 2023, with the conclusion of the external assessor being that the Internal Audit service conformed with the requirements of the Internal Audit Standards. An Action Plan to deliver further continuous improvement and to maintain this level of compliance was approved against which the Committee is being provided regular updates on progress.
- External Audit are required to audit the annual financial statements and undertake a Value for Money Audit. Like many other local authorities in England, there remains delay in the external auditor completing their work on the 2019/20, 2020/21, 2021/22 and 2022/23 annual statements. This delay is primarily due to capacity shortfalls of the auditor and more widely across the external audit sector. To clear the backlog of historical accounts and 'reset' the system, the former Department for Levelling Up, Housing and Communities had proposed a legal "backstop date" of 30 September 2024 for local bodies to finalise all outstanding years up to and including 2022/23. The implications of this are still being explored in conjunction with BDO LLP, the Council's appointed auditor for the outstanding years. Due to the announcement of the General Election, it was not possible for the enabling legislation to be enacted prior to the dissolution of Parliament and therefore this matter will need to be addressed by a new government. The Governance and Audit Committee have been provided regular briefings and updates on the position.

- Whilst final sign-off of the 2019/20 account has not yet been received, the results of the audit work that had been substantially completed were reported to the Council in October 2021 and for which an unmodified opinion was expected to be issued on the financial statements. This outcome continues to remain the case for 2019/20. Significant work has also been completed on the audit for 2020/21 and an interim report indicated that no significant control deficiencies nor any significant weaknesses in the Council's arrangements for ensuring value for money had been identified. No work has been undertaken by BDO LLP in relation to the 2021/22 and 2022/23 accounts.
 - Notwithstanding the delay in external audits, the Council has met its requirement to publish draft accounts which are available on the Council's website up to and including 2023/24.
 - KPMG LLP are the Council's appointed external auditor for the five year period 2023/24 to 2027/28, following the Public Sector Auditor Appointments Ltd national procurement.
 - KPMG presented a draft External Audit Plan and Strategy for the year ending 31st March 2024, to the Governance and Audit Committee at its meeting held on 17th April 2024.
 - The Strategic Risk Register has been reviewed twice during the year by Management Board and by the Cabinet and reported to the Governance and Audit Committee in April and October 2023.
 - The Governance and Audit Committee approved an updated Risk Management Policy and Strategy, setting a revised framework for the consideration and assessment of risks across the authority.
 - Member Development Evenings on risk management and the Strategic Risk Register were held on 27th September 2023, and 9th May 2024.
 - External inspections during the year included:
 - On 25th April 2023, Logistics UK undertook an audit of the Council's Operator Licence compliance. The audit covered several key areas of activity. The report had no recommendations and confirmed that the three recommendations arising from the previous audit had all been satisfied. The next review is planned in July 2024.
 - Annual health check undertaken by NTA, an independent third party that is accredited by the global cyber security organisation, CREST. NTA assess the Council's external and internal networks and how these may impact on the security of the Public Services Network (PSN). The Council remains accredited for PSN.
 - Local Government Ombudsman (LGO): the Council received two complaints from the LGO, both of which were closed as premature complaints with neither having been presented to the Council to consider as formal complaints.
 - At the meeting of the Cabinet on 4th March 2024, the design principles for the Council's Fit for the Future Transformation Programme were approved including agreeing the alignment of roles and responsibilities within the existing governance framework.
 - A new Corporate Strategy was agreed by Full Council.
 - Following consideration by the Developing Democracy Group, Full Council have agreed to adopt the LGA Model Code of Conduct for Councillors. The Monitoring Officer will be providing additional training for Members on the new Code.
 - The Council has been involved in several legal challenges against the Home Office over the use of the former Wethersfield Airbase as an asylum centre. Throughout the legal process the Council has sought and acted on the basis of expert legal advice provided by the Monitoring Officer and external legal advisors and Counsel. The Council has acted with advice at each stage as to the potential costs that may be involved. Regular updates on the actions taken by the Council have been provided to all Members. This has also been supported by comprehensive communications to all residents of the District.
- b. The Corporate Peer Challenge undertaken in October 2023 provided an opportunity for independent insight and review of the Council's governance arrangements and operating procedures. The final report of the Peer Team included the following points:

- The Council has a robust governance framework enabling lawful and accountable decision-making through defined separation of powers, and productive Member-officer relationships.
- The Constitutional foundations offer stability.
- Constructive cross-party working is supporting effective governance. It was recognised that the inclusive way in which the Cabinet works meant that formal scrutiny processes were underused. It was acknowledged that with the appointment of a new Scrutiny Officer and Chair of Scrutiny Committee, this would strengthen the impact and performance of the scrutiny arrangements.
- The Governance and Audit Committee were functioning effectively with engaged Members. It was noted the Chair and Vice-Chair both demonstrated strong command of the issues with a well-developed understanding of risks and how this aligned to the Medium-Term Financial Strategy and provided oversight.
- Senior management value and co-operate with the audit function enabling it to operate successfully and independently.
- Positive financial stewardship was recognised to have led to strong financial performance over recent years, with a healthy level of reserves. The Council exhibited robust strategic financial planning.

The Peer Team highlighted that it found Members and staff had embraced the peer challenge process with an openness and honesty using the experience for learning and to drive improvement.

The Peer Team made seven recommendations in their final report which have been used to develop an Action Plan that was considered and approved by the Cabinet at its meeting on 4th March 2024.

c. 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 Annual Report for 2023/24 was considered by the Governance and Audit Committee on 25th July 2024. 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. Significant progress has been made in improving weaknesses previously identified, but there remain areas where actions are yet to be fully addressed and embedded.*

The previous year's Annual Governance Statement identified the following activities planned for 2023/24:

Annual Governance Statement

Governance issue identified for 2023/24	Action or progress made in the year and to be completed
<p>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.</p>	<p>An LGA Corporate Peer Challenge was undertaken in early October 2023, with the Peer Team meeting a wide range of stakeholders during a 4-day on-site visit. The Peer Team provided their report on 24th November 2023, which was published on the Council's website. An Action Plan on implementing the recommendations of the CPC was agreed by the Cabinet at its meeting held on 4th March 2024. A follow-up review on the Council's progress against its Action Plan was to be undertaken.</p>
<p>External Quality Assessment (EQA) of Internal Audit Action Plan - following the EQA in February 2023 an action plan was agreed</p>	<p>At the meeting of the Governance & Audit Scrutiny Committee on 20th April 2023, an Action Plan for addressing the recommendations of the EQA was approved. Progress of achievement against the Action Plan is now reported to the Committee as part of the regular Internal Audit Update and Annual Reporting</p>
<p>Risk Management Policy and Strategy - needed updating and bringing into line with current best practice. This will also involve a refresh of the approach to the Strategic Risk Register.</p>	<p>A new Risk Management Policy and Strategy was agreed by the Governance & Audit Committee at their meeting held on 24th August 2023. The Strategic Risk Register has been substantially updated with focus placed on 'Inherent risk' and 'Residual risk'; the direction of change in terms of individual strategic risks; and risk appetite.</p>
<p>Agile & Flexible Working - new ways of working and managing performance are to be developed which will be reflected in an Agile & Flexible Working Policy and staff etiquette, along with a revised performance management framework.</p>	<p>A new Agile & Flexible Working Policy was published in December 2023. This policy sets out the principles and practical guidance in relation to agile working for employees of the Council whose work location may be flexible. Further work is to be undertaken in relation to development of a revised performance management framework linked to the Council's recently revised Values & Behaviours.</p>
<p>Member Development - following the May 2023 local elections there was 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</p>	<p>A substantial programme of Member induction and Member Development Evenings was developed and delivered. Feedback obtained through the Corporate Peer Challenge indicated that, overall, Members were satisfied with the development programme and considered the induction pack as excellent.</p>

Annual Governance Statement

4. Issues and Improvements in Governance Arrangements for 2024/25

The following activities are planned for 2024/25:

Corporate Peer Challenge – Action Plan	Following the CPC in October 2023, an Action Plan was approved by the Cabinet which implements the recommendations of the Peer Team. Delivery of the Action Plan will ensure that the Council continues to develop and improve as an organisation. A follow-up review by the Peer Team was scheduled for early June 2024 to consider what progress has been made by the Council against the Action Plan
Local Code of Corporate Governance	The Local Code of Corporate Governance was last approved in July 2021. A review and update to the Code is therefore required.
Financial Procedure Rules (FPRs)	Following changes to the Constitution and Key Decision threshold, a review of the FPRs is required.
Local Audit Reset	The Council will need to respond to Government's proposals for resetting the system of local audit.
To review governance arrangements for shared service arrangements	As the Council actively explores and pursues the opportunities for shared services it will be necessary to ensure that strong governance arrangements are retained

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

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

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

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

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.