



Braintree District Council

# Statement of Accounts

2024 - 2025

(Unaudited)

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## **Narrative Report**

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### **Introduction to Braintree District**

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

### **Braintree District Council**

Braintree District Council (“the Council”) comprises 49 Councillors who represent their 26 Wards. Each Ward may have a number of Councillors who represent it, although once elected Councillors will make decisions for the whole district; not just for the ward they were elected for. 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 25, Labour Party 9, Independents 8, 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/council/constitution](http://www.braintree.gov.uk/council/constitution).

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 [here](#).

During the year the Council employed an average of 465 full-time equivalent employees.

### **Corporate Strategy**

The Corporate 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.

The three key priorities link into the Council's long-term vision “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.

Eliminating inequalities wherever possible is fundamental to our goals and a Fit-for-the-Future transformation programme aims to ensure that we remain resilient and adaptable and can deliver while still meeting our financial challenges.

## Narrative Report

Within our three core themes, key priorities are:

<p><b>Communities</b></p>  <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>	<p><b>Prosperity</b></p>  <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>	<p><b>Environment</b></p>  <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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### **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 [here](#).

## **Narrative Report**

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### **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
8. Emergency Planning
9. Information Management & Cyber Security
10. Major Capital Programme
11. Climate Change
12. Landscape Services

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 net budget for 2024/25 was a £19.6m and which was to be financed from business rates (£6.7m), council tax (£11.7m) and general government grants (£1.2m).

The overall Band D Council Tax rate was £2,109.51 of which the Council's share was £200.07.

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 were updated in accordance with the Council's Budget and Policy Framework Procedure, and against which performance was then monitored.

## Narrative Report

### Revenue Budget Outturn for the Year

The following table provides a summary of the budget outturn for 2024/25 by service area:

Business Plan Service	Updated Budget £'000	Actual Spend £'000	Total Variance £'000	Carry Forwards £'000	Net General Fund £'000	RAG Status
Asset Management	(2,860)	(2,482)	378	0	378	R
Community & Leisure	946	946	0	24	24	G
Corporate Management Plan	1,657	1,626	(31)	0	(31)	G
Economic Development	157	23	(134)	0	(134)	G
Environment	942	1,097	155	0	155	R
Finance (incl. Treasury Management)	667	(1,001)	(1,668)	0	(1,668)	G
Governance	1,485	1,301	(184)	58	(126)	G
Housing Services	1,002	1,000	(2)	0	(2)	G
ICT & Facilities	2,113	1,907	(206)	38	(168)	G
Marketing & Communications	700	676	(24)	0	(24)	G
People & Performance	1,149	1,032	(117)	78	(39)	G
Operations	7,205	6,335	(870)	30	(840)	G
Strategic Investment	162	201	39	0	39	A
Sustainable Development	1,611	1,659	48	0	48	A
<b>Service Plan Total</b>	<b>16,936</b>	<b>14,320</b>	<b>(2,616)</b>	<b>228</b>	<b>(2,388)</b>	<b>G</b>
Corporate Financing	2,965	2,405	(560)	0	(560)	G
Vacancy Allowance	(300)	0	300	0	300	
<b>Net Total</b>	<b>19,601</b>	<b>16,725</b>	<b>(2,876)</b>	<b>228</b>	<b>(2,648)</b>	<b>G</b>

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:

- Investment into community facilities across the district, including play areas & open spaces, leisure centres, and cemeteries; climate change projects; operational vehicles; and grants for home improvements including adaptations to homes for people with disabilities.
- Investment in council owned properties was maintained through the 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 government grants and other third-party contributions (£3.4m), capital receipts and reserves (£1.6m), with the balance temporarily increasing the Council's prudential borrowing requirement.

## **Narrative Report**

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### **Capital Resources**

The main sources of 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 £7m, with £4.5m in relation to grant of access rights across Council owned land. The remainder was in relation to sale of residential land and operational vehicles (including sales & leaseback) £1.4m with £0.9m received from housing right-to-buy sales and recovered VAT. Other minor receipts received in year totalled £0.2m.

### **Reserves & Balances**

The Council holds 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 annual budget;
- to meet one-off budgeted costs that are not part of the on-going base budget;
- to meet short-term funding gaps in the annual budget whilst savings and efficiencies are realised; and
- to earmark sums to support long-term capital investment, manage certain risks, fund service projects and initiatives, and to meet costs associated with transformation and organisational changes (these are referred to as “earmarked reserves”).

As at 31 March 2025, the Council's overall General Fund balances were £42.1m, an increase of £5.4m from the previous year-end. Within this total, £30.8m was held as earmarked reserves, and from the remaining balance of £11.3m, a total of £1.1m had been allocated in the 2025/26 budget. The Council's Medium-Term Financial Strategy requires a minimum unallocated balance of £3m to be held.

#### **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 2025 was £13.6m, an increase of £5.5m.

It should be noted that significant proportions of both earmarked reserves and capital reserves are already committed or planned for use in the Council's current capital investment programme.

#### **Unusable Reserves**

Unusable reserves hold the value of unrealised gains or losses either relating to the financing of capital investment or reflecting timing differences between recognition of assets and liabilities under accounting rules and that required under statutory regulations for the purposes of setting Council Tax. These reserves increased in the year by a net £8.8m primarily due to the adoption of IFRS 16 which resulted in £4.4m of Assets being recognised as a Right of Use Assets on the Council's balance sheet.

## **Narrative Report**

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### **Cash, Investments and Borrowing**

#### **Financial Investments & Cash**

Investment balances averaged £77.8m, with a peak of over £91.5m. 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 5.4%. This return reflects the long-term nature of these investments. Returns from short-term investments remained steady over the year despite a fall in UK Base Rate, to average 4.96%, generating a further £2.9m 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 funds at 31 March 2025 had increased by £941k compared to the previous year end, giving a total value of £26.2m, which represented an unrealised gain of £3.2m. This gain is held in unusable reserves and is only realisable if investments are sold, at which time the amount realised would reflect pricing at that point.

#### **Investment Property**

Income from investment property was £2.8m in the year, and related expenses incurred were £532k resulting in a net gain of £2.3m. The total fair value of investment property at the end of the year was £49.6m.

#### **Borrowing**

The Council's borrowing at the 31 March 2025 amounted to £5.0m (£5.4m 31 March 2024)

Other liabilities include finance lease commitments of £5.3m (with £685k shown under short-term liabilities) where the Council has acquired the use of buildings, vehicles, and plant. The figure has increased due to the implementation of IFRS16 which transferred former operating leases into Right of use Assets.

#### **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 £5.3m at 31 March 2025, a change of £0.8m from the previous year's liability of £6.1m.

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. During the year when remeasuring the net assets there was a change in financial assumptions of £20.8m.

The requirement to recognise an Asset Ceiling under IFRIC 14 reduced the net pension asset value to the amount considered recoverable from the scheme in the form of refunds or reductions in future contributions and this potential economic benefit been calculated to be nil. The current Asset Ceiling value is £103.5m, an increase of £21.5m from the previous year, which if this was not included the Council's share of the pension fund would show a surplus position.

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%

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using agreed actuarial assumptions. At this 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 increased and therefore the primary contribution rate applied to salaries for the period 1 April 2023 through to 31 March 2026, was increased from 20.3% of pensionable pay to 22.1%.

Actual pension contributions in 2024/25 totalled £3.6m (excluding enhanced pension contributions), with a further £1.1m 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 £124.3m for the year, which, after paying precepts and making provision for non-collection, resulted in a net surplus for the year of £2.9m. A charge of £2.3m was also made to the Collection Fund, being a prior year estimate of the balance, 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 £5.4m. The budget for 2025/26 including that of the major preceptors, has already taken into account £2.5m of this balance with the difference to be accounted for in future years.

Business rates are collected and distributed according to the Business Rate Retention Scheme (BRRS) where rates are shared equally between central government and “locally” with the Council, ECC, and EFR. The latest Rating List was introduced from April 2023 alongside a transitional protection scheme to phase the impact on certain businesses.

The estimated amount of business rates collectable for the year was £48.9m and this sum has been paid across to the relevant bodies. The actual amount of income for the year was £55.7m resulting in a surplus for the year of £5.8m after taking into account the previous years estimated balance on the fund (£0.7m) and other charges to the fund (£0.3m). A surplus balance of £6m was brought forward from 2023/24, therefore, leaving a combined net balance on the Collection at 31 March 2025 of £11.8m. 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, for which £7.4m is already set to be paid in 2025/26.

Local authorities are required to finance a proportion of appeals made against rateable values set by the Valuation Office Agency (VOA). 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 £6.0m, of which £2.4m is attributable to the Council.

In 2024/25 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 is shared amongst participating authorities according to an agreed formula. The Council is due to pay a levy into the Pool of £2.8m; however, based on a provisional estimate made of all Essex authorities, £1.3m is expected to be paid back to the Council under the pooling arrangement.

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### 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 2025/26 provided a further single-year funding agreement by the Government, but with a commitment that the system would be reformed ahead of 2026/27 accompanied by a multi-year settlement following conclusion of the Spending Review 2025.

A funding floor 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 applied in 2024/25, resulting in £1.6m to be paid to the Council. The Council is also guaranteed a payment from the Extended Producer Responsibility scheme of £1.3m which has been ringfenced by the Council to fund future changes to waste collection arrangements.

The overriding aim for the Council's budget has been to deliver for the whole district, investing in services and key priorities whilst improving the way the Council works to create a sustainable public services.

In setting the budget for 2025/26, 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 inflationary and other cost pressures.

In recent years, the Council has been working towards setting the foundations and resources needed to address our longer-term financial challenges and ensure it remains financially resilient as well fit-for-the-future and able to grasp new opportunities.

The Council approved a budget for 2025/26 at its meeting in February 2025, and which included: an increase in the Council's share of the Band D Council Tax rate of £5.94 per year or 11p a week to £206.01; additional income and savings of £2.1m; and a contribution from balances of £484k.

An updated MTFS highlights the financial challenges which will be faced by the Council over the forecast period to March 2029, including revised budget gaps of:

2026/27	£2.1m
2027/28	£2.6m
2028/29	£2.9m

The updated MTFS is based on a range of assumptions and estimates which, in the current economic context, could change significantly. There is already work underway on a transformation agenda of 'Fit for the Future' which is aimed at addressing the financial challenge. This is also subject to

## **Narrative Report**

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the impact of the Government's proposed reform of local government finance including updating councils' 'needs assessments' and resetting the business rate retention scheme.

In February 2025, it was announced that Greater Essex would be included in the Government's Devolution Priority Programme with a commitment to Local Government Reorganisation of the current two-tier system and existing unitary councils. Final submissions are due to be submitted by councils in September 2025. A new structure of unitary councils could be introduced from 1<sup>st</sup> April 2028, with shadow arrangements operating in the prior financial year.

The financial horizon therefore remains one of great uncertainty; however, through prudent financial management, the Council has built up its financial resilience to withstand short to medium-term pressures, whilst it considers the impact of these significant challenges ahead. It is in this context that plans for the 2026/27 budget and updating of the MTFS will commence.

## Guide to the Financial Statements

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### The Published Accounts for 2024/25

The Statement of Accounts summarises the Council's transactions for the financial year and its position at the year ended 31 March 2025. 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).

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.

## **Guide to the Financial Statements**

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- **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.

- **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 2024/25 available on the Council's website at [www.braintree.gov.uk](http://www.braintree.gov.uk). Further information about the accounts is available from Financial Services, Braintree District Council, Causeway House, Bocking End, Braintree, Essex, CM77 9HB

## **Statement of Responsibilities**

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### **The Council's Responsibilities**

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure 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 2025.

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  
30<sup>th</sup> June 2025

## Comprehensive Income and Expenditure Account

2023/24				2024/25			
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
2,492	(1,674)	818	Asset Management		2,383	(1,659)	724
5,254	(1,766)	3,488	Community & Leisure		7,089	(1,644)	5,445
1,694	(326)	1,368	Corporate Management		2,145	(359)	1,786
756	(228)	528	Economic Development		835	(1,075)	(240)
4,097	(3,084)	1,013	Environment		3,475	(2,475)	1,000
28,505	(26,091)	2,414	Finance		28,142	(25,462)	2,680
1,731	(257)	1,474	Governance		1,583	(337)	1,246
1,789	(917)	872	Housing Services		2,176	(991)	1,185
981	(103)	878	People & Performance		1,095	(96)	999
2,060	(4)	2,056	ICT & Facilities		2,672	(34)	2,638
801	(130)	671	Marketing & Communications		821	(127)	694
14,791	(6,800)	7,991	Operations		14,853	(8,483)	6,370
398	(135)	263	Strategic Investment		408	(32)	376
3,464	(1,487)	1,977	Sustainable Development		3,630	(1,729)	1,901
2,058	(668)	1,390	Corporate Financing		476	(1,202)	(726)
<b>70,871</b>	<b>(43,670)</b>	<b>27,201</b>	<b>Cost of Services</b>	1/6	<b>71,783</b>	<b>(45,705)</b>	<b>26,078</b>
		1,860	Other Operating Expenditure	2			(2,429)
		(6,899)	Financing and Investment Income & Expenditure	3			(6,607)
		(25,608)	Taxation and Non-Specific Grant Income	4/5			(28,777)
		<b>(3,446)</b>	<b>(Surplus) /Deficit on Provision of Services</b>	6			<b>(11,735)</b>
			<i>Items that will not be reclassified to the (Surplus) or Deficit on Provision of Services:</i>				
		(6,381)	Revaluation gains	28			(3,989)
		325	Re-measurement of the pension scheme net defined benefit liability	27			252
		(6)	Other gains / losses				(2)
		<b>(6,062)</b>	<b>Other Comprehensive (Income) and Expenditure</b>				<b>(3,739)</b>
		<b>(9,508)</b>	<b>Total Comprehensive (Income) and Expenditure</b>				<b>(15,474)</b>

## Movement in Reserves Statement

	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000
<b>Balance at 1 April 2024</b>	<b>36,713</b>	<b>8,077</b>	<b>351</b>	<b>45,141</b>	<b>149,422</b>	<b>194,563</b>
Adjustments on transition to new accounting arrangements for leases	4,393	-	-	4,393	-	4,393
Transitional adjustments between accounting basis and funding basis	(4,393)	-	-	(4,393)	4,393	-
<b>Adjusted balance at 1 April 2024</b>	<b>36,713</b>	<b>8,077</b>	<b>351</b>	<b>45,141</b>	<b>153,815</b>	<b>198,956</b>
<b><u>Movement in Reserves during 2024/25</u></b>						
Total Comprehensive Income and Expenditure	11,735	-	-	11,735	3,739	15,474
Adjustments between accounting basis & funding basis under regulations	(6,357)	5,522	136	(699)	699	-
<b>Increase in 2024/25</b>	<b>5,378</b>	<b>5,522</b>	<b>136</b>	<b>11,036</b>	<b>4,438</b>	<b>15,474</b>
<b>Balance at 31 March 2025</b>	<b>42,091</b>	<b>13,599</b>	<b>487</b>	<b>56,177</b>	<b>158,253</b>	<b>214,430</b>

	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000
<b>Balance at 1 April 2023</b>	<b>35,809</b>	<b>9,414</b>	<b>399</b>	<b>45,622</b>	<b>139,433</b>	<b>185,055</b>
<b><u>Movement in Reserves during 2023/24</u></b>						
Total Comprehensive Income and Expenditure	3,446	-	-	3,446	6,062	9,508
Adjustments between accounting basis & funding basis under regulations	(2,542)	(1,337)	(48)	(3,927)	3,927	-
<b>Increase in 2023/24</b>	<b>904</b>	<b>(1,337)</b>	<b>(48)</b>	<b>(481)</b>	<b>9,989</b>	<b>9,508</b>
<b>Balance at 31 March 2024</b>	<b>36,713</b>	<b>8,077</b>	<b>351</b>	<b>45,141</b>	<b>149,422</b>	<b>194,563</b>

## Balance Sheet

31 March 2024		Note	31 March 2025
£000			£000
115,645	Property, Plant & Equipment	13	119,867
8,883	Infrastructure Assets	13	8,432
786	Heritage Assets	14	774
48,850	Investment Property	15	49,633
592	Intangible Assets	16	590
21,224	Long Term Investments	20	22,165
1,642	Long Term Debtors	24	1,220
<b>197,622</b>	<b>Long Term Assets</b>		<b>202,681</b>
36,538	Short Term Investments	20	53,533
-	Assets Held for Sale	17	2,709
204	Inventories		195
9,314	Short Term Debtors	24	9,135
826	Cash and Cash Equivalents	20	804
<b>46,882</b>	<b>Current Assets</b>		<b>66,376</b>
(24,504)	Short Term Creditors	25	(27,745)
(400)	Short Term Borrowing	20	(400)
(190)	Finance Lease Liabilities	23	(685)
(2,602)	Provisions	26	(2,427)
<b>(27,696)</b>	<b>Current Liabilities</b>		<b>(31,257)</b>
(5,000)	Long Term Borrowing	20	(4,600)
(2,579)	Finance Lease Liabilities	23	(4,632)
(42)	Long-Term Creditors	25	(49)
(6,063)	Pension Fund	27	(5,305)
(8,561)	Capital Grants & Contributions Receipts in Advance	7	(8,784)
<b>(22,245)</b>	<b>Long Term Liabilities</b>		<b>(23,370)</b>
<b>194,563</b>	<b>Net Assets</b>		<b>214,430</b>
45,141	Usable Reserves	MIRS / 12	56,177
149,422	Unusable Reserves	28	158,253
<b>194,563</b>	<b>Total Reserves</b>		<b>214,430</b>

## Cash Flow Statement

2023/24 £000		Note	2024/25 £000
(3,446)	<b>(Surplus)/ Deficit on the Provision of Services</b>		(11,735)
(4,796)	Adjustment for non-cash movements	29	(4,245)
4,846	Adjustment for items that are investing and financing activities	29	11,080
<b>(3,396)</b>	<b>Net Cash (Inflow)/ Outflow from Operating Activities</b>		<b>(4,900)</b>
	<b>Investing Activities:</b>		
3,114	Purchase of property, plant and equipment, investment property and intangible assets		5,543
124,000	Purchase of short-term		162,000
226	Other payments for investing activities		209
(1,280)	Proceeds from the sale of PPE, investment property, and intangible assets		(6,993)
(114,500)	Proceeds from sale of short-term		(145,000)
(4,503)	Other receipts from investing activities		(5,402)
<b>7,057</b>	<b>Net Cash (Inflow)/ Outflow from Investing Activities</b>		<b>10,357</b>
	<b>Financing Activities:</b>		
186	Cash payments to reduce outstanding finance lease liabilities		591
400	Re-payment of short/long term borrowing		400
(3,942)	Other (receipts)/payments from Financing Activities		(6,426)
<b>(3,356)</b>	<b>Net Cash (Inflow)/Outflow from Financing Activities</b>	30	<b>(5,435)</b>
305	<b>Net (Increase) Decrease in Cash &amp; Cash Equivalents</b>		<b>22</b>
(1,131)	Cash & Cash Equivalents at beginning of reporting period		(826)
<b>(826)</b>	<b>Cash &amp; Cash Equivalents at end of reporting period</b>		<b>(804)</b>

## Accounting Principles and Policies

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### General Principles

The Statement of Accounts has been prepared using the going concern and accruals bases.

The concept of a going concern assumes that an authority, its functions and services will continue in operational existence for the foreseeable future. Where this is not the case, particular care will be needed in the valuation of assets, as inventories and property, plant and equipment may not be realisable at their book values and provisions may be needed for closure costs or redundancies.

The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting. In considering the going concern, the Council is satisfied that it can continue as a going concern and the financial statements have been prepared on this basis.

The historical cost convention has been applied, modified by the valuation of the following material categories of non-current assets and financial instruments:

<b>Class of Assets</b>	<b>Valuation Basis</b>
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 (EUUV)  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 – Non-Commercial Leases	Fair Value
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

## Accounting Principles and Policies

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### 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:

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)

## Accounting Principles and Policies

Income/ Expense Item	Accounting Basis in CIES	Funding Basis in MIRS	Adjustment Account
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
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

### **Accounting standards issued but not yet adopted**

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, the council is required to disclose information setting out the impact of an accounting change required by a new accounting standard that has been issued but not yet adopted by the code. The following Accounting Standards and amendments have been issued but will not be adopted until the 2025/26 financial year.

- From 1 April 2025, the Accounting Code will change the arrangements for the valuation of Property, Plant and Equipment. For 2024/25, there has been a general requirement that assets are revalued sufficiently regularly so that their carrying amount at 31 March does not differ materially from their current value at that date. This will be replaced by an option to revalue assets every five years, subject to annual reviews for impairment and the updating of carrying amounts by the application of relevant indices. No adjustments to carrying amounts will be

## **Accounting Principles and Policies**

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required at 1 April 2025. As indices for 2025/26 will not be available until after 31 March 2026, it is not possible to project what the impact of indexation will be.

- From 1 April 2025, the Accounting Code will remove the requirement to measure Intangible Assets at fair value where there is an active market for the particular asset. The measurement basis for all Intangible Assets will be amortised historical cost.

### **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.
- 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.
- 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.
- The Council has assessed that the non-current assets from the Victoria Square development, comprising public car park, commercial units, Livewell Hub, bus park and the business enterprise centre, the Plaza at Horizon 120, are classified entirely as Property, Plant and Equipment rather than elements being treated as Investment Property on the grounds they are held for regeneration or economic development purposes and not solely to earn rentals and/or for capital appreciation. The carrying value of these assets total £31.8m.

### **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. As at the 31<sup>st</sup> March 2025, there was a net liability of £5.3m (£6.1m as at 31 March 2024).

## **Accounting Principles and Policies**

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### **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 £6.0m has been made, of which £2.4m 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.

## **Accounting Principles and Policies**

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### **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.

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.

## **Accounting Principles and Policies**

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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. However, if an asset is held for regeneration or economic development purposes (and rental income is generated as a result), then categorisation would be Property Plant & Equipment, and not Investment Property. Investment 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 - The authority as lessee - Right of Use (ROU) Assets**

The Council has adopted IFRS16 (Leases) with effect from 1 April 2024. The adoption of the new standard in respect of former operating leases resulted in the balance sheet recognition of a right-of-use asset and related lease liability if certain criteria are met. The Council has elected to apply recognition exemptions to low value assets (below £10,000 when new) and new leases with a duration of less than 12 months. A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 1 April 2024 are determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date. Those assets that have transferred under IFRS16 are included in the relevant categories on the balance sheet and a summary of the impact is shown below.

## Accounting Principles and Policies

	Finance Lease transition at cost £000s	Non-Commercial Leases valued at fair value £000s	As April 2024 £000s
Other Land and Buildings	632	3,591	4,223
Vehicles, Plant & Equipment	383	-	383
Investment Properties	-	802	802
<b>Total Long-Term Assets</b>	<b>1,015</b>	<b>4,393</b>	<b>5,408</b>
<b>Lease Liability (increase in CFR)</b>	<b>(1,015)</b>	<b>-</b>	<b>(1,015)</b>
<b>Capital Adjustment Account via MIRS</b>	<b>-</b>	<b>(4,393)</b>	<b>(4,393)</b>
<b>Net Movement</b>	<b>-</b>	<b>-</b>	<b>-</b>

For Finance Leases transition at Cost, this is reflected within the Council's balance sheet under the relevant Capital asset category with the liability being split between Short and Long-term.

The code of practice requires the right of use asset acquired under a lease that does not have a commercial payment term are accounted for as a donated asset. These circumstances have arisen where rents have been set at a peppercorn or nil consideration. These assets are measured at fair value and accounted for in their respective asset category neutralised by statutory reversals from Capital Adjustment Account.

Initial Measurement Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options. The authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

### **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.

## Accounting Principles and Policies

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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 15 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.

## Accounting Principles and Policies

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

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

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

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

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

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

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

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

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

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.

## **Accounting Principles and Policies**

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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 note.

## 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.

2023/24			2024/25			
Net Expenditure Chargeable to the General Fund Balance	Adjustments between Funding and Accounting basis	Net Expenditure in the CIES		Net Expenditure Chargeable to the General Fund Balance	Adjustments between Funding and Accounting basis	Net Expenditure in the CIES
£000	£000	£000		£000	£000	£000
(2,555)	3,373	818	Asset Management	(2,482)	3,206	724
1,096	2,392	3,488	Community & Leisure	1,529	3,916	5,445
1,418	(50)	1,368	Corporate Management	1,854	(68)	1,786
470	58	528	Economic Development	347	(587)	(240)
963	50	1,013	Environment	1,000	-	1,000
(798)	3,212	2,414	Finance	(1,023)	3,703	2,680
1,494	(20)	1,474	Governance	1,271	(25)	1,246
907	(35)	872	Housing Services	1,243	(58)	1,185
900	(22)	878	People & Performance	1,031	(32)	999
1,880	176	2,056	ICT & Facilities	1,905	733	2,638
628	43	671	Marketing & Communications	661	33	694
6,973	1,018	7,991	Operations	6,082	288	6,370
269	(6)	263	Strategic Investment	388	(12)	376
1,902	75	1,977	Sustainable Development	1,815	86	1,901
573	817	1,390	Corporate Financing	(1,977)	1,251	(726)
<b>16,120</b>	<b>11,081</b>	<b>27,201</b>	<b>Net Cost of Services</b>	<b>13,644</b>	<b>12,434</b>	<b>26,078</b>
(17,024)	(13,623)	(30,647)	Other Income and Expenditure	(19,022)	(18,791)	(37,813)
<b>(904)</b>	<b>(2,542)</b>	<b>(3,446)</b>	<b>Surplus on the Provision of Services</b>	<b>(5,378)</b>	<b>(6,357)</b>	<b>(11,735)</b>
(35,809)			General Fund Balance at 1 April	(36,713)		
<b>(36,713)</b>			<b>General Fund Balance at 31 March</b>	<b>(42,091)</b>		

## Notes to the Accounts

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

2024/25	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	980	(11)	-	2,237	3,206
Community & Leisure	4,014	(36)	-	(62)	3,916
Corporate Management	-	(61)	-	(7)	(68)
Economic Development	(626)	(7)	-	46	(587)
Environment	52	(55)	-	3	-
Finance	40	(79)	-	3,742	3,703
Governance	-	(23)	-	(2)	(25)
Housing Services	9	(51)	-	(16)	(58)
People & Performance	-	(29)	-	(3)	(32)
ICT & Facilities	781	(33)	-	(15)	733
Marketing & Communications	1	(18)	-	50	33
Operations	538	(215)	-	(35)	288
Strategic Investment	-	(12)	-	-	(12)
Sustainable Development	170	(72)	-	(12)	86
Corporate Financing	(797)	(501)	(8)	2,557	1,251
<b>Net Cost of services</b>	<b>5,162</b>	<b>(1,203)</b>	<b>(8)</b>	<b>8,483</b>	<b>12,434</b>
Other Income and Expenditure	(7,127)	195	(3,376)	(8,483)	(18,791)
<b>Total</b>	<b>(1,965)</b>	<b>(1,008)</b>	<b>(3,384)</b>	<b>-</b>	<b>(6,357)</b>

## Notes to the Accounts

<b>2023/24</b>	<b>Adjustments for Capital Purposes</b>	<b>Net change for the Pensions Adjustments</b>	<b>Other Differences</b>	<b>Re- allocation &amp; other items</b>	<b>Total Adjustments</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
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	817
<b>Net Cost of services</b>	<b>4,345</b>	<b>(985)</b>	<b>2</b>	<b>7,719</b>	<b>11,081</b>
Other Income and Expenditure	(3,441)	220	(2,683)	(7,719)	(13,623)
<b>Total</b>	<b>904</b>	<b>(765)</b>	<b>(2,681)</b>	<b>-</b>	<b>(2,542)</b>

## Notes to the Accounts

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

	<u>2023/24</u>				<u>2024/25</u>			
	Revenues from External Customers	Government Grants	Interest Revenue	Interest & MRP Expenses	Revenues from External Customers	Government Grants	Interest Revenue	Interest & MRP Expenses
	£000	£000	£000	£000	£000	£000	£000	£000
Asset Management	(4,413)	-	-	93	(4,521)	-	-	93
Community & Leisure	(941)	(232)	-	-	(972)	(568)	-	-
Corporate Management	(326)	-	-	-	(359)	-	-	-
Economic Development	(122)	-	-	-	(392)	-	-	-
Environment	(1,253)	(6)	-	-	(1,237)	(10)	-	-
Finance	(1,363)	(24,728)	(3,463)	214	(1,368)	(24,095)	(3,953)	203
Governance	(194)	(63)	-	-	(291)	(46)	-	-
Housing Services	(243)	(673)	-	-	(211)	(779)	-	15
People & Performance	-	(102)	-	-	(1)	(95)	-	-
ICT & Facilities	(4)	-	-	-	(34)	-	-	15
Marketing & Communications	(130)	-	-	-	(119)	-	-	-
Operations	(6,785)	-	-	202	(8,282)	(96)	-	704
Strategic Investment	-	-	-	-	-	-	-	-
Sustainable Development	(1,443)	(44)	-	-	(1,597)	(132)	-	-
Corporate Financing	(1,873)	(1,772)	-	1,016	(2,242)	(1,770)	-	797
<b>Net Cost of services</b>	<b>(19,090)</b>	<b>(27,620)</b>	<b>(3,463)</b>	<b>1,525</b>	<b>(21,626)</b>	<b>(27,591)</b>	<b>(3,953)</b>	<b>1,827</b>

## Notes to the Accounts

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### 2. Other Operating Expenditure

2023/24		2024/25
£000		£000
252	Change in corporate provision for doubtful debts	(11)
2,911	Parish and Town Council precepts	3,294
(143)	Gains on the disposal of non-current assets	(142)
(1,160)	Gains from other capital receipts	(5,570)
<b>1,860</b>	<b>Total</b>	<b>(2,429)</b>

### 3. Financing and Investment Income and Expenditure

2023/24		2024/25
£000		£000
220	Net interest on the pension net defined liability	195
253	Interest payable	370
(3,464)	Interest & pooled funds' dividends receivable	(3,953)
(496)	(Gain) / loss on financial assets held at Fair Value through Profit and Loss	(936)
(3,412)	Net income and other gains from investment property	(2,283)
<b>(6,899)</b>	<b>Total</b>	<b>(6,607)</b>

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

2023/24		2024/25
£000		£000
(14,055)	Council Tax income	(15,034)
(3,325)	Business Rates income [see Note 5]	(3,676)
(7,248)	General government grants	(8,544)
(980)	Capital grants and contributions	(1,523)
<b>(25,608)</b>	<b>Total</b>	<b>(28,777)</b>

## Notes to the Accounts

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### 5. Business Rate Income

The total amount of Business Rate Income is determined under the Business Rate Retention Scheme (BRRS) which includes an income share (40%), a tariff payment, and a 50% levy; the latter is payable on income in excess of a Baseline Funding Level set in the annual Local Government Finance settlement. As a member of the Essex Business Rate Pool, the Council receives a share of the total growth generated by all participating authorities, which would otherwise be paid to government.

<b>2023/24</b>		<b>2024/25</b>
<b>£000</b>		<b>£000</b>
	<b>Credited to Taxation and Non-Specific Grant Income</b>	
(20,463)	Business Rate income	(22,262)
16,346	Tariff	17,087
1,905	Levy due to the Pool	2,792
(1,113)	Share of growth received from the Pool	(1,293)
<b>(3,325)</b>	<b>Business Rate income (as per Note 4)</b>	<b>(3,676)</b>

Where government has changed the BRRS system or introduced new reliefs for business ratepayers, compensation is paid to councils through s31 grants for the reduction in business rate income. The amount of compensation received is shown in Note 7.

## Notes to the Accounts

### 6. Subjective Analysis of Expenditure and Income

	2023/24			2024/25		
	Net Cost of Services £000	Corporate amounts £000	Total £000	Net Cost of Services £000	Corporate amounts £000	Total £000
<b>Expenditure</b>						
Employee benefit expenses	20,452	220	20,672	21,994	195	22,189
Housing benefits	24,554	-	24,554	24,179	-	24,179
Other service expenses	16,293	252	16,545	16,830	(11)	16,819
Depreciation, amortisation and impairment	4,883	-	4,883	6,364	-	6,364
Revenue expenditure funded from capital	3,106	-	3,106	2,416	-	2,416
Interest payable	-	253	253	-	370	370
Investment property expenses	-	473	473	-	532	532
Business rate retention scheme tariff and net levy	-	17,137	17,137	-	18,586	18,586
New Homes & Growth Dividend	1,583	-	1,583	-	-	-
Parish and Town Council precepts	-	2,911	2,911	-	3,294	3,294
<b>Total Expenditure</b>	<b>70,871</b>	<b>21,246</b>	<b>92,117</b>	<b>71,783</b>	<b>22,966</b>	<b>94,749</b>
<b>Income</b>						
Fees, charges and other service income	(15,053)	-	(15,053)	(17,297)	-	(17,297)
Income and gains from investment property	-	(3,886)	(3,886)	-	(2,815)	(2,815)
Interest and dividend receivable	-	(3,463)	(3,463)	-	(3,953)	(3,953)
(Gain)/ loss on the fair value of financial assets	-	(496)	(496)	-	(936)	(936)
Council Tax	-	(14,055)	(14,055)	-	(15,034)	(15,034)
Business rates	-	(20,463)	(20,463)	-	(22,262)	(22,262)
Government grants and other third party contributions	(28,617)	(8,227)	(36,844)	(28,408)	(10,067)	(38,475)
Gain on disposal of non-current assets & other gains	-	(1,303)	(1,303)	-	(5,712)	(5,712)
<b>Total Income</b>	<b>(43,670)</b>	<b>(51,893)</b>	<b>(95,563)</b>	<b>(45,705)</b>	<b>(60,779)</b>	<b>(106,484)</b>
<b>Surplus or Deficit on Provision of Services</b>	<b>27,201</b>	<b>(30,647)</b>	<b>(3,446)</b>	<b>26,078</b>	<b>(37,813)</b>	<b>(11,735)</b>

## Notes to the Accounts

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### 7. Grant Income

The following grants and contributions were credited to the CIES:

<b>2023/24</b>		<b>2024/25</b>
<b>£000</b>		<b>£000</b>
	<b>Credited to Services</b>	
	Government grants:	
24,462	• Housing Benefit and Council Tax Support Admin Subsidy	24,072
1,710	• Better Care Fund - Disabled Facilities grant	1,111
632	• Homelessness grants	651
250	• Shared Prosperity Fund	1,211
308	• Asylum Large Sites grant	494
39	• Energy Grants - Administration	-
3	• Energy Grants - Discretionary Payments	-
568	• Other government grants	571
645	Other Capital grants and developer contributions	298
<b>28,617</b>		<b>28,408</b>
	<b>Credited to Taxation and Non-Specific Grant</b>	
	Government grants:	
5,003	• Compensation for business rate reliefs	6,046
1,427	• New Homes Bonus	1,239
440	• Funding Guarantee	983
377	• Other government grants	276
980	Capital grants and developer contributions	1,453
-	Donated Assets	70
<b>8,227</b>		<b>10,067</b>
<b>36,844</b>	<b>Total</b>	<b>38,475</b>

## Notes to the Accounts

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

<b>2023/24</b>		<b>2024/25</b>
<b>£000</b>		<b>£000</b>
	<b>Grants &amp; Contributions Receipts in Advance – within Short Term Creditors</b>	
20	Unilateral undertakings	19
121	Recreational disturbance avoidance mitigation (RAMs) contributions	115
1,748	Developer & other contributions	1,297
<b>1,889</b>		<b>1,431</b>
	<b>Capital Grants &amp; Contributions Receipts in Advance</b>	
8,561	Developer contributions	8,784
<b>8,561</b>		<b>8,784</b>

### **8. External Audit Costs**

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

<b>2023/24</b>		<b>2024/25</b>
<b>£000</b>		<b>£000</b>
164	External audit services	179
37	Certification of grant claims and returns	42
-	Prior-year audit fee	26
<b>201</b>	<b>Total Fees Payable for the Year</b>	<b>247</b>

Fees for external audit services include Scale Fees as per the Public Sector Audit Appointments Ltd (the PSAA). 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

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### 9. Members' Allowances and Expenses

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

2023/24		2024/25	
£000		£000	
250	Basic allowances	312	
31	Communication allowances	-	
-	Prior-year - Basic, Development & Communication Allowance	20	
175	Special Responsibility Allowances	235	
-	Prior-Year - Special Responsibility Allowances	25	
5	Expenses reimbursed	3	
<b>461</b>	<b>Total</b>	<b>595</b>	

Following a review of Members allowance by the Independent Remuneration Panel (IRP) changes were approved at Full Council on the 23<sup>rd</sup> July 2024 applied which:

- Combined the Communication allowance with the Basic Member Allowance (BMA) allowance
- Increased the overall Basic Members Allowance
- Changed Special Responsibility Allowances
- Removed the Member Development Allowance

These changes took effect from May 2023

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 2024/25	Gross salary	Benefits in Kind	Total Remuneration	Contributions to Pension Fund	Total Remuneration including Pension Contributions
	£	£	£	£	£
Chief Executive - Dan Gascoyne	156,091	-	<b>156,091</b>	32,764	<b>188,855</b>
Corporate Director - Growth	121,578	-	<b>121,578</b>	26,869	<b>148,447</b>
Corporate Director - Operations	120,564	1,456	<b>122,020</b>	26,645	<b>148,665</b>
Corporate Director - Finance & Central Services	118,911	-	<b>118,911</b>	26,279	<b>145,190</b>
Head of Finance	85,336	-	<b>85,336</b>	18,859	<b>104,195</b>
Head of Operations (to 30th April 2024)	18,316	-	<b>18,316</b>	1,548	<b>19,864</b>
Head of Operations	81,303	-	<b>81,303</b>	17,968	<b>99,271</b>
Head of Governance	79,720	-	<b>79,720</b>	17,618	<b>97,338</b>
Head of Environment	79,087	-	<b>79,087</b>	17,478	<b>96,565</b>
Head of Housing and Community	76,321	-	<b>76,321</b>	16,867	<b>93,188</b>
Head of Planning (wef 22nd July 2024)	50,019	-	<b>50,019</b>	11,054	<b>61,073</b>
Head of Property & Asset Management (wef 22nd April 2024)	81,112	-	<b>81,112</b>	-	<b>81,112</b>
Head of Transformation (wef 4th September 2024)	47,918	-	<b>47,918</b>	10,590	<b>58,508</b>

**NOTE:**

During the Year, the Chief Executive received £7,839 as the Returning Officer

## Notes to the Accounts

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	-	<b>160,157</b>	35,395	<b>195,552</b>
Corporate Director - Growth	118,610	-	<b>118,610</b>	26,213	<b>144,823</b>
Corporate Director - Operations	111,508	4,243	<b>115,751</b>	25,108	<b>140,859</b>
Corporate Director - Finance & Central Services	113,410	-	<b>113,410</b>	25,064	<b>138,474</b>
Head of Finance	81,932	-	<b>81,932</b>	18,107	<b>100,039</b>
Head of Operations	84,036	4,637	<b>88,673</b>	18,572	<b>107,245</b>
Head of Governance	76,459	-	<b>76,459</b>	16,897	<b>93,356</b>
Head of Environment	77,158	-	<b>77,158</b>	17,052	<b>94,210</b>
Head of Housing and Community	73,097	-	<b>73,097</b>	16,154	<b>89,251</b>
Head of Planning & Economic Growth (to 17/03/24)	80,873	-	<b>80,873</b>	17,873	<b>98,746</b>

**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

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

## Notes to the Accounts

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### Other Employees

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

2023/24	Remuneration Bands	2024/25
Number of employees Total		Number of employees Total
18	£50,000 to £54,999	20
11	£55,000 to £59,999	12
3	£60,000 to £64,999	6
2	£65,000 to £69,999	4
<b>34</b>	<b>Total</b>	<b>42</b>

### Exit Packages

Cost Bands	Number of Exit Packages		Cost of Exit Packages	
	2023/24	2024/25	2023/24 £000	2024/25 £000
Up to £20,000	1	-	6	-
<b>Totals</b>	<b>1</b>	<b>-</b>	<b>6</b>	<b>-</b>

### **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

**2024/25**

	Usable Reserves			Movement in Unusable Reserves £000	Relevant Unusable Reserve
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account		
	£000	£000	£000		
Depreciation and revaluation losses	6,259	-	-	(6,259)	Capital Adjustment Account / Revaluation Reserve
Amortisation of intangible assets	104	-	-	(104)	
Changes in the fair value of investment properties	31	-	-	(31)	
Revenue expenditure funded from capital under statute	2,416	-	-	(2,416)	
Net gain/ loss on disposal of non-current assets & from other receipts	1,380	-	-	(1,380)	
Capital receipts, grants and contributions	(10,547)	6,993	216	3,338	
Donated Capital Assets	(70)	-	-	70	
Provision for repayment of debt	(1,387)	-	-	1,387	
Capital expenditure charged to revenue	(151)	-	-	151	
<b>Capital Adjustments</b>	<b>(1,965)</b>	<b>6,993</b>	<b>216</b>	<b>(5,244)</b>	
Use of capital receipts reserve to finance capital expenditure	-	(1,470)	-	1,470	Capital Adjustment Account
Use of capital grants to finance capital expenditure	-	-	(81)	81	Deferred Capital Receipts Reserve
Repayment of capital loans and mortgages	-	-	-	-	
<b>Financing Adjustments</b>	<b>-</b>	<b>(1,471)</b>	<b>(80)</b>	<b>1,551</b>	
Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on provision of services	3,208	-	-	(3,208)	Pension Reserve
Employer's contributions to the Essex Pension Fund	(4,216)	-	-	4,216	
<b>Pension Adjustments</b>	<b>(1,008)</b>	<b>-</b>	<b>-</b>	<b>1,008</b>	
Statutory reversal of gain on pooled fund investments	(936)	-	-	936	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	(2,370)	-	-	2,370	Collection Fund Adjustment Account
Accrued officer leave	(8)	-	-	8	Accumulated Absences Account
<b>Other Adjustments</b>	<b>(3,384)</b>	<b>-</b>	<b>-</b>	<b>3,384</b>	
<b>Total Adjustments between Accounting Basis and Funding Basis</b>	<b>(6,357)</b>	<b>5,522</b>	<b>136</b>	<b>699</b>	

## Notes to the Accounts

2023/24	Usable Reserves			Movement in Unusable Reserves £000	Relevant Unusable Reserve
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account		
	£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 receipts, 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	-	-	-	-	
<b>Capital Adjustments</b>	<b>904</b>	<b>1,280</b>	<b>32</b>	<b>(2,216)</b>	
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)	
<b>Financing Adjustments</b>	<b>-</b>	<b>(2,617)</b>	<b>(80)</b>	<b>2,697</b>	
Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on provision of services	3,147	-	-	(3,147)	Pension Reserve
Employer's contributions to the Essex Pension Fund	(3,913)	-	-	3,913	
<b>Pension Adjustments</b>	<b>(766)</b>	<b>-</b>	<b>-</b>	<b>766</b>	
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
<b>Other Adjustments</b>	<b>(2,680)</b>	<b>-</b>	<b>-</b>	<b>2,680</b>	
<b>Total Adjustments between Accounting Basis and Funding Basis</b>	<b>(2,542)</b>	<b>(1,337)</b>	<b>(48)</b>	<b>3,927</b>	

## Notes to the Accounts

### 12. General Fund Balances

	Balance 31-Mar 2023 £000	Transfers Out 2023/24 £000	Transfers In 2023/24 £000	Balance 31-Mar 2024 £000	Transfers Out 2024/25 £000	Transfers In 2024/25 £000	Balance 31-Mar 2025 £000
Capital and other Investment							
Capital Reserve	7,006	(25)	351	7,332	(28)	362	7,666
Financial systems reinvestment	162	-	-	162	-	-	162
Vehicle & Plant replacement	539	(35)	156	660	(34)	321	947
Business Rate Pool	1,805	-	1,112	2,917	-	1,293	4,210
New Homes Bonus	4,286	(325)	-	3,961	(240)	-	3,721
Discovery Centre All Weather Pitch	42	(1)	-	41	-	-	41
Corporate Technology Requirements	103	-	-	103	-	-	103
	<b>13,943</b>	<b>(386)</b>	<b>1,619</b>	<b>15,176</b>	<b>(302)</b>	<b>1,976</b>	<b>16,850</b>
Risk Management:							
Insurance Fund	101	(10)	-	91	(10)	-	81
Treasury Management	1,069	-	86	1,155	-	190	1,345
Housing Benefit - Universal Credit Migration	891	(59)	-	832	(162)	-	670
Business Rate Retention Scheme	2,249	(671)	83	1,661	(578)	29	1,112
Recycling Income	361	-	-	361	-	-	361
Pension Deficit	-	-	554	554	-	554	1,108
Discretionary Service Risk	-	-	-	-	(148)	1,078	930
	<b>4,671</b>	<b>(740)</b>	<b>723</b>	<b>4,654</b>	<b>(898)</b>	<b>1,851</b>	<b>5,607</b>
Service Reserves:							
Community Projects	106	(20)	3	89	-	11	100
District Elections	219	(247)	30	2	-	242	244
Economic Development	471	(195)	8	284	(89)	7	202
Apprenticeships	150	(12)	5	143	-	1	144
Commuted Maintenance	209	(106)	-	103	(103)	-	-
Unilateral Undertakings	455	(95)	-	360	(137)	1	224
Partnership & Developer Funds	122	(4)	-	118	(1)	-	117
Councillor Grants Scheme	30	-	29	59	(20)	8	47
Procurement Hub	108	-	8	116	(3)	-	113
Local Plan	349	(10)	82	421	(118)	23	326
Local Council Tax Support	611	-	-	611	-	-	611
Leisure	67	(26)	-	41	-	-	41
Planned Maintenance (Revenue)	89	-	-	89	-	-	89

## Notes to the Accounts

Planning Appeals	193	(138)	-	55	(55)	-	-
Public Health Agenda	125	(22)	-	103	(21)	7	89
Homelessness Funds	1,060	(68)	101	1,093	(241)	16	868
Development Control	69	(69)	-	-	-	-	-
Housing Development & Local Growth	59	(57)	-	2	-	-	2
Land Charges	100	-	-	100	-	58	158
Covid-19	451	(10)	-	441	-	-	441
Climate Change	377	(108)	2	271	(295)	200	176
Planning Enforcement	118	(15)	-	103	-	-	103
Cost of Living	-	(161)	1,000	839	(405)	-	434
Growth & Economic Strategy	-	-	427	427	(129)	-	298
New Homes & Growth Dividend	1,635	(1,583)	-	52	-	-	52
Braintree & Bocking Heritage (Restricted)	-	(1)	156	155	(12)	-	143
Licensing	-	-	479	479	-	205	684
Other reserves less than £50k	172	(35)	6	143	(27)	98	214
Approved budget carry forwards	715	(524)	308	499	(367)	522	654
	<b>8,060</b>	<b>(3,506)</b>	<b>2,644</b>	<b>7,198</b>	<b>(2,023)</b>	<b>1,399</b>	<b>6,574</b>
<b>Change Management:</b>							
Training & Development	57	-	-	57	-	-	57
Corporate Improvement Programme	135	(20)	29	144	-	27	171
Transformation	850	(80)	-	770	(324)	806	1,252
North Essex Councils	-	-	162	162	(126)	200	236
	<b>1,042</b>	<b>(100)</b>	<b>191</b>	<b>1,133</b>	<b>(450)</b>	<b>1,033</b>	<b>1,716</b>
<b>Total Earmarked Reserves</b>	<b>27,716</b>	<b>(4,732)</b>	<b>5,177</b>	<b>28,161</b>	<b>(3,673)</b>	<b>6,259</b>	<b>30,747</b>
Unallocated balance	8,093	(850)	1,309	8,552	(459)	3,251	11,344
<b>Total General Fund</b>	<b>35,809</b>	<b>(5,582)</b>	<b>6,486</b>	<b>36,713</b>	<b>(4,132)</b>	<b>9,510</b>	<b>42,091</b>

**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), housing benefit overpayments, and specific service risks.

**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 Buildings	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 2024	449	97,040	14,974	3,066	9,483	302	125,314
Transition to Right of Use Asset (IFRS16)	-	4,222	383	-	-	-	4,605
<b>At 1 April 2024 (Revised)</b>	<b>449</b>	<b>101,262</b>	<b>15,357</b>	<b>3,066</b>	<b>9,483</b>	<b>302</b>	<b>129,919</b>
Additions	-	632	3,461	258	78	927	5,356
Transfers and reclassifications	-	-	512	-	(2,709)	(525)	(2,722)
Revaluations	7	868	-	-	(1,156)	-	(281)
Disposals & derecognition	-	(60)	(2,567)	(2)	(654)	-	(3,283)
<b>At 31 March 2025</b>	<b>456</b>	<b>102,702</b>	<b>16,763</b>	<b>3,322</b>	<b>5,042</b>	<b>704</b>	<b>128,989</b>
Accumulated Depreciation and Impairment							
At 1 April 2024	-	(129)	(9,026)	(514)	-	-	(9,669)
Depreciation charge	(5)	(3,526)	(1,286)	(5)	-	-	(4,822)
Transfers and reclassifications	-	-	-	-	-	-	-
Write out of depreciation on revaluation	5	3,460	-	-	-	-	3,465
Impairments	-	-	-	-	-	-	-
Disposals & derecognition	-	4	1,900	-	-	-	1,904
<b>At 31 March 2025</b>	<b>-</b>	<b>(191)</b>	<b>(8,412)</b>	<b>(519)</b>	<b>-</b>	<b>-</b>	<b>(9,122)</b>
Net Book Value:							
<b>At 31 March 2025</b>	<b>456</b>	<b>102,511</b>	<b>8,351</b>	<b>2,803</b>	<b>5,042</b>	<b>704</b>	<b>119,867</b>
At 31 March 2024	449	96,911	5,948	2,552	9,483	302	115,645

### Effects of Changes in Estimates

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

## Notes to the Accounts

### Property, Plant & Equipment (Right of Use Assets) – 2024/25

The following statement shows the values attributable to Right of Use Assets included in PPE

	Other Land and Building £000	Vehicles, Plant & Equipment £000	Total £000
<b>Cost or Valuation</b>			
At 1 April 2024	-	1,327	1,327
Transition to Right of Use Asset (IFRS16)	4,222	383	4,605
<b>At 1 April 2024 (Revised)</b>	<b>4,222</b>	<b>1,710</b>	<b>5,932</b>
Additions	-	2,123	2,123
Revaluations	(299)	-	(299)
Disposals & derecognition	-	-	-
<b>At 31 March 2025</b>	<b>3,923</b>	<b>3,833</b>	<b>7,756</b>
<b>Accumulated Depreciation and Impairment</b>			
At 1 April 2024	-	(379)	(379)
Depreciation charge	(137)	(385)	(522)
Write out of depreciation on revaluation	77	-	77
<b>At 31 March 2025</b>	<b>(60)</b>	<b>(764)</b>	<b>(824)</b>
<b>Net Book Value:</b>			
<b>At 31 March 2025</b>	<b>3,863</b>	<b>3,069</b>	<b>6,932</b>

## Notes to the Accounts

### Comparative Movements in 2023/24

	Council Dwellings	Other Land and Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets Not for Sale	Assets Under Construction	Total Property, Plant, and Equipment
	£000	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>							
At 1 April 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	-	-	(2,010)	-	3,674
Disposals & derecognition	-	-	(427)	-	-	-	(427)
<b>At 31 March 2024</b>	<b>449</b>	<b>97,040</b>	<b>14,974</b>	<b>3,066</b>	<b>9,483</b>	<b>302</b>	<b>125,314</b>
<b>Accumulated Depreciation and Impairment</b>							
At 1 April 2023	-	(145)	(8,190)	(509)	(1)	-	(8,845)
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	-	-	-	-	1	-	1
Disposals & derecognition	-	-	425	-	-	-	425
<b>At 31 March 2024</b>	<b>-</b>	<b>(129)</b>	<b>(9,026)</b>	<b>(514)</b>	<b>-</b>	<b>-</b>	<b>(9,669)</b>
<b>Net Book Value:</b>							
<b>At 31 March 2024</b>	<b>449</b>	<b>96,911</b>	<b>5,948</b>	<b>2,552</b>	<b>9,483</b>	<b>302</b>	<b>115,645</b>
At 31 March 2023	432	90,814	5,848	2,420	12,218	212	111,944

### 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

## Notes to the Accounts

2023/24 £000		2024/25 £000
	<b><u>Infrastructure Assets:</u></b>	
<b>8,936</b>	<b>Net Book Value (modified historical cost) at 1 April</b>	<b>8,883</b>
440	Additions	100
-	- Derecognition	-
(493)	Depreciation	(551)
-	- Depreciation written out on derecognition	-
-	- Impairment	-
-	- Other Movements	-
<b>8,883</b>	<b>Net Book Value at 31 March</b>	<b>8,432</b>

In accordance with the temporary relief offered by the 'Update to the Code and Specifications for Future Codes For Infrastructure Assets November 2022', 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 statutory regulations 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 2025. Significant assumptions applied by the valuer in estimating fair values are:

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

## Notes to the Accounts

	<b>Council Dwellings</b>	<b>Other Land and Buildings</b>	<b>Vehicles, Plant &amp; Equipment</b>	<b>Surplus Asset</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Carried at historical cost	-	1,757	16,763	2	18,522
Valued at Fair Value as at:					
31-Mar-21	-	353	-	410	763
31-Mar-22	-	70	-	225	295
31-Mar-23	-	13	-	2,180	2,193
31-Mar-24	-	35	-	-	35
31-Mar-25	456	100,474	-	2,224	103,154
<b>Total Cost or Valuation</b>	<b>456</b>	<b>102,702</b>	<b>16,763</b>	<b>5,042</b>	<b>124,962</b>

All the Council's Surplus Assets have been assessed as Level 2 or Level 3 in the fair value hierarchy for valuation purposes.

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

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

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

## Notes to the Accounts

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### 14. Heritage Assets

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

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

Heritage Assets comprise the Museum collection (i.e. ceramics, art, archaeology, and social history), civic regalia, and a small number of historic buildings and monuments. In 2024/25 there were £70k of additions which have been donated in-year (nil in 2023/24).

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 2025 was £0.404m (£0.640m 31 March 2024).

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

## Notes to the Accounts

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### 15. Investment Property

Income from investment property was £2.8m in the year (£2.7m in 2023/24), and related expenses incurred were £532k (£474k in 2023/24) resulting in a net gain of £2.3m (£2.3m in 2023/24).

There are no restrictions on the ability to realise the value inherent in 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:

<b>2023/24</b>		<b>2024/25</b>
<b>£000</b>		<b>£000</b>
46,875	Balance at 1 April	48,850
-	- Transition to Right of Use Asset (IFRS16)	802
46,875	<b>Balance at 1 April (Revised)</b>	<b>49,652</b>
-	- Additions	-
13	Enhancement expenditure	12
-	- Disposals	-
809	Category transfer	-
1,153	Net gain/ (loss) from change in fair value	(31)
<b>48,850</b>	<b>Balance at 31 March</b>	<b>49,633</b>

All the Council's investment properties have been assessed as Level 2 or 3 in the fair value hierarchy for valuation purposes.

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

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

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

## Notes to the Accounts

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### 16. Intangible Assets

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

<b>2023/24</b>		<b>2024/25</b>
<b>£000</b>		<b>£000</b>
	Balance at 1 April:	
<b>1,733</b>	Gross carrying amounts	<b>1,934</b>
<b>(1,249)</b>	Accumulated amortisation	<b>(1,342)</b>
<b>484</b>	Net carrying amount at 1 April	<b>592</b>
170	Additions and enhancements	90
31	Transfers and reclassifications	13
(93)	Amortisation for the period	(104)
-	Other movements	(1)
<b>592</b>	<b>Net carrying amount at 31 March</b>	<b>590</b>
	Comprising:	
<b>1,934</b>	Gross carrying amounts	<b>2,036</b>
<b>(1,342)</b>	Accumulated amortisation	<b>(1,446)</b>
<b>592</b>		<b>590</b>

### 17. Assets Held for Sale

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

<b>2023/24</b>		<b>2024/25</b>
<b>£000</b>		<b>£000</b>
<b>238</b>	Balance at 1 April:	-
-	Asset Reclassification	2,709
-	Additions	-
(238)	Disposal / Revaluation loss	-
<b>-</b>	<b>Balance at 31 March</b>	<b>2,709</b>

## 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.

2023/24 £000		2024/25 £000
<b>24,488</b>	<b>Opening Capital Financing Requirement</b>	<b>23,006</b>
-	Restated for IFRS16	1,015
<b>24,488</b>	<b>Opening Capital Financing Requirement (Revised)</b>	<b>24,021</b>
	Capital Investment:	
2,558	Property, plant and equipment	5,466
13	Investment properties	12
170	Intangible assets	81
-	Assets Held For Sale	-
-	Heritage Assets	70
3,106	Revenue expenditure funded from capital under statute (REFCUS)	2,416
<b>5,847</b>		<b>8,045</b>
	Sources of Finance:	
(2,628)	Capital receipts	(1,470)
(3,499)	Government grants and other contributions	(3,419)
-	Sums set aside from revenue (including earmarked reserves)	(151)
-	Donated Assets	(70)
(1,202)	Minimum Revenue Provision	(1,387)
<b>(7,329)</b>		<b>(6,497)</b>
<b>23,006</b>	<b>Closing Capital Financing Requirement</b>	<b>25,569</b>
	<b>Explanation of movements in the year:</b>	
287	Increase due to capital expenditure not yet financed	2,935
(567)	Repayment of prior year unfinanced expenditure	-
(1,202)	Minimum Revenue Provision	(1,387)
<b>(1,482)</b>	<b>Increase (Reduction) in Capital Financing Requirement</b>	<b>1,548</b>

## Notes to the Accounts

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### 19. Capital Commitments

At the Balance Sheet date the Council had entered into a number of contracts for the construction or enhancement of PPE which resulted in a commitment in future years to budgeted costs of £5.495m (£1.392m at 31 March 2024).

### 20. Financial Instruments

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

2023/24 £000		2024/25 £000
	<b>Surplus or Deficit on the Provision of Services</b>	
	<b>Net (gains)/ losses on:</b>	
(496)	Financial assets measured at fair value through profit or loss	(936)
<b>(496)</b>	<b>Total (gains)/ losses</b>	<b>(936)</b>
	<b>Interest &amp; dividend revenue:</b>	
(1,253)	Financial assets measured at amortised cost	(1,581)
(2,210)	Financial assets measured at fair value through profit or loss	(2,372)
<b>(3,463)</b>	<b>Total revenue</b>	<b>(3,953)</b>
	<b>Interest &amp; premium expense</b>	
253	Financial liabilities measured at amortised cost - interest	370
<b>253</b>	<b>Total expense</b>	<b>370</b>
	<b>Loss allowances</b>	
252	Impairment losses (reversals)	(11)
<b>252</b>	<b>Total loss allowance</b>	<b>(11)</b>
<b>(3,454)</b>	<b>Net (Gains)/ Losses for the year</b>	<b>(4,530)</b>

## Notes to the Accounts

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

	Non-Current		Current	
	31-Mar-24 £000	31-Mar-25 £000	31-Mar-24 £000	31-Mar-25 £000
<b>Investments</b>				
<b>Amortised cost</b>				
Principal	-	-	7,500	24,500
<b>Fair Value through profit or loss</b>				
Money Market Funds	-	-	29,038	29,033
Pooled funds	21,224	22,165	-	-
Accrued dividends	-	-	394	413
<b>Total Investments</b>	<b>21,224</b>	<b>22,165</b>	<b>36,932</b>	<b>53,946</b>
<b>Debtors (amortised cost)</b>				
Trade receivables and other debtors	-	-	4,080	4,545
Loans made for service purposes	35	23	-	3
Loss allowance	-	-	(374)	(246)
<b>Total Debtors</b>	<b>35</b>	<b>23</b>	<b>3,706</b>	<b>4,302</b>
<b>Cash and Cash Equivalents (amortised cost)</b>				
Cash and bank accounts	-	-	826	804
Accrued interest	-	-	-	-
<b>Total Cash and Cash Equivalents</b>	<b>-</b>	<b>-</b>	<b>826</b>	<b>804</b>
<b>Total Financial Assets</b>	<b>21,259</b>	<b>22,188</b>	<b>41,464</b>	<b>59,052</b>

The Balance Sheet includes £1.197m (31 March 2024 £1.607m) of Long-term Debtors and £4.437m (31 March 2024 £5.213m) of Short-term Debtors that do not meet the definition of a financial asset.

## Notes to the Accounts

	Non-Current		Current	
	31-Mar-24 £000	31-Mar-25 £000	31-Mar-24 £000	31-Mar-25 £000
<b>Financial Liabilities (at amortised cost)</b>				
<b>Borrowings</b>				
Principal sum borrowed	5,000	4,600	400	400
Accrued interest	-	-	47	43
<b>Total Borrowings</b>	<b>5,000</b>	<b>4,600</b>	<b>447</b>	<b>443</b>
<b>Other Long Term Liabilities</b>				
Finance leases	2,579	4,632	-	-
<b>Total Other Long Term Liabilities</b>	<b>2,579</b>	<b>4,632</b>	<b>-</b>	<b>-</b>
<b>Creditors</b>				
Trade payables and other creditors	42	-	5,876	4,543
<b>Total Creditors</b>	<b>42</b>	<b>-</b>	<b>5,876</b>	<b>4,543</b>
<b>Other Short Term Liabilities</b>				
Finance leases	-	-	190	685
<b>Total Other Short Term Liabilities</b>	<b>-</b>	<b>-</b>	<b>190</b>	<b>685</b>
<b>Total Financial Liabilities</b>	<b>7,621</b>	<b>9,232</b>	<b>6,513</b>	<b>5,671</b>

The Balance Sheet total for Short-term Creditors includes £23.159m (31 March 2024 £18.580m) 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 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-24		31-Mar-25	
	Fair Value Level	Carrying Value £000	Fair Value £000	Carrying Value £000	Fair Value £000
<b>Financial Assets held at fair value:</b>					
Money Market Funds	1	29,149	29,149	29,128	29,128
Equity Multi-Asset Funds	1	18,372	18,372	19,258	19,258
Property Fund	2	2,852	2,852	2,907	2,907
<b>Total</b>		<b>50,373</b>	<b>50,373</b>	<b>51,293</b>	<b>51,293</b>
Asset for which fair value is not disclosed		11,875		29,929	
<b>Total Financial Assets</b>		<b>62,248</b>		<b>81,222</b>	
Recorded on the Balance Sheet as:					
Long Term Investments		21,224		22,165	
Long Term Debtors		35		23	
Short Term Investments		36,538		53,533	
Short Term Debtors		3,625		4,697	
Cash and Cash Equivalents		826		804	
<b>Total Financial Assets</b>		<b>62,248</b>		<b>81,222</b>	

## Notes to the Accounts

		31-Mar-24		31-Mar-25	
	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	5,447	4,845	5,043	4,415
Lease payables*	2	2,769	2,604	-	-
<b>Total</b>		<b>8,216</b>	<b>7,449</b>	<b>5,043</b>	<b>4,415</b>
Liabilities for which fair value is not disclosed		4,887		9,908	
<b>Total Financial Liabilities</b>		<b>13,103</b>		<b>14,951</b>	
Recorded on the Balance Sheet as:					
Short Term & Long-Term Creditors		4,568		4,635	
Other Short-Term Liabilities		184		684	
Short Term Borrowing		400		400	
Long Term Borrowing		5,000		4,600	
Other Long Term Liabilities		2,951		4,632	
<b>Total Financial Liabilities</b>		<b>13,103</b>		<b>14,951</b>	

\*Please note due to IFRS16, the fair value of lease liabilities no longer needs to be disclosed.

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

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

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

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

## Notes to the Accounts

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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:

	<b>31-Mar-24</b>	<b>31-Mar-25</b>
	<b>£000</b>	<b>£000</b>
<b>Credit Rating</b>		
AAA	29,038	29,033
DMO	7,500	15,500
Local Authorities	-	9,000
<b>Total</b>	<b>36,538</b>	<b>53,533</b>
Pooled Funds (unrated)	21,224	22,165
<b>Total Investments</b>	<b>57,762</b>	<b>75,698</b>

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

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

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

## Notes to the Accounts

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Debtors include a total of £1.074m of trade receivables (£1.449m at 31 March 2024). The amount can be analysed by age of debt as follows:

<b>31-Mar-24</b>	<b>Aged debt analysis</b>	<b>31-Mar-25</b>
<b>£000</b>		<b>£000</b>
864	Less than 3 months	619
142	Three to six months	100
202	Six months to one year	200
241	More than one year	155
<b>1,449</b>	<b>Total due at 31 March</b>	<b>1,074</b>

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

### Liquidity Risk

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

### Maturity Risk

The Council has £22.165 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 (£19.258m) 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 (£2.907m) 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.

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.

## Notes to the Accounts

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If all interest rates had been 1% higher with all other variables held constant, the financial effect to the Surplus or Deficit on the Provision of Services within the CIES would be £588k. This is based on the average amount invested in short-term financial assets during the year of £58.767 million. A fall in the overall rate of return of 1% would have reduced investment income by a sum equivalent to the figure stated above.

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 £0.116m 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 £0.780m 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 £3k 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

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### 23. Right of Use Assets / Leases

#### Right of use – Council as Lessee

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

<b>31-Mar-24</b>		<b>31-Mar-25</b>
<b>£000</b>		<b>£000</b>
-	PPE – Land & Buildings	3,864
947	PPE – Vehicles & plant	3,069
1,996	Investment property	3,390
<b>2,943</b>	<b>Total Carrying Value</b>	<b>10,323</b>

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

<b>31-Mar-24</b>		<b>31-Mar-25</b>
<b>£000</b>		<b>£000</b>
	Right of use lease liabilities (net present value of minimum lease payments):	
190	• Current	685
2,579	• Non-current	4,632
5,645	Finance costs payable in future years	6,478
<b>8,414</b>	<b>Total Minimum Lease Payments</b>	<b>11,795</b>

Please note the balances at 31st Mar 25 include those that have transferred as right of use assets under IFRS16.

## Notes to the Accounts

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31-Mar-24 £000	31-Mar-25 £000	31-Mar-24 £000	31-Mar-25 £000
Not later than one year	294	918	190	685
Over one year but not later than five years	1,152	2,735	684	1,980
Later than five years	6,968	8,142	1,895	2,652
	<b>8,414</b>	<b>11,795</b>	<b>2,769</b>	<b>5,317</b>

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-24 £000		31-Mar-25 £000
1,009	Not later than one year	1,009
2,956	Later than one year and not later than five years	2,040
624	Later than five years	532
<b>4,589</b>		<b>3,581</b>

## Notes to the Accounts

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### Operating Leases – Council as Lessee

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

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

<b>31-Mar-24</b>		<b>31-Mar-25</b>
<b>£000</b>		<b>£000</b>
327	Not later than one year	-
417	Later than one year and not later than five years	-
806	Later than five years	-
<b>1,550</b>		<b>-</b>

Please note that due to the introduction of IFRS16 from 2024/25, these leases have now either transferred as a right of use asset or have a contract remaining of less than 12 months so are no longer classed as a lease.

## Notes to the Accounts

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### 24. Long and Short-term Debtors

31-Mar-24		31-Mar-25
£000		£000
1,607	Deferred income from property leases	1,197
35	Other advances	23
<b>1,642</b>	<b>Long-Term Debtors</b>	<b>1,220</b>

31-Mar-24		31-Mar-25
£000		£000
1,362	Central government bodies	1,535
1,265	Essex County Council (ECC)	1,274
364	Other local authorities	458
	Other entities and individuals:	
896	• Council Tax & business ratepayers	729
832	• Housing Benefit overpayments & penalties	665
396	• Accrued interest & dividends	409
503	• Trade receivables	377
423	• Deferred income from property leases	423
3,273	• Other debtors and prepayments	3,265
<b>9,314</b>	<b>Short-Term Debtors</b>	<b>9,135</b>

## Notes to the Accounts

### 25. Long and Short-term Creditors

31-Mar-24 £000		31-Mar-25 £000
	Central government bodies:	
105	• Business grants agency (Covid-19)	105
6,154	• Business rate agency	9,054
3,242	• Business rates compensation grant	-
1,540	• Asylum Large Sites	1,438
1,043	• Other central government	2,568
1,858	Essex County Council (ECC)	2,888
2,614	ECC business rate and council tax agency	3,805
575	Other local authorities	916
	Other entities and individuals:	
475	• Council Tax & business rates prepaid	564
47	• Accrued interest	43
-	• Supplier creditors	164
6,851	• Other creditors and receipts in advance	6,200
<b>24,504</b>	<b>Short-Term Creditors</b>	<b>27,745</b>

31-Mar-24 £000		31-Mar-25 £000
42	Rent Deposits	49
<b>42</b>	<b>Long-Term Creditors</b>	<b>49</b>

### 26. Provisions

31-Mar-24 £000		31-Mar-25 £000
2,602	NNDR Appeals	2,410
-	Other Provisions	17
<b>2,602</b>	<b>Long-Term Creditors</b>	<b>2,427</b>

## Notes to the Accounts

### 27. 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:

2023/24 £000		2024/25 £000
	<b><u>Comprehensive Income &amp; Expenditure Statement</u></b>	
	<b>Service cost included within the Cost of Services</b>	
2,781	Current service cost	2,873
-	Past service costs (including curtailments)	-
146	Administration expenses	140
	<b>Financing and Investment Income and Expenditure</b>	
220	Net interest expense	195
<b>3,147</b>	<b>Post-employment Benefits Charged to Surplus or Deficit on the Provision of Services</b>	<b>3,208</b>
	<b>Re-measurement of the Net Defined Benefit Liability comprising:</b>	
(15,677)	Return on assets excluding amounts included in the net interest	(448)
(2,300)	Actuarial (gains) arising on changes in demographic assumptions	(426)
(2,409)	Actuarial (gains) and losses arising on changes in financial assumptions	(20,001)
-	Other Actuarial (gains) and losses on assets	-
478	Experience and other (gains) and losses	(360)
20,233	Changes in effect of Asset Ceiling	21,487
<b>325</b>	<b>Re-measurements recognised in Other Comprehensive Income</b>	<b>252</b>
<b>3,472</b>	<b>Total Post Employment-Benefits Charged to the CI+ES</b>	<b>3,460</b>
	<b><u>Movement in Reserves Statement</u></b>	
(3,147)	Reversal of the net charge made to the Surplus or Deficit for the Provision of Services	(3,208)
3,913	Employers' contributions charged against the General Fund balance	4,216
<b>766</b>	<b>Net Adjustments in the MIRS</b>	<b>1,008</b>

## Notes to the Accounts

### Pension Assets and Liabilities in the Balance Sheet

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

2023/24 £000		2024/25 £000
232,679	Fair value of employer assets	240,858
(154,495)	Present value of funded liabilities	(137,356)
(6,063)	Present value of unfunded liabilities	(5,305)
(78,184)	Impact of Asset Ceiling	(103,502)
<b>(6,063)</b>	<b>Net Asset / (Liability)</b>	<b>(5,305)</b>

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

	Funded liabilities: Local Government Pension Scheme		Unfunded liabilities: Discretionary Benefits	
	2023/24 £000	2024/25 £000	2023/24 £000	2024/25 £000
<b>Opening balance at 1 April</b>	<b>155,261</b>	<b>154,495</b>	<b>6,510</b>	<b>6,063</b>
Current service cost	2,781	2,873		
Interest cost	7,293	7,400	298	282
Contributions from scheme participants	1,019	1,081	-	-
Re-measurement (gains) and losses:	-	-	-	-
Changes in demographic assumptions	(2,190)	(408)	(110)	(18)
Changes in financial assumptions	(2,364)	(19,636)	(45)	(365)
Experience (gain) or loss	457	(345)	21	(15)
Past service cost	-	-	-	-
Losses on curtailment	-	-	-	-
Benefits paid	(7,762)	(8,104)	(611)	(642)
Liabilities extinguished on settlements	-	-	-	-
<b>Closing balance at 31 March</b>	<b>154,495</b>	<b>137,356</b>	<b>6,063</b>	<b>5,305</b>

## Notes to the Accounts

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

2023/24		2024/25	
£000		£000	
<b>210,558</b>	<b>Opening fair value of scheme assets</b>	<b>232,679</b>	
10,025	Interest income	11,318	
	Re-measurement gain/ (loss):		
15,677	Return on assets less interest	448	
-	Other actuarial gains/ (losses)	-	
(146)	Administration expenses	(140)	
3,919	Contributions from employer	4,218	
1,019	Contributions from employees	1,081	
(8,373)	Benefits paid	(8,746)	
-	Settlement prices paid	-	
<b>232,679</b>	<b>Closing balance at 31 March</b>	<b>240,858</b>	

### Pension scheme assets:

31-Mar-24		31-Mar-25	
Fair value	% of Total	Fair value	% of Total
£000		£000	
128,882	56%	132,243	55%
4,157	2%	3,651	2%
16,060	7%	19,442	8%
5,740	2%	4,697	2%
35,375	15%	36,304	15%
42,465	18%	44,521	18%
<b>232,679</b>	<b>100%</b>	<b>240,858</b>	<b>100%</b>

At the 31 March 2025, 54% (57% 31 March 2024) 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 2024-25 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:

<u>31-Mar-24</u>		<u>31-Mar-25</u>
	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%
4.90%	Rate for discounting liabilities	5.80%
	<b>Longevity from age 65 (years):</b>	
22.0 (24.7)	Male (female) Retiring in 20 years	22.0 (24.7)
20.8 (23.3)	Male (female) Retiring today	20.7 (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:

<b>Change in Assumptions at 31 March 2025</b>	<b>Impact on the Defined Benefit Obligation in the Scheme</b>	
	<b>Approx.% change in Present Value of Total Obligation</b>	<b>Approximate Monetary Amount £000</b>
0.1% increase in discount rate	-1.30%	-£1,849
0.1% increase in long-term salary increase	0.13%	£181
0.1% increase in pension increases and deferred revaluation	1.24%	£1,763
1 year increase in member life expectancy	4.08%	£5,825

## Notes to the Accounts

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### Reconciliation of the Asset Ceiling:

<b>31-Mar-24</b>		<b>31-Mar-25</b>
<b>55,297</b>	<b>Opening impact of asset ceiling</b>	<b>78,184</b>
2,654	Interest on impact of asset ceiling	3,831
20,233	Actuarial losses	21,487
<b>78,184</b>	<b>Closing impact of asset ceiling</b>	<b>103,502</b>

### 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.

On 25 July 2024, the Court of Appeal dismissed the appeal in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others. Virgin Media Ltd brought the appeal against aspects of the High Court’s ruling handed down in June 2023 relating to the validity of certain historical pension changes due to the lack of actuarial confirmation required by law. The Court of Appeal upheld the High Court’s ruling. The ruling may have implications for other UK defined benefit plans. It is understood this would apply to the LGPS and HM Treasury is currently assessing the implications for all public service pension schemes. No further information is available at this stage.

### 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.

## Notes to the Accounts

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 2026 is £3.9m.

### 28. Unusable Reserves

31-Mar-24		31-Mar-25	
£000		£000	
48,046	Revaluation Reserve	49,433	
103,706	Capital Adjustment Account	107,007	
(6,063)	Pensions Reserve	(5,305)	
2,262	Pooled Investments Adjustment Account	3,197	
(1,263)	Financial Instruments Adjustments Account	(1,192)	
2,997	Collection Fund Adjustment Account	5,367	
(263)	Accumulating Absences Account	(254)	
<b>149,422</b>	<b>Total Unusable Reserves</b>	<b>158,253</b>	

### Revaluation Reserve

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

2023/24		2024/25	
£000		£000	£000
<b>43,192</b>	<b>Balance at 1 April</b>		<b>48,046</b>
8,477	Upward revaluation of assets	8,649	
(2,096)	Downward revaluation of assets and impairment losses	(4,661)	
6,381	Surplus on revaluation of non-current assets not posted to Surplus/ Deficit on the Provision of Services		3,989
(1,527)	Difference between fair value depreciation and historical cost depreciation	(1,916)	
-	Accumulated gains on assets disposed	(686)	
(1,527)	Amount written off to the Capital Adjustment Account		(2,602)
<b>48,046</b>	<b>Balance at 31 March</b>		<b>49,433</b>

## Notes to the Accounts

### Capital Adjustment Account

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

2023/24		2024/25	
£000		£000	£000
<b>101,688</b>	<b>Balance at 1 April</b>		<b>103,706</b>
	Restatement - Right of Use Assets (IFRS16)		4,393
	<b>Balance at 1 April (Revised)</b>		<b>108,099</b>
	Reversal of items relating to capital expenditure debited or credited to the CI+ES:		
(4,790)	• Depreciation and impairment of non-current assets	(4,344)	
(93)	• Amortisation of intangible assets	(104)	
(3,106)	• Revenue expenditure funded from capital under statute	(2,416)	
(1)	• Amounts of Non-current assets written off on disposal	(694)	
(7,990)		(7,558)	
1,527	Adjusting amounts written out of the Revaluation Reserve	-	
<b>(6,463)</b>	Net written out amount of the cost of non-current assets consumed in the year		<b>(7,558)</b>
	Capital financing applied in the year:		
2,627	• Capital Receipts	1,470	
3,419	• Grants and contributions received and applied in the year	3,338	
80	• Capital Grants Unapplied Account	81	
-	• Donated Assets	70	
1,202	• Minimum revenue provision	1,387	
-	• Capital expenditure charged to revenue	151	
<b>7,328</b>			<b>6,497</b>
<b>1,153</b>	Movements in the market value of Investment Properties		<b>(31)</b>
<b>103,706</b>	<b>Balance at 31 March</b>		<b>107,007</b>

### Pooled Investments Adjustments Account

The Pooled Investments Adjustment Account holds the balance of unrealised gains/ losses arising from the Council's financial assets held at fair value through profit and loss. In 2024/25 gains increased by £935k giving a total unrealised gain of £3.197m (unrealised gain in 2023/24 £2.262m).

## 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 2024/25 a charge of £71k was made against the General Fund.

### 29. Cash Flow Operating Activities

2023/24 £000		2024/25 £000
	<b>Cash flows for operating activities included the following items:</b>	
(3,463)	Interest & dividends received	(3,953)
255	Interest paid	370
<b>(3,208)</b>		<b>(3,583)</b>
	<b>Adjustments to net surplus or deficit on the provision of services for non-cash movements:</b>	
(4,786)	Depreciation	(5,298)
233	Revaluation losses/ gains	(961)
(93)	Amortisation of intangibles	(104)
1,649	Change in fair value of investment property and financial assets	904
(1,908)	(Increase)/Decrease in creditors	528
(13)	(Increase)/Decrease in provisions	175
(414)	Increase/(Decrease) in debtors	552
10	Increase/(Decrease) in inventories	(9)
-	Change in Capital receipts in advance	269
766	Movement in pension liability	1,008
(240)	Carrying amount of non-current assets sold	(1,379)
<b>(4,796)</b>	<b>Total non-cash movements</b>	<b>(4,245)</b>
	<b>Adjustment for items included in the surplus or deficit on the provision of services that are investing and financing activities:</b>	
2,539	Net rental income from investment property	2,649
1,280	Proceeds from the sale of property, plant and equipment, investment property, and other capital receipts	6,993
1,016	Capital grants credited to surplus or deficit on the provision of services	1,410
11	De minimis receipts	98
<b>4,846</b>	<b>Total of items that are investing and financing activities</b>	<b>11,080</b>

## Notes to the Accounts

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

	01-Apr-24	IFRS 16 Transition	Financing cash flows	Non-cash change	31-Mar-25
	£000		£000	£000	£000
<b>Long-term borrowing</b>					
Long-term borrowing	(5,000)		-	400	(4,600)
Finance lease liabilities	(2,579)	(615)	(2,123)	685	(4,632)
<b>Short-term borrowing</b>					
Short-term borrowing	(400)		400	(400)	(400)
Finance lease liabilities	(190)	(400)	590	(685)	(685)
<b>Total Liabilities from Financing Activities</b>	<b>(8,169)</b>	<b>(1,015)</b>	<b>(1,133)</b>	<b>-</b>	<b>(10,316)</b>
Net change in agency debtor/ creditor			(4,303)		
<b>Net Cash outflow from Financing Activities</b>			<b>(5,435)</b>		

### Comparative Year 2023/24

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

## Notes to the Accounts

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### **31. 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.

Payments for the year were made to the Museum Trust amounting to £185,159.

In 2022/23 a loan of £60,000 was advanced to the Warner Textile Archive which is owned by the Museum Trust. Repayments of £11,530.51 which includes interest were made in 2024/25 (£13,587.24 in 2023/24). The balance on the loan outstanding at the Balance Sheet date was £34,842.33.

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

A community grants scheme was operated providing all ward Councillors with £1,250 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 a balance up to £500 to be carried over to be used in another year.

In total £75,433.36 was paid out and £1,550 receipted (£31,113.94 in 2023/24) 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 net receipt was received from Active Braintree Foundation totalling £8,107.15. This included room hire fees and contributions received.

## Notes to the Accounts

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### 32. 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.

### 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

2023/24			Note	2024/25	
Business Rates £000	Council Tax £000			Business Rates £000	Council Tax £000
		<b><u>Income</u></b>			
-	116,240	Council Tax receivable	CF1	-	124,338
45,807	-	Business Rates receivable	CF2	53,983	-
5,925	-	Transitional protection payment	CF2	1,695	-
<b>51,732</b>	<b>116,240</b>	<b>Total Income</b>		<b>55,678</b>	<b>124,338</b>
		<b><u>Expenditure</u></b>			
		Precepts, Demands and Shares:			
18,236	13,754	· Braintree District Council		19,562	14,680
22,795	-	· Central Government		24,453	-
4,103	80,921	· Essex County Council		4,401	86,653
-	13,027	· Police & Crime Commissioner for Essex		-	14,025
456	4,480	· Essex Fire Authority		489	4,702
129	-	Payment to ECC for renewable energy disregard		139	-
90	-	Transfer to General Fund for BDC renewable energy disregards		123	-
-	-	Transitional protection payment		-	-
194	-	Allowance for business rate collection costs	CF2	195	-
333	1,606	Contribution to provision for impairment of debts	CF5	328	1,371
34	-	Increase (decrease) in provision for valuation appeals:	CF6	(480)	-
251	1,807	Contributions from previous year's estimated Collection Fund surplus	CF3	698	2,297
<b>46,621</b>	<b>115,595</b>	<b>Gross Expenditure</b>		<b>49,908</b>	<b>123,728</b>
		<b><u>Collection Fund Balance</u></b>			
(948)	(4,104)	Balance at the beginning of the year		(6,059)	(4,749)
251	1,807	Contributions from previous year's estimated Collection Fund surplus/(deficit)		698	2,297
(5,362)	(2,452)	In-year (surplus) or deficit for the year		(6,469)	(2,907)
<b>(6,059)</b>	<b>(4,749)</b>	<b>Balance at the end of the year</b>	CF4	<b>(11,830)</b>	<b>(5,359)</b>

## Notes to the Collection Fund

### CF1. 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 overall Band D Council Tax for 2024/25 was £2,109.51 (£2,010.38 in 2023/24). The tax base used to determine this rate was calculated at 56,914 equivalent number of Band D dwellings (55,801 in 2023/24), assuming a collection rate of 98.25%, 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)	-	-	2	1	1
A	6,230	5,775	3,903	2,602	2,556
B	17,574	17,259	13,444	10,456	10,273
C	20,089	19,838	17,069	15,172	14,907
D	10,542	10,434	9,513	9,513	9,346
E	8,078	8,008	7,529	9,202	9,041
F	4,873	4,843	4,638	6,700	6,583
G	2,447	2,424	2,319	3,865	3,797
H	229	229	209	417	410
	<b>70,062</b>	<b>68,810</b>		<b>57,928</b>	<b>56,914</b>

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:

<b>2023/24</b>		<b>2024/25</b>
<b>£000</b>		<b>£000</b>
115,985	Council Taxpayers	124,239
255	Transfer from General Fund	99
<b>116,240</b>	<b>Council Tax Income</b>	<b>124,338</b>

### CF2. 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 2024/25 the multipliers were 49.9p where the property is eligible for small business relief; and 54.6p 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). At the start of the year there were 5,098 businesses with a total RV of £135.6m

Income from Non-Domestic Rates is shown below

<b>2023/24</b>		<b>2024/25</b>
<b>Actual</b>		<b>Actual</b>
<b>£000</b>		<b>£000</b>
45,807	Net payable by business ratepayers	53,983
5,925	Transitional protection payment	1,695
<b>51,732</b>	<b>Non-Domestic Rating Income</b>	<b>55,678</b>
	<b>Less:</b>	
219	Renewable energy disregards	262
194	Allowance for collection costs	195
333	Impairment of arrears	328
34	Change in provision for valuation appeals	(480)
<b>50,952</b>	<b>Non-Domestic Rating Income</b>	<b>55,373</b>

## Notes to the Collection Fund

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### CF3. 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:

<b>2023/24</b>			<b>2024/25</b>	
<b>Business Rates</b>	<b>Council Tax</b>		<b>Business Rates</b>	<b>Council Tax</b>
<b>£000</b>	<b>£000</b>		<b>£000</b>	<b>£000</b>
100	222	Braintree District Council	279	282
125	-	Central Government	349	-
23	1,310	Essex County Council	63	1,656
-	205	Police & Crime Commissioner for Essex	-	267
3	70	Essex Fire Authority	7	92
<b>251</b>	<b>1,807</b>	<b>Contributions from previous year's estimated surplus/(deficit)</b>	<b>698</b>	<b>2,297</b>

### CF4. 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

### CF5. 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.

2023/24				2024/25		
Business Rates £000	Council Tax £000	Total £000		Business Rates £000	Council Tax £000	Total £000
217	1,901	2,118	<b>Balance at 1 April</b>	464	3,233	3,697
(86)	(274)	(360)	Amounts written off in the year	(260)	(451)	(711)
333	1,606	1,939	Contribution to provisions during year	328	1,371	1,699
247	1,332	1,579	<b>Net Increase (decrease) in provision</b>	68	920	988
464	3,233	3,697	<b>Balance at 31 March</b>	532	4,153	4,685

### CF6. Provision for Business Rates Valuation Appeals

Businesses can lodge appeals against their RV used in the calculation of chargeable amounts for a variety of reasons and can be backdated. 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. The 2017 Valuation List has now closed and only outstanding CCA's have been provided for within the provision, along with any current CCA's from the 2023 Valuation List. A review has been made resulting in a total provision of £6.025 million being assessed as required at 31 March 2025.

2023/24 £000		2024/25 £000
6,471	<b>Balance at 1 April</b>	6,505
(851)	Amounts refunded from the provision	(480)
885	Increase in provision	-
34	<b>Net change in provision</b>	(480)
6,505	<b>Balance at 31 March</b>	6,025

Under the BRRS only 40% or £2.410m (£2.602m at 31 March 2024) of the provision is attributable to Braintree DC and, as such, shown in the Balance Sheet

## **Independent Auditors Report**

Independent Auditors Report to Braintree District Council

### Braintree District Council Draft Annual Governance Statement 2024-25

#### 1. **Executive Summary**

- 1.1 Governance is about how local government bodies ensure that they are doing the right things in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. This includes complying with legislation; making evidence-based decisions; having a healthy organisational culture with clear expectations of behaviour and values; that is transparent, equitable, and takes accountability; and is open to, and engages with stakeholders and communities.
- 1.2 Delivering Good Governance in Local Government; Framework published by CIPFA/ SOLACE<sup>1</sup> provides guidance on the standards for local authority governance in the UK. This Framework sets out seven core principles of governance. Braintree District Council (the Council) has adopted these principles of good governance and adapted its Local Code of Corporate Governance to reflect its responsibilities and which is published [Here – link to be inserted after G&A Committee approve updated Code].
- 1.3 The Annual Governance Statement (AGS)<sup>2</sup> is a public report on the extent to which the Council has complied with its governance code, legislation, directives and regulations; and on the review of the performance and effectiveness of the governance arrangements in place during the year. This review is informed by the work of the senior managers who have responsibility for the development and maintenance of the governance environment; internal and external audit; other review agencies and inspectorates; and the scrutiny functions, including the Governance and Audit Committee. Where required changes or improvements are identified, these are set out in the AGS.
- 1.4 The Council expects all members, officers, partners and contractors to adhere to the highest standards of public service with particular reference to the Officer and Member Codes of Conduct; the Constitution; the Corporate Strategy and Priorities; the organisations Core Values and Behaviours; and any applicable statutory requirements.
- 1.5 The external audit function is undertaken by KPMG LLP, who provide an opinion on the financial statements and value for money arrangements. Any weaknesses identified by the external auditor are highlighted in their Annual Audit Report.

#### 2. **The Purpose and Arrangements of the Governance Framework**

- 2.1 The governance framework comprises the systems, processes, culture and values by which the Council is directed and controlled. It also comprises the 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 consider whether those objectives have led to the delivery of appropriate services that represent value for money.
- 2.2 The system of internal control is an important part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, priorities, aims and objectives, and can therefore only provide reasonable and not absolute assurance of

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<sup>1</sup> Chartered Institute for Public Finance & Accountancy and the Society of Local Authority Chief Executives

<sup>2</sup> The Accounts & Audit (England) Regulations 2015, as amended, require every council to publish an Annual Governance Statement alongside its financial statements

## Draft Annual Governance Statement

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effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise risks to the achievements of the Council's policies, priorities, aims and objectives. It also evaluates the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. Strategic risks are agreed by the Cabinet and reported to the Governance and Audit Committee

- 2.3 The Constitution sets out how the Council operates and how it makes decisions. It 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 practices and remains fit for purpose.
- 2.4 A new Corporate Strategy was approved in March 2024 which set out the Council's high-level ambitions and strategic priorities for the Braintree District for the four-year period 2024 to 2028, a vision '*to create a district of opportunity – A place where our communities can thrive, our people can prosper, and our environment is cherished for all to enjoy*'. The Corporate Strategy focuses on three key themes: Communities, Prosperity, and Environment. Eliminating wherever possible, inequalities is fundamental, and a Fit for the Future transformation programme aims to ensure the Council remains resilient and adaptable and able to deliver while meeting its financial challenges. An Annual Plan gathered from individual Service Business Plans sets out the agreed projects and initiatives for delivering against the priorities of the Corporate Strategy and linking accountability as well describing how progress and performance will be measured. The Medium-Term Financial Strategy and annual budget outlines the resources projected to deliver on these priorities, ensuring that aspirations remain realistic within the context of funding constraints.
- 2.5 The Local Code of Corporate Governance describes how the Council's governance framework applies across the seven core principles of the CIPFA/ SOLACE Framework so that sound governance is in place that will support and facilitate the delivery of the Council's strategic priorities.
- 2.6 A Cabinet model of governance is in place and is the body responsible for taking executive decisions on behalf of the Council on all issues except those reserved by full Council or undertaken by a regulatory committee. A Leader of the Council is appointed, who in turn appoints Cabinet Members with responsibility for specific portfolios, with one Cabinet Member also designated as Deputy Leader. As well as collective decisions, individual cabinet members may take decisions as provided for in the Constitution.
- 2.7 Permanent appointments to the roles of corporate statutory officers of Head of Paid Service, Monitoring Officer, and S151 Chief Finance Officer have been in place over the entire period covered by this AGS. These officers have individual legal obligations, are politically restricted and are tasked with ensuring and supporting good governance. The influence and oversight exerted by these posts is backed by the post-holders' membership of the Council's Corporate Management Team, and attendance at Management Board.
- 2.8 The Council has Codes of Conduct, defining the standards of behaviour for both Members and Officers.
- 2.9 The most recent Corporate Peer Challenge (CPC) provided by the Local Government Association, reporting in late 2023, found that the Council had a robust governance framework which it considered enabled lawful and accountable decision-making; identified constructive cross-party working; and acknowledged that the Governance and Audit Committee were functioning effectively.
- 2.10 The governance framework has been in place at the Council for the year ended 31st March 2025, and up to the date of approval of this Statement.

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

3.1 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. This review is informed by the work of senior managers who have responsibility for the development and maintenance of the internal control environment and its effectiveness within their service areas, and to acknowledge and confirm this by providing a signed Service Assurance Statement; the assurance provided by a functioning internal audit; external audit; and other review agencies and inspectorates.

#### **3.2 The Constitution and other aspects of the governance structure and framework and processes**

3.2.1 At the Council's Annual General Meeting held on 22<sup>nd</sup> April 2024, the Leader of Council confirmed Cabinet appointments with portfolios allocated for:

- Transformation, the Environment and Customer Services (also appointed Deputy Leader of the Council)
- Finance, Resources and Performance
- Planning
- Economic Growth and Infrastructure
- Housing, Health, and Wellbeing
- Stronger Communities

3.2.2 Appointments to the roles of Deputy Cabinet Members were made, which were later revised at the meeting of Full Council held on 24<sup>th</sup> February 2025. The Deputy Cabinet Members provide support to the Leader and Cabinet Members, including covering specific aspects of portfolios.

3.2.3 The AGM also confirmed the appointments, including chairs to Cabinet Committees and Working Groups, Joint Committees and Outside Bodies; Council appointments to Committees, including scrutiny committees and regulatory; and Outside Bodies.

3.2.4 An Independent Remuneration Panel was also jointly appointed with another council, a sub-group of which undertook a review of Members Allowances, with their final recommendations being taken into account when a new scheme for 2023/24 and 2024/25, with provision for future indexation, was agreed at the meeting of Council held on 23<sup>rd</sup> July 2024.

3.2.5 The Constitution was subject to a full and systemic review in 2021 and has been subject to annual review and revision. The main change made in the year was to the Key Decision Threshold increasing this from £150,000 to £250,000, and which is used to define those decisions for which at least 28 days' notice should be given which is done through a regularly published Decision Planner. Whilst the threshold was raised, this was not expected to materially impact the number of decisions taken by the Cabinet but allowed for lower limits to be revised so that decisions could be taken at the right level in the governance structure. Urgent decisions that were required during the year were agreed in line with the Constitution, including seeking input from the Chairman of Corporate Scrutiny Committee, and were reported to full Council as appropriate.

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- 3.2.6 Minor revisions were made to the procedures for Motions where Members are not present, and to the scope for questions which can be asked of the Leader and Cabinet at full Council. Changes were made to certain delegations reflecting changes in personnel and also to allow the Council to respond promptly to Nationally Significant Infrastructure Projects that may arise in the District.
- 3.2.7 As has been previous practice, the proposed changes to the Constitution were considered and agreed by the Developing Democracy Group, a Cabinet sub-group which also includes Opposition Leaders and the Chair of the Corporate Scrutiny Committee.
- 3.2.8 A new Member Code of Conduct was adopted based on the Local Government Association (LGA) model, strengthening and modernising provisions while also ensuring consistency particularly where councillors may sit as members on different councils. This was accompanied by additional training delivered by the Monitoring Officer, as well giving access to comprehensive guidance, training and other materials produced by the LGA.
- 3.3.9 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.
- 3.2.10 Following the Immigration Minister announcement in 2023 that the Government's intended to secure accommodation asylum seekers at Wethersfield Airfield the Council initiated several legal challenges including requesting a judicial review against the Home Office. Throughout the legal process the Council acted on the basis of expert legal advice and took consideration of the potential costs involved. All Members were provided with regular updates and a comprehensive communication plan implemented to all residents of the district. While it was recognised potential significant risks were present in relation to governance on this matter, after extensive review, the external auditor concluded that the decision-making was constitutionally compliant and that decisions were taken by the appropriate persons. Following the approval from the Secretary of State at the Department for Levelling Up, Housing and Communities (DLUHC) for a Special Development Order which regularised the development on site, the Council withdrew from the Judicial Review appeal process in May 2024.
- 3.2.11 Following confirmation by the Government that Essex would be included in the Devolution Priority Programme and therefore also a commitment to Local Government Reorganisation, Essex Leaders and Chief Executives agreed that they would work together and a process was agreed in order to be able to draft and agree an Interim Plan by all 15 councils to be submitted to the Government by the deadline of 21<sup>st</sup> March 2025. An Extraordinary Meeting of full Council was convened on 13<sup>th</sup> March 2025, preceded by a Member Briefing, to provide an opportunity for Members to be updated on the latest developments and to ask questions, and then to debate the issue prior to the Leader of the Council making an Executive Decision. A commitment was also given to ensure that Members continued to receive briefings as the agenda around devolution of LGR develops locally.
- 3.3 Local Audit**
- 3.3.1 The Audit and Governance Committee received regular reports during the year on the situation regarding local audits and backlog that had impacted most councils, as well as the government's proposed reform of the system. This included responding to a consultation.

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- 3.3.2 At the beginning of the financial year, the Council had external audits for 2019/20, 2020/21, 2021/22 and 2022/23, that had not been completed. Significant work had been done on 2019/20 and 2020/21 with interim reports having been provided the Governance and Audit Committee. No work had commenced on the two later years due to resourcing issues with the external auditor.
- 3.3.3 The government implemented backstop arrangements applicable to all councils that meant that all outstanding audits for year years up to and including 2022/23 would have to be concluded and reported on by no later than 13<sup>th</sup> December 2024. Further backstop dates were also set for subsequent year audits.
- 3.3.4 An additional meeting of the Governance and Audit Committee was convened in November 2024, to receive the respective external audit reports covering the four years, including the Annual Audit Letter for 2019/20, the Audit Completion Report for 2020/21, the combined Audit Planning and Completion Report for 2021/22 and 2022/23. The Auditor's Annual Report covering the latter three years was also provided giving the auditors assessment on the council's arrangements for the use of resources.
- 3.3.5 An unmodified audit opinion was given on the 2019/20 and 2020/21 financial statements. Due to the backstop and the auditor's inability to undertake an audit in time to meet the statutory deadline, a disclaimed opinion was given on the 2021/22 and 2022/23 audits.
- 3.3.6 In respect of the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources, the auditor confirmed as previously reported that for 2019/20 an 'except for' conclusion was being issued. It was, however, recognised in their report that the Council had subsequently dealt with the issues that had been identified. For 2020/21, the auditor confirmed they had no exceptions to report. For 2021/22 and 2022/23, a modified value for money assessment was undertaken which focused on Financial Sustainability and Governance, and in both years the auditor confirmed they had no matters to report.
- 3.3.7 A draft set of accounts for the 2023/24 financial year was published by the Council on 30<sup>th</sup> May 2024 in line with the statutory date. This reporting year coincided with the commencement of new external audit contracts awarded by the Public Sector Audit Appointments Ltd (the PSAA) for a period of five years. The Council's auditor changed from BDO LLP to KPMG LLP.
- 3.3.8 An External Audit Plan and Strategy for the year ending 31 March 2024, was submitted to the Audit and Governance Committee in April 2024, and an interim value for money assessment setting out the procedures undertaken by KPMG and initial assessment of risks was presented to the committee in October 2024.
- 3.3.9 While a substantial amount of audit work was carried out on the 2023/24 financial statements, due to the immediate prior year positions, the auditor, following guidance from the Financial Reporting Council, was unable to provide an opinion on the accounts and therefore issued a disclaimed opinion. This was primarily related to the lack of assurance over opening balances and comparators for 2022/23.
- 3.3.10 In respect of the use of resources assessment, the auditor found no significant risks or weaknesses in Financial Sustainability. While significant risks were initially identified in Governance, related to the ongoing legal processes around the Wethersfield asylum site; and in Improving Economy, Efficiency and Effectiveness, which related contract management in the context of broader economic conditions that might impact on third party performance and delivery of services; in both cases, after further review, the auditor was satisfied there were no significant weaknesses found in the Council's arrangements.

- 3.3.11 The auditor made one Priority 2 recommendation, and four Priority 4 recommendations.<sup>3</sup>
- 3.3.12 The backlog of external audits has also impacted on the assurance reviews undertaken on Housing Benefit subsidy in accordance with Department for Works and Pensions (DWP) requirements. Currently the Council has work in progress on the 2021/22 review, expected to complete in 2025/26. A new contract was awarded jointly with three other Essex local authorities that provides for the assurance reviews to be undertaken by another provider for subsequent years and for which work has already commenced on 2022/23. The Council continues to keep the DWP informed of the situation, which is not unique to the Council.
- 3.4 Governance and Audit Committee**
- 3.4.1 The committee is responsible for providing independent assurance to the Council in relation to the effectiveness of the risk management framework and internal control environment. The Committee met on six occasions in the period starting April 2024 up to the present and received reports on risk management, internal control, and governance matters. The committee received regular reports on Key Financial Indicators and Budget Monitoring and Forecasts and also reviewed Treasury Management reports comprising a Strategy, a Mid-Year Report, and Annual Report prior to their submission to full Council.
- 3.4.2 The Committee approved an updated Regulation of Investigatory Powers Act 2000 (RIPA) and Investigatory Powers Act 2016 (IPA) Policy, and a new Internal Audit Charter that reflected the requirements of new Public Sector Internal Audit Standards and recommendations from the most recent External Quality Assessment of the Internal Audit function.
- 3.4.3 The Committee were provided with a Fraud Update, which provided the committee with an update on fraud risks affecting local authorities, and the work undertaken by staff in this area. This included details of the National Fraud Initiative and other data matching that the council routinely undertakes, alongside other fraud prevention methods. The committee were advised of upcoming changes in legislation relating to management of audit risks.
- 3.4.4 The Monitoring Officer submitted their Annual Report to the committee which provided an update on the functioning of the Members Standards Framework. This included information on the assessment and determination of complaints made in respect of the Code of Conducts adopted by the Council, and Parish and Town Councils of Braintree District.
- 3.4.5 The Committee agreed its Annual Report for 2023/24 and the period up to August 2024, which summarised the work of the committee and its achievements relating to its role. This report was received and considered by full Council at its meeting in December 2024.
- 3.4.6 In line with good practice, the committee also began developing its Forward Programme of Work, which would also be used to identify any specific training needs so that Members are able to discharge their duties effectively.

## **3.5 Internal Audit & Risk Management**

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<sup>3</sup> Priority 2 issues are those that have an important effect on internal controls but do not require immediate action. Priority 3 issues are those that, if corrected, could improve internal control in general but are not vital to the overall system, e.g. best practice recommendations.

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- 3.5.1 The work of internal audit was focused on those areas that had been identified in the risk-based Internal Audit Plan (IAP), which had been compiled in conjunction with the views of statutory officers, Directors and Senior Manager.
- 3.5.2 At each meeting of the standard scheduled Audit and Governance meetings, an update was provided on progress against the IAP, and in particular the outcomes on individual audits completed and levels of assurance, and recommendations. Progress against previous audit outcomes were also monitored where there remained outstanding actions. No audits completed identified 'Limited' or 'No' assurance, in their findings.
- 3.5.3 The Internal Audit function has continued to work towards implementing the Action Plan agreed following the last External Quality Assessment conducted in 2023 and has also been monitoring developments in the Public Sector Internal Audit Standards and related CIPFA Guidance following revisions to Global Internal Audit Standards. This will reflect through in how the service adapts its processes and procedures in future.
- 3.5.4 One Investigatory Powers Act 2016 application was made and approved during the year allowing access to communications data for the purposes of an investigation. There were no requests under the Regulation of Investigatory Powers Act 2000, relating to covert surveillance.
- 3.5.5 The Audit, Insurance and Fraud Manager's Annual Report for 2024/25 was considered by the Governance and Audit Committee on 9<sup>th</sup> July 2025. 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'*.
- 3.6 Strategic Risks**
- 3.6.1 The Risk Management Policy and Strategy was reviewed in the year. The Strategic Risk Register, which includes those risks identified as potentially impacting on the achievement of the Council's priorities, is kept under review by senior management. The Risk Register was formally considered by the Cabinet and the Governance and Audit Committee twice during the year.
- 3.6.2 A Member Development Evening was held in May 2024, where all Members could review the Strategic Risk and to ask questions of the Cabinet and Senior Officer Risk Owner.
- 3.7 Corporate Scrutiny Committee**
- 3.7.1 The Corporate Scrutiny Committee met on six occasions between April 2024 and present. The work of the committee has been co-ordinated and developed in conjunction with that of the Corporate Policy Development Committee, leading to a Scrutiny Work Programme 'tranche one' being agreed.
- 3.7.2 Alongside providing scrutiny over the Council's quarterly Performance, the committee undertook a review of both initial and final budget proposals for 2025/26 and the Medium-Term Financial Strategy, with presentations received from the Leader of the Council and other Cabinet Members. For the budget review sessions, the Chairman invited all Members of the Council to attend.

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3.7.3 Other specific areas of the work have included reviewing the Annual Report of the Community Safety Partnership, agreeing the terms of reference for a Scrutiny Review into the North Essex Parking Partnership (NEPP). An evidence gathering session on the NEPP was conducted at the committee's meeting in April 2025.

### **3.8 Corporate Policy Development Committee**

3.8.1 The Corporate Policy Development Committee met on six occasions between April 2024 and present, during which time a work programme was agreed.

3.8.2 The committee have reviewed a number of policies during the period: Cemeteries Policy, Charging Policy, Asset Management Policy (including Strategy and Asset Management Plan), Social Value Policy for procurement purposes, and a Household Waste and Recycling Collections Policy which will support proposed changes to the waste collection system.

3.8.3 The committee held three evidence gathering sessions for a Scrutiny Review of Anti-Social Behaviour, exploring the roles, responsibilities and powers of the Council, and the effectiveness of related policies. The committee considered and agreed a set of recommendations at its meeting held in April 2025.

### **3.9 Fit for the Future Transformation Programme**

3.9.1 Fit for the Future is the Council's transformational programme designed to ensure that the organisation is in a strong place to meet the current and future challenges, is a financially resilient while ensuring resources are targeted to meeting customer needs and being flexible to respond to changing outlook.

3.9.2 One of the workstreams covered exploring the opportunities for shared services between Braintree, Colchester and Epping Forest councils across a range of enabling services and revenues and benefits. This work was built on the one of the key objectives agreed by the North Essex Councils strategic partnership. An Executive Programme Board was established as an informal governance body to steer the programme, supported by internal project resources drawn from across the three councils. Individual Shared Service workstreams had a designated senior officer sponsor, a project managers, and worked with subject matter experts.

3.9.3 With the prospect of local government reorganisation (LGR) for Essex, the programme is adapting to ensure that the Council and its services are best placed to influence and maximise the opportunities this will bring.

3.9.4 A governance framework for the programme utilises as far as possible existing arrangements for both formal and informal oversight. A transformation team has been created to provide the capacity and capabilities to support and deliver the programme, which is working closely with other project management and delivery resources as well other enabling services drawn from across the council. Specific workstreams were established, each with a senior officer and Member sponsor; however, these are now being adapted to reflect the agenda created by LGR and its impact on the focus of the programme.

### 3.10 External Reviews

- 3.10.1 A Peer Challenge by the LGA was conducted in late 2023 which concluded that the Council had a robust governance framework which enabled lawful and accountable decision-making through defined separation of powers, and a productive Member-officer relationship. Nevertheless, recommendations were made and an Action Plan developed and approved by the Cabinet. A follow-up review was undertaken by the Peer Challenge Team in June 2024, and in particular considered what actions had been taken against the Action Plan. The Peer Team report provided positive affirmation of the work that the Council had completed since the original Peer Challenge. In particular, the Peer Team were complementary about the transparency and open communication regarding the Fit for the Future programme and highlighted the inclusivity of the process.
- 3.10.2 The report also noted the role and influence the council played as a partner in the Essex system and beyond, as well its influence on the Multi-Agency Forum that provided support and oversight on those responsible for operational delivery of Wethersfield asylum centre. The Peer Team acknowledged the approach that had been taken to establish a well-defined approach to asset management.
- 3.10.3 An Operator Licence Compliance Review was conducted in July 2024 regarding the Council's operation and management of its vehicle fleet. The review identified most areas as satisfactory, with some areas rating either very good or excellent. One recommendation made has been implemented.
- 3.10.4 An annual health check is 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 remained accredited for PSN.
- 3.10.5 Cyber Essentials is a UK government-backed scheme that helps organisations protect themselves against common cyber-attacks. It provides the Council with a baseline of technical controls with an annual certification process to demonstrate a commitment to cyber security. Cyber Essentials accreditation was achieved.

### 3.11 Public and stakeholder engagement and communications

- 3.11.1 A new dedicated digital platform was launched which can be used for community engagement, including seeking ideas, voting, discussion, surveys. This platform has been used to support the public consultation on proposed changes to the waste collection system, as well helping to seek views for the Local Plan Review.
- 3.11.2 In addition, to the digital platform, a variety of arrangements were made for residents to provide feedback through other channels, including face-to-face at public exhibitions or at scheduled drop-in sessions, and paper copies were made available.
- 3.11.3 Other public consultations were carried for developing the council's Homelessness and Rough Sleeping Strategy, which also included workshops with key partners and focus groups.
- 3.11.4 Member Development evenings have been used for key subject areas to keep all Councillors up to date and to provide opportunity to raise questions and provide feedback.

- 3.11.5 To support the Council in providing help to communities on the cost-of-living, it has worked with the Braintree District Cost of Living Partnership which includes representatives from statutory and voluntary organisations. Through the work of the partnership, advice and guidance has been developed and issued in publications such as 'Ease the Squeeze' and 'Winter Fuel Allowance Guidance' along with delivering key projects to support residents who need it with food, essential goods and access to activities to promote a healthy lifestyle, as well as supporting community groups who help the most vulnerable in our district
- 3.11.6 An updated Statement of Community Involvement was published which sets out how and when the council as the Local Planning Authority will involve local communities in the planning system, together with a description of the consultation methods to be used.

### **3.12 Other Corporate Developments during the year**

- 3.12.1 Other developments during the year which support the Council's overall governance arrangements and their effectiveness, include:
- A Climate Change Action Plan for 2024/25 was agreed detailing those actions and projects that would be delivered to continue the work being undertaken to meet the aims and objective of the Climate Change Strategy. The Cabinet also received an annual report covering the 2023/24 year, including details of the communication strategy that had been adopted.
  - A Productivity Plan was approved and submitted as required by the previous Government. The Plan reflected both the gains that had been achieved by the Council as well as setting out the plans in place to optimise future service delivery.
  - Consideration was given to the development of a Community Delivery Plan for 2025-2028 following a Motion moved at full Council. A cross-party Working Group was established to examine the concept and after consideration recommended not proceeding with the proposal which was endorsed by the Cabinet. The Group made suggestions as to how communication and engagement with communities could be improved using existing channels and structures.
  - The Waste Strategy for Essex 2024-2054 was adopted, which had been subject to public consultation facilitated by the County Council on behalf of the Essex Waste Partnership.
  - A new Asset Management Policy and Strategy, including an Asset Management Plan, were approved. These set out the framework to be used to support a systematic review of the council's property and land holdings. To ensure a corporate approach is taken, a new multi-disciplinary officer group has been established, the Property Asset Management Strategic Board.
  - A refreshed Poverty Report was produced used to evaluate the extent of poverty across the district so that this can inform better decisions and how resources can be best directed.
  - Work has been ongoing in developing the Essex Procurement Partnership (EPP), building on the arrangements of the Essex Procurement Hub, which Braintree were the lead authority. The EPP will be a collaboration of authorities, with Essex County Council acting as Accountable Body. Aligned with this has been the development of a new Procurement Strategy and Social Value Approach. Appropriate governance arrangements are proposed for the EPP, including a Member Advisory Group, Strategic Officer Group, supported by an Officer Operational Group and Partner Working Group.

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- The Project Management Office (PMO) continues to develop following the appointment of a manager, and work has been ongoing in terms of developing the framework and processes for managing and reporting on projects across the council.
- A new Performance Management Framework has been introduced to be applied from April 2025. This will require all staff to have formal reviews which consider both performance and development needs. Reference is also made specifically to demonstrate the council's core Values and Behaviours, which were refreshed during the year with a focus on three elements:
  - We value everyone
  - We work together
  - We are flexible
- New HR policies, including Equity, Diversity, and Inclusion; and Anti-Harassment, Bullying and Victimisation; as well as responding to the new requirements for the Sexual Harassment Prevention Duty
- Business Continuity continued to be highlighted with a training exercise for all Service Unit Managers held in May 2024, which followed on from that previously provided to Management Team and other senior officers. Through these sessions, focus was placed on those activities considered critical and while Business Continuity Plans were in place it was recognised that these needed to be reviewed and potentially updated.

### **4. Areas for Improvement or Development identified in the AGS for 2023/24**

- 4.1 For the 2023/24 AGS, several areas were identified where actions were required, in particular, these included: responding to the Corporate Peer Challenge and resolving the Action Plan; revising the Local Code of Corporate Governance; updating the Constitution; addressing local audit and system reset; and developing the governance arrangements for shared services as part fit the Fit-for-the-Future transformation programme.
- 4.2 Actions and progress on these areas during the year are reflected in the commentary above.

### **5. Governance Issues for 2025/26**

- 5.1 Whilst the corporate governance arrangements and systems of internal control are considered to be operating effectively, the following matters will be relevant:
- 5.2 With Essex included in the Government's Devolution Priority Programme and therefore also committed to Local Government Reorganisation, this will be a key focus for the council over the coming year as it works with other Essex authorities on final proposals to be submitted to Government in September. The development of proposals is being led by Essex's local authority Leaders, through Greater Essex's Leaders' and Chief Executives' forum (which includes the Police, Fire & Crime Commissioner). All have committed to taking forward the joint work within the context of the Nolan principles. Alongside LGR, the Council will also wish to have input and influence over plans for devolution and a Greater Essex Combined County Authority. This work will draw on the Council's internal resources, while also it will be important to ensure 'business as usual' is maintained and a clear focus remains on the Fit-for-the-Future transformation programme.

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- 5.3 Recovery of the local audit system and rebuilding assurance where the Council's prior year accounts have been disclaimed will be a continuing theme for several years, but the aim will be to get to the position where the external auditor can provide an unmodified opinion as early as possible.
- 5.4 The Government is committed to reforming the system of local government finance, and during 2025/26, there will be extensive consultation to which the council will need to respond and determine what impact these will have on the council's medium-term financial challenge.
- 5.5 There is a commitment in the Asset Management Plan to design and develop a corporate landlord model whereby the responsibility for management and maintenance of property assets is consolidated into a centralised function with the relevant skills and knowledge and service users of property effectively corporate tenants. Running alongside this initiative will be the development of property-related policies and processes based on professional guidance and best practice.
- 5.6 As a matter of good practice, policies and procedures are kept under review. The external audit for 2023/24 identified several polices, that whilst considered still effective, would benefit from being updated. Similarly, while Business Continuity Plans, and Health & Safety Risks Assessments are in place these require reviewing and, where appropriate, updating.
- 6. Approval of the Annual Governance Statement and Statement of Assurance**
- 6.1 The outcome from the review of arrangements as evidenced and detailed above provides good assurance that the governance arrangements for the Council remain appropriate and effective.

Leader of the Council

Chief Executive

## Glossary & Abbreviations

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### **Accruals Concept**

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

### **Actuary**

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

### **Amortisation**

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

### **Amortised Cost**

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

### **Assets Held for Sale**

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

### **Balance Sheet**

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

### **Billing Authority**

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

### **Budget Requirement**

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

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

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

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

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

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

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

### **Capital Receipt**

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

### **Capital Expenditure**

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

### **Cash and Cash Equivalents**

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

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

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

### **Collection Fund**

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

## Glossary & Abbreviations

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### **Community Assets**

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

### **Contingent Assets and Liabilities**

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

### **Council Tax**

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

### **Creditors**

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

### **Current Assets**

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

### **Current Liabilities**

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

### **Debtors**

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

### **Depreciation**

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

### **Earmarked Reserves**

Amounts set aside for future commitments or potential liabilities.

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

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

### **Fair Value**

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

### **Finance Lease**

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

### **Financial Instruments**

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

### **Financial Year**

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

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

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

### **Gross Expenditure**

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

### **Impairment**

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

### **Infrastructure**

Typically comprise assets such as unadopted roads, and cycleways.

### **Intangible Assets**

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

## Glossary & Abbreviations

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

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

### **Inventories**

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

### **Investment Property**

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

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

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

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

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

### **Long-Term Assets**

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

### **Long-Term Liabilities**

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

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

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

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

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

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

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

### **Net Book Value**

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

### **Net Expenditure**

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

### **Non-Current Assets**

Assets that are used (or receivable) over more than one financial year. Examples

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

### **Operating Lease**

A lease that does not transfer substantially all the risks and rewards incidental to ownership of the leased asset.

### **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.

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

Expenditure which under the Code would be treated as a revenue expense but which

## Glossary & Abbreviations

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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.

### **Right of Use Assets**

An asset representing the lessee's right to use the leased asset for the lease term.

### **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.