



Braintree District Council

Statement of Accounts

2025 - 2026

(Unaudited)

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Statement of Accounts

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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 160,041 (ONS 2023) an increase of 3.1% since 2021 Census. As life expectancy increases, the age structure is expected to change with a marked increase in the number and proportion of the population who will be within the 65+ age group. The number of single person households is also expected to increase.

Braintree District Council

Braintree District Council (“the Council”) comprises 49 Councillors who represent their 26 Wards. Each Ward may have a number of Councillors who represent it, although, once elected, Councillors will make decisions for the whole district; not just for the ward they were elected for. The political balance of the Council is:

- 25 Conservative
- 9 Labour
- 7 Independent
- 4 Green
- 3 Halstead Residents Association
- 1 Reform UK

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, 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.

Supporting the work of Councillors is the organisational structure of the Council headed by a Management Board, led by the Chief Executive, 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 the Council’s priorities through to 2028 and provides the context in which our services will operate to deliver the actions required to achieve our vision. It identifies three key priorities that focus our efforts on the areas that will have the greatest impact on our residents and businesses.

To support delivery of the Strategy, we produce an Annual Plan that details the actions aligned to each priority and the measures we will use to track progress. Beneath the Annual Plan sit service business plans, which outline how each service will contribute to the priorities and actions over the year, ensuring alignment with both the Annual Plan and the Corporate Strategy.

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These three priorities underpin 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."

The Plan also sets out the Council's delivery ambitions up to the creation of the new North-East Essex Unitary Council. It has been updated to include the work required to support Local Government Reorganisation and Devolution over the next two years, alongside a revised Fit for the Future programme reflecting updated priorities.

Details of the two year plan can be found [here](#)



Priorities:

Communities

- Improve the health, wellbeing and quality of life for individuals and families and reduce health inequalities, focusing on prevention and early intervention.
- Provide affordable, high-quality and safe homes that meet the needs of our residents.
- Reduce social isolation and loneliness and support communities to build positive social networks and connections.
- Develop safer and more resilient communities, empowering residents to take ownership of local projects and initiatives.

Prosperity

- Ensure district growth is sustainable and accessible with strong connectivity and infrastructure.
- Attract and support business growth, providing high quality employment opportunities in high growth sectors and industries.
- Provide tailored business support and access to funding to help businesses thrive and innovate.
- Develop skills that are attractive to employers and support residents to access opportunities to improve their economic wellbeing.

Environment

- Protect and enhance our built and natural environments across the district, providing good access to open spaces and increasing biodiversity.
- Continue to deliver a cohesive and integrated response to climate change adaptation and mitigation.
- Support residents and businesses to reduce their carbon footprint and be more resilient to climate related impacts.
- Improve the way that we manage waste and encourage residents and businesses to reduce, reuse and recycle more.

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Local Government Reorganisation

Local Government Reorganisation (LGR) will bring together the current councils in North-East Essex; Braintree District Council, Colchester City Council, Tendring District Council and part of Essex County Council, into a single North-East Essex Unitary Council. The aim is to streamline services, reduce duplication, and create a more efficient and financially sustainable model of local government.

For Braintree District Council, this means that over the next two years, work will be done to prepare governance arrangements, services and staff for transition. The Corporate Strategy and Annual Plan have been updated to reflect this work, including contributions to the new unitary design and adjustments to programmes such as Fit for the Future.

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](#).

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 information on these risks, along with the actions and controls in place to manage them, can be found within the Council's report. Alongside the Strategic Risk Register, the Council's wider approach to risk management includes the identification and recording of operational risks by all services, supported by corresponding action plans. Risk registers are also maintained for all major projects. In addition, the Council undertakes comprehensive business continuity planning as well as broader emergency planning.

Financial Performance

Revenue Budget

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The Council's net budget for 2025/26 was £21.2m which was to be financed from business rates (£8.4m including prior-year surplus), council tax (£12.3m including prior year surplus) and general government grants (£0.5m).

The overall Band D Council Tax rate was £2,133.54 of which the Council's share was £206.01.

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.

Revenue Budget Outturn for the Year

The following table provides a summary of the budget outturn for 2025/26 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	(2,972)	(2,732)	240	0	240	R
Community & Leisure	1,070	1,061	(9)	0	(9)	G
Corporate Management Plan	1,751	1,716	(35)	0	(35)	G
Economic Development	177	124	(53)	0	(53)	G
Environment	1,016	1,194	178	0	178	R
Finance (incl. Treasury Management)	382	(501)	(883)	90	(793)	G
Governance	1,688	1,518	(170)	7	(163)	G
Housing Services	1,073	1,089	16	0	16	A
ICT & Facilities	2,210	2,106	(104)	50	(54)	G
Marketing & Communications	760	697	(63)	0	(63)	G
People & Performance	1,242	1,175	(67)	63	(4)	G
Operations	7,482	6,947	(535)	125	(410)	G
Strategic Investment	345	412	67	0	67	R
Sustainable Development	2,175	988	(1,187)	0	(1,187)	G
Service Plan Total	18,399	15,794	(2,605)	335	(2,270)	G
Corporate Financing	3,117	3,004	(113)	0	(113)	G
Vacancy Allowance	(300)	0	300	0	300	
Net Total	21,216	18,798	(2,418)	335	(2,083)	G

The overall budget position for the year was a net overachievement of income combined with staffing related underspends, primarily due to

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vacancies, and 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 £9.7m with key highlights being:

- Investment across the district in community facilities including leisure centres and cemeteries; a waste review, climate change initiatives; the renewal of operational vehicles; and the provision of grants for home improvements, including adaptations to support residents with disabilities.
- Investment in council owned properties was maintained through the annual planned maintenance programme, and continued improvement of both 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 (£4.7m), capital receipts and reserves (£5m).

Capital Resources

The main sources of capital resources in 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 £5.4m.

Capital Valuations

For 2025/26, the Council elected to undertake a full valuation of 100% of its asset portfolio, as the assets had not been comprehensively revalued since 2020/21 and to support the build back of audit assurance of the Council's accounts. The Council holds a broad range of assets, with valuation details set out in Notes 13–17 of these accounts. All valuations were undertaken externally, by NPS Property Consultants Ltd in accordance with the professional standards of the Royal Institution of Chartered Surveyors, using information provided by relevant Council departments.

As part of this work, a detailed review was undertaken for the Victoria Square development, a complex asset comprising residential, commercial and public-use elements, including areas held on long leasehold. While some units could be valued independently, other retained areas do not support service delivery, do not generate economic benefits, and do not meet the criteria for alternative valuation methodologies. These retained elements were therefore removed from the valuation of Property, Plant and Equipment, resulting in an £11m impairment, which is reflected within the impairment figures in the Core Statements and subsequent notes. The impact of this impairment is reflected in within the Asset Management Business Plan, under Gross Expenditure in the Comprehensive Income and Expenditure Account, and in Note 1, 6, 11, 13 28 and 29 of the accounts.

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

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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 2026, the Council’s General Fund balance totalled £48.6m, an increase of £6.5m compared with the previous year-end. Of this amount, £34.8m was held in earmarked reserves. The remaining £13.8m represents the unallocated General Fund balance, which is £10.8m above the Council’s minimum required balance of £3m, as set out in the Medium Term Financial Strategy.

Capital Reserves

Capital reserves represent funds generated from the sale of non-current assets and other capital receipts, along with grants and contributions that must be used exclusively for capital expenditure. At 31 March 2026, the Council held £7.3 million in usable capital reserves — a reduction of £6.3 million, mainly due to using these reserves to finance capital expenditure, including elements of previously unfinanced expenditure.

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.

Cash, Investments and Borrowing

Financial Investments & Cash

Investment balances averaged £88m, with a peak of over £100m. Cash flows were increased during the year following higher than anticipated collection fund balances, capital receipts 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 5.47%. 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 4.12%, generating a further £2.8m of interest income.

Pooled fund investments are exposed to fluctuations in market prices reflecting prevailing conditions in the financial markets. The value of funds at 31 March 2026 had increased by £1.75m compared to the previous year end, giving a total value of £23.9m, which represented an unrealised gain of £4.9m. 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.

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Investment Property

Income from investment property was £3m in the year, and related expenses incurred were £588k, resulting in a net gain of £2.4m. The total fair value of investment property at the end of the year was £48.9m.

Borrowing

The Council's borrowing at the 31 March 2026 amounted to £4.6m (£5.0m 31 March 2025)

Other liabilities include finance lease commitments of £4.6m (with £582k shown under short-term liabilities) where the Council has acquired the use of buildings, vehicles, and plant.

Pension Fund Liabilities

The accounts reflect an updated view of the Council's share of the assets and liabilities of the Essex Pension Fund. This shows an estimated net unfunded liability of £4.9m at 31 March 2026, a reduction of £0.4m from the previous year's liability of £5.3m.

Assumptions and investment returns are dependent upon market conditions at the Balance Sheet date and, therefore, the pension fund net asset is susceptible to significant year-on-year changes. During the year, when remeasuring the net assets, there was a change in financial assumptions of £6m.

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 has been calculated to be nil. The current Asset Ceiling value is £121.1m, an increase of £17.6m 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 2025. There are no minimum funding requirements for the pension fund, but employer contributions are generally set to target a funding level of 100% using agreed actuarial assumptions. At this review the Council was assessed to be in a surplus position with regards its share of pension fund assets compared with its liabilities. The ongoing cost of pensions accrued by employees decreased and therefore the primary contribution rate applied to salaries for the period 1 April 2026 through to 31 March 2029, was decreased from 22.1% of pensionable pay to 18.8%.

Actual pension contributions in 2025/26 totalled £4.5m with a further £1.2m paid by employees as scheme members.

A settlement gain of £3.1m has been recognised in 2025/26 following the cessation of the admitted body arrangement associated with the transfer of leisure services. The LGPS cessation valuation has been accounted for under IAS19

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.

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Income from council tax was £130.9m for the year, which, after paying precepts and making provision for non-collection, resulted in a net surplus for the year of £2.4m. A charge of £2.5m was also made to the Collection Fund in respect of prior year surplus 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 £5.3m. The budget for 2025/26 including that of the major preceptors, has already taken into account £2.9m 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 Rating List applicable for 2025/26 was introduced from April 2023.

The estimated business rates collectable for the year totalled £53.6m, and this amount was distributed to the relevant bodies. Actual income amounted to £54.6m, and after making a provision for non-collection, adjusting for appeals, and incorporating the prior year’s estimated fund balance of £7.4m, a deficit of £5.9m was generated for the year. A surplus balance of £11.8m was brought forward from 2024/25, resulting in a combined net balance on the Collection Fund of £5.9m as at 31 March 2026. This balance will be distributed to the Government and precepting authorities, including the Council, in future years in accordance with the business rate retention scheme, with £4.4m already scheduled for payment in 2026/27

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 £3.9m, of which £1.6m is attributable to the Council.

In 2025/26 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 £2.1m; however, based on a provisional estimate made of all Essex authorities, £1m is expected to be paid back to the Council under the pooling arrangement.

Medium-Term Financial Outlook

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

The 2026/27 settlement is the first multi-year finance settlement in a decade following the fair funding review. Fair Funding Review 2.0 was introduced from 1 April 2026, updating the national formulas used to assess relative need and local resources. The new approach redistributes existing funding based on population, deprivation, density and local tax-raising capacity. The revised approach redistributes existing funding across the sector, and under the new methodology, Braintree District Council experiences a reduction in its assessed funding level, with transitional protections limiting the immediate impact.

As part of the Fair Funding Review, the Government has ended the New Homes Bonus (NHB) and incorporated the residual funding into the main Settlement to be redistributed through the new formulae. The Council has historically used NHB to support one-off investment rather than day-to-day revenue spending. Due to the phasing arrangements and transitional protections within the Settlement, a proportion of this legacy funding will continue to be reflected in the Council’s overall resources, although on a reducing basis over the medium term.

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For 2026/27, the Government has retained the standard council tax referendum principles. District councils may increase council tax by up to 3% or £5, whichever is higher. These limits are assumed within Core Spending Power calculations and continue to be a key driver of funding growth for district councils..

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 sustainable public services.

In setting the budget for 2026/27, 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 to ensure it remains financially resilient and fit-for-the-future.

The Council approved a budget for 2026/27 at its meeting in February 2026, and which included: freezing the Council's share of the Band D Council Tax rate at £206.01; finding additional income and savings of £2.5m; and a net contribution to balances of £1.2m.

An updated MTFS highlights the financial challenges which will be faced by the Council over the forecast period to March 2030, including revised budget gaps of:

2027/28	£1.1m
2028/29	£2.3m
2029/30	£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 the Fit for the Future transformation programme.

Guide to the Financial Statements

The Published Accounts for 2025/26

The Statement of Accounts summarises the Council's transactions for the financial year and its position at the year ended 31 March 2026. 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

- **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 2025/26 available on the Council's website at www.braintree.gov.uk. Further information about the accounts is available from Financial Services, Braintree District Council, Causeway House, Bocking End, Braintree, Essex, CM77 9HB

Statement of Responsibilities

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 2026.

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
24th June 2026

Comprehensive Income and Expenditure Account

2024/25				2025/26			
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
2,383	(1,659)	724	Asset Management		13,418	(1,867)	11,551
7,089	(1,644)	5,445	Community & Leisure		6,490	(2,615)	3,875
2,145	(359)	1,786	Corporate Management		2,301	(301)	2,000
835	(1,075)	(240)	Economic Development		948	(488)	460
3,475	(2,475)	1,000	Environment		3,425	(2,190)	1,235
28,142	(25,462)	2,680	Finance		25,126	(22,014)	3,112
1,583	(337)	1,246	Governance		1,618	(247)	1,371
2,176	(991)	1,185	Housing Services		2,749	(1,417)	1,332
1,095	(96)	999	People & Performance		1,234	(114)	1,120
2,672	(34)	2,638	ICT & Facilities		2,561	(1)	2,560
821	(127)	694	Marketing & Communications		814	(106)	708
14,853	(8,483)	6,370	Operations		16,946	(10,369)	6,577
408	(32)	376	Strategic Investment		409	(11)	398
3,630	(1,729)	1,901	Sustainable Development		3,756	(2,614)	1,142
476	(1,202)	(726)	Corporate Financing		(2,830)	(408)	(3,238)
71,783	(45,705)	26,078	Cost of Services	1/6	78,965	(44,762)	34,203
		(2,429)	Other Operating Expenditure	2			(468)
		(6,607)	Financing and Investment Income & Expenditure	3			(6,664)
		(28,777)	Taxation and Non-Specific Grant Income	4/5			(28,440)
		(11,735)	(Surplus) /Deficit on Provision of Services	6			(1,369)
			<i>Items that will not be reclassified to the (Surplus) or Deficit on Provision of Services:</i>				
		(3,989)	Revaluation gains	28			(8,183)
		252	Re-measurement of the pension scheme net defined benefit liability	27			4,531
		(2)	Other gains / losses				1
		(3,739)	Other Comprehensive (Income) and Expenditure				(3,651)
		(15,474)	Total Comprehensive (Income) and Expenditure				(5,020)

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
Balance at 1 April 2025	42,091	13,599	487	56,177	158,253	214,430
<u>Movement in Reserves during 2025/26</u>						
Total Comprehensive Income and Expenditure	1,369	-	-	1,369	3,651	5,020
Adjustments between accounting basis & funding basis under regulations	5,130	(6,278)	(151)	(1,299)	1,299	-
Increase in 2025/26	6,499	(6,278)	(151)	70	4,950	5,020
Balance at 31 March 2026	48,590	7,321	336	56,247	163,203	219,450

	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000
Balance at 1 April 2024	36,713	8,077	351	45,141	149,422	194,563
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	-
Balance at 1 April 2024	36,713	8,077	351	45,141	153,815	198,956
<u>Movement in Reserves during 2024/25</u>						
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	-
Increase in 2024/25	5,378	5,522	136	11,036	4,438	15,474
Balance at 31 March 2025	42,091	13,599	487	56,177	158,253	214,430

Balance Sheet

31 March 2025		Note	31 March 2026
£000			£000
119,867	Property, Plant & Equipment	13	118,996
8,432	Infrastructure Assets	13c	8,049
774	Heritage Assets	14	773
49,633	Investment Property	15	48,907
590	Intangible Assets	16	508
22,165	Long Term Investments	20	23,916
1,220	Long Term Debtors	24	796
202,681	Long Term Assets		201,945
53,533	Short Term Investments	20	51,034
2,709	Assets Held for Sale	17	990
195	Inventories		196
9,135	Short Term Debtors	24	11,412
804	Cash and Cash Equivalents	20	1,052
66,376	Current Assets		64,684
(27,745)	Short Term Creditors	25	(24,417)
(400)	Short Term Borrowing	20	(400)
(685)	Finance Lease Liabilities	23	(582)
(2,427)	Provisions	26	(1,575)
(31,257)	Current Liabilities		(26,974)
(4,600)	Long Term Borrowing	20	(4,200)
(4,632)	Finance Lease Liabilities	23	(4,049)
(49)	Long Term Creditors	25	(70)
(5,305)	Pension Fund	27	(4,906)
(8,784)	Capital Grants & Contributions Receipts in Advance	7	(6,980)
(23,370)	Long Term Liabilities		(20,205)
214,430	Net Assets		219,450
56,177	Usable Reserves	28	56,247
158,253	Unusable Reserves	28	163,203
214,430	Total Reserves		219,450

Cash Flow Statement

2024/25 £000		Note	2025/26 £000
(11,735)	(Surplus)/ Deficit on the Provision of Services		(1,369)
(4,245)	Adjustment for non-cash movements	29	(12,915)
11,080	Adjustment for items that are investing and financing activities	29	11,444
(4,900)	Net Cash (Inflow)/ Outflow from Operating Activities		(2,840)
	<u>Investing Activities:</u>		
5,543	Purchase of property, plant and equipment, investment property and intangible assets		7,109
162,000	Purchase of short-term and long-term investments		150,500
209	Other payments for investing activities		253
(6,993)	Proceeds from the sale of PPE, investment property, and intangible assets		(5,382)
(145,000)	Proceeds from sale of short-term and long-term investments		(153,000)
(5,402)	Other receipts from investing activities		(4,069)
10,357	Net Cash (Inflow)/ Outflow from Investing Activities		(4,589)
	<u>Financing Activities:</u>		
591	Cash payments to reduce outstanding finance lease liabilities		685
400	Repayment of short/long term borrowing		400
-	New long term borrowing		-
(6,426)	Other (receipts)/payments from Financing Activities		6,096
(5,435)	Net Cash (Inflow)/Outflow from Financing Activities	30	7,181
22	Net (Increase) Decrease in Cash & Cash Equivalents		(248)
(826)	Cash & Cash Equivalents at beginning of reporting period		(804)
(804)	Cash & Cash Equivalents at end of reporting period		(1,052)

Accounting Principles and Policies

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:

Class of Assets	Valuation Basis
Property, Plant and Equipment: Dwellings	Current value Dwellings are valued on a depreciated replacement cost basis reflecting their use for homelessness accommodation
Property, Plant and Equipment: Other Land and Buildings	Current value, comprising existing use value (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

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 2025/26, 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 2026/27 financial year.

- Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024.
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024
- Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024

Accounting Principles and Policies

- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024.

These are not expected to have a material impact on the Council's accounts.

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 to 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 £17.65m.

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 31st March 2026, there was a net liability of £4.9m (£5.3m as at 31 March 2025).

Accounting Principles and Policies

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 £3.9m has been made, of which £1.6m is attributable to the Council.

Fair Value Measurements

When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in assumptions used could affect the fair value of the Council's assets and liabilities.

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

Significant Accounting Policies

Accruals of Income and Expenditure

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

Council Tax, Business Rates and Business Grants Agency

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

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

Accounting Principles and Policies

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

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 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.

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 that a right of use asset acquired under a lease that does not have a commercial payment term is 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.

Accounting Principles and Policies

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

The LGPS is accounted for as a defined benefits scheme:

- the liabilities of the Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method.
- liabilities are discounted to their value at current prices, using a single equivalent discount rate of 6.1% and taking into account the Council's estimated past service liability duration of 13 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

Accounting Principles and Policies

- **Actuarial gains and losses** - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- **Asset Ceiling** – Changes in the accounting for Pension Fund Surplus has been reflected which limits the pension assets that can be recognised.
- **Contributions paid to the Pension Fund** - not accounted for as an expense in the CIES.

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

Property, Plant and Equipment (PPE)

Expenditure on the acquisition, creation or enhancement of PPE is capitalised on an accruals basis, provided it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

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

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

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

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

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

Accounting Principles and Policies

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.

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)

Accounting Principles and Policies

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.

2024/25				2025/26		
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
(2,482)	3,206	724	Asset Management	(2,717)	14,268	11,551
1,529	3,916	5,445	Community & Leisure	1,773	2,102	3,875
1,854	(68)	1,786	Corporate Management	2,127	(127)	2,000
347	(587)	(240)	Economic Development	237	223	460
1,000	0	1,000	Environment	1,159	76	1,235
(1,023)	3,703	2,680	Finance	(595)	3,707	3,112
1,271	(25)	1,246	Governance	1,418	(47)	1,371
1,243	(58)	1,185	Housing Services	1,440	(108)	1,332
1,031	(32)	999	People & Performance	1,185	(65)	1,120
1,905	733	2,638	ICT & Facilities	2,130	430	2,560
661	33	694	Marketing & Communications	697	11	708
6,082	288	6,370	Operations	6,859	(282)	6,577
388	(12)	376	Strategic Investment	423	(25)	398
1,815	86	1,901	Sustainable Development	1,184	(42)	1,142
(1,977)	1,251	(726)	Corporate Financing	(1,051)	(2,187)	(3,238)
13,644	12,434	26,078	Net Cost of Services	16,269	17,934	34,203
(19,022)	(18,791)	(37,813)	Other Income and Expenditure	(22,768)	(12,804)	(35,572)
(5,378)	(6,357)	(11,735)	Surplus on the Provision of Services	(6,499)	5,130	(1,369)
(36,713)			General Fund Balance at 1 April	(42,091)		
(42,091)			General Fund Balance at 31 March	(48,590)		

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.

	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Re- allocation & other items	Total Adjustments
2025/26	£000	£000	£000	£000	£000
Asset Management	12,051	(26)	-	2,243	14,268
Community & Leisure	2,247	(70)	-	(75)	2,102
Corporate Management	-	(123)	-	(4)	(127)
Economic Development	211	(9)	-	21	223
Environment	230	(103)	-	(51)	76
Finance	45	(157)	-	3,819	3,707
Governance	-	(45)	-	(2)	(47)
Housing Services	9	(101)	-	(16)	(108)
People & Performance	-	(64)	-	(1)	(65)
ICT & Facilities	512	(65)	-	(17)	430
Marketing & Communications	1	(34)	-	44	11
Operations	160	(421)	-	(21)	(282)
Strategic Investment	-	(25)	-	-	(25)
Sustainable Development	113	(146)	-	(9)	(42)
Corporate Financing	(1,195)	(3,618)	54	2,572	(2,187)
Net Cost of services	14,384	(5,007)	54	8,503	17,934
Other Income and Expenditure	(4,941)	76	564	(8,503)	(12,804)
Total	9,443	(4,931)	618	0	5,130

Notes to the Accounts

	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Re- allocation & other items	Total Adjustments
2024/25	£000	£000	£000	£000	£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
Net Cost of services	5,162	(1,203)	(8)	8,483	12,434
Other Income and Expenditure	(7,127)	195	(3,376)	(8,483)	(18,791)
Total	(1,965)	(1,008)	(3,384)	-	(6,357)

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.

	2024/25				2025/26			
	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	(4,521)	-	-	93	(4,769)	-	-	93
Community & Leisure	(972)	(568)	-	-	(1,024)	(290)	-	-
Corporate Management	(359)	-	-	-	(301)	-	-	-
Economic Development	(392)	-	-	-	(296)	-	-	-
Environment	(1,237)	(10)	-	-	(1,070)	(43)	-	-
Finance	(1,368)	(24,095)	(3,953)	203	(1,412)	(20,601)	(3,944)	193
Governance	(291)	(46)	-	-	(247)	-	-	-
Housing Services	(211)	(779)	-	15	(319)	(1,097)	-	16
People & Performance	(1)	(95)	-	-	-	(114)	-	-
ICT & Facilities	(34)	-	-	15	(1)	-	-	15
Marketing & Communications	(119)	-	-	-	(101)	-	-	-
Operations	(8,282)	(96)	-	704	(8,916)	(1,358)	-	795
Strategic Investment	-	-	-	-	-	-	-	-
Sustainable Development	(1,597)	(132)	-	-	(2,436)	(179)	-	-
Corporate Financing	(2,242)	(1,770)	-	797	(1,390)	(1,814)	-	1,195
Net Cost of services	(21,626)	(27,591)	(3,953)	1,827	(22,282)	(25,496)	(3,944)	2,307

Notes to the Accounts

2. Other Operating Expenditure

2024/25		2025/26
£000		£000
(11)	Change in corporate provision for doubtful debts	(41)
3,294	Parish and town council precepts	3,550
(142)	Gains on the disposal of non-current assets	(854)
(5,570)	Gains from other capital receipts	(3,123)
(2,429)	Total	(468)

3. Financing and Investment Income and Expenditure

2024/25		2025/26
£000		£000
195	Net interest on the pension net defined liability	76
370	Interest payable	357
(3,953)	Interest & pooled funds' dividends receivable	(3,944)
(936)	(Gain) / loss on financial assets held at Fair Value through Profit and Loss	(1,753)
(2,283)	Net income and other gains from investment property	(1,400)
(6,607)	Total	(6,664)

4. Taxation and Non-Specific Grant Income

2024/25		2025/26
£000		£000
(15,034)	Council Tax income	(15,800)
(3,676)	Business Rates income [see Note 5]	(3,848)
(8,544)	General government grants [see Note 7]	(6,820)
(1,523)	Capital grants and contributions [see Note 7]	(1,972)
(28,777)	Total	(28,440)

Notes to the Accounts

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.

2024/25		2025/26
£000		£000
	Credited to Taxation and Non-Specific Grant Income	
(22,262)	Business Rate income	(22,184)
17,087	Tariff	17,250
2,792	Levy due to the Pool	2,063
(1,293)	Share of growth received from the Pool	(977)
(3,676)	Business Rate income	(3,848)
(6,046)	Compensation grants included in general government grants	(4,760)
(9,722)	Net Retained Income relating to Business Rates	(8,608)

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

Notes to the Accounts

6. Subjective Analysis of Expenditure and Income

	2024/25		2025/26			
	Net Cost of Services	Corporate amounts	Total	Net Cost of Services	Corporate amounts	Total
	£000	£000	£000	£000	£000	£000
Expenditure						
Employee benefit expenses ⁽¹⁾	21,994	195	22,189	20,320	76	20,396
Housing benefits	24,179	-	24,179	20,873	-	20,873
Other service expenses	16,830	(11)	16,819	17,610	(41)	17,569
Depreciation, amortisation and impairment	6,364	-	6,364	17,286	-	17,286
Revenue expenditure funded from capital	2,416	-	2,416	2,876	-	2,876
Interest payable	-	370	370	-	357	357
Investment property expenses	-	532	532	-	588	588
Business rate retention scheme tariff and net levy	-	18,586	18,586	-	18,336	18,336
Local precepts	-	3,294	3,294	-	3,550	3,550
Total Expenditure	71,783	22,966	94,749	78,965	22,866	101,831
Income						
Fees, charges and other service income	(17,297)	-	(17,297)	(18,174)	-	(18,174)
Income and gains from investment property	-	(2,815)	(2,815)	-	(1,987)	(1,987)
Interest and dividend receivable	-	(3,953)	(3,953)	-	(3,944)	(3,944)
(Gain)/ loss on the fair value of financial assets	-	(936)	(936)	-	(1,753)	(1,753)
Council Tax	-	(15,034)	(15,034)	-	(15,800)	(15,800)
Business rates	-	(22,262)	(22,262)	-	(22,184)	(22,184)
Government grants and other third party contributions	(28,408)	(10,067)	(38,475)	(26,588)	(8,792)	(35,381)
Gain on disposal of non-current assets & other gains	-	(5,712)	(5,712)	-	(3,978)	(3,978)
Total Income	(45,705)	(60,779)	(106,484)	(44,762)	(58,438)	(103,200)
Surplus or Deficit on Provision of Services	26,078	(37,813)	(11,735)	34,203	(35,572)	(1,369)

(1) A one-off settlement gain of £3.1m has been recognised in 2025/26 following the cessation of the admitted body arrangement associated with the transfer of leisure services.

Notes to the Accounts

7. Grant Income

The following grants and contributions were credited to the CIES:

2024/25 £000		2025/26 £000
	Credited to Services	
	Government grants:	
24,072	• Housing Benefit Subsidy	20,579
1,111	• Better Care Fund - Disabled Facilities grant	918
651	• Homelessness grants	1,008
1,211	• Shared Prosperity Fund	450
494	• Asylum Large Sites grant	255
-	• Extended Producer Responsibility grant	1,323
571	• Other government grants	516
298	Other Capital grants and developer contributions	1,539
28,408		26,588
	Credited to Taxation and Non-Specific Grant	
	Government grants:	
6,046	• Compensation for business rate reliefs	4,760
1,239	• New Homes Bonus	1,550
983	• Funding Floor/Guarantee	115
276	• Other government grants	395
1,453	Capital grants and developer contributions	1,972
70	Assets acquired under Planning S106 Agreements or donated	-
10,067		8,792
38,475	Total	35,380

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:

2024/25		2025/26
£000		£000
	Grants & Contributions Receipts in Advance – within Short Term Creditors	
19	Unilateral undertakings	17
115	Recreational disturbance avoidance mitigation (RAMs) contributions	168
1,297	Developer & other contributions	1,135
1,431		1,320
	Capital Grants & Contributions Receipts in Advance	
8,784	Developer contributions	6,980
8,784		6,980

8. External Audit Costs

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

2024/25		2025/26
£000		£000
204	External audit services	209
42	Certification of grant claims and returns	44
246	Total Fees Payable for the Year	253

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

9. Members' Allowances and Expenses

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

2024/25		2025/26
£000		£000
346	Basic allowances	329
(28)	Communication allowances	-
14	Development allowances	-
260	Special responsibility allowances	250
3	Expenses reimbursed	4
595	Total	583

Following a review of Members allowance by the Independent Remuneration Panel (IRP) changes were approved at Full Council on the 23rd 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

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 2025/26	Gross salary	Benefits in Kind	Total Remuneration	Contributions to Pension Fund	Total Remuneration including Pension Contributions
	£	£	£	£	£
Chief Executive - Dan Gascoyne	157,013		157,013	34,412	191,425
Corporate Director	125,469		125,469	27,729	153,198
Corporate Director	125,469	1,787	127,256	27,729	154,985
Corporate Director	125,469		125,469	27,729	153,198
Head of Finance	89,456		89,456	19,770	109,226
Head of Operations	84,555		84,555	18,687	103,242
Head of Governance	83,618		83,618	18,480	102,098
Head of Environment	81,618		81,618	18,038	99,656
Head of Housing and Community	80,208		80,208	17,726	97,934
Head of Planning	74,490		74,490	16,768	91,258
Head of Property & Asset Management	80,905		80,905		80,905
Head of Transformation	87,456		87,456	19,328	106,784

NOTE:
During the Year, the Chief Executive received £1,304 as the Returning Officer

Notes to the Accounts

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		156,091	32,764	188,855
Corporate Director	121,578		121,578	26,869	148,447
Corporate Director	120,564	1,456	122,020	26,645	148,665
Corporate Director	118,911		118,911	26,279	145,190
Head of Finance	85,336		85,336	18,859	104,195
Head of Operations (to 30th April 2024)	18,316		18,316	1,548	19,864
Head of Operations (wef	81,303		81,303	17,968	99,271
Head of Governance	79,720		79,720	17,618	97,338
Head of Environment	79,087		79,087	17,478	96,565
Head of Housing and Community	76,321		76,321	16,867	93,188
Head of Planning (wef 22nd July 2024)	50,019		50,019	11,054	61,073
Head of Property & Asset Management (wef 22nd April 2024)	81,112		81,112		81,112
Head of Transformation (wef 4th September 2024)	47,918		47,918	10,590	58,508

NOTE:

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

Notes to the Accounts

Other Employees

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

2024/25 Number of employees Total	Remuneration Bands	2025/26 Number of employees Total
20	£50,000 to £54,999	21
12	£55,000 to £59,999	11
6	£60,000 to £64,999	13
4	£65,000 to £69,999	2
-	£70,000 to £74,999	2
-	£75,000 to £79,999	1
42		50

Exit Packages

Cost Bands	Number of Exit Packages		Cost of Exit Packages	
	2024/25	2025/26	2024/25 £000	2025/26 £000
Up to £20,000	-	1	-	15
Totals	-	1	-	15

Notes to the Accounts

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

2025/26	Usable Reserves			Movement in Unusable Reserves	Relevant Unusable Reserve
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account		
	£000	£000	£000	£000	
Depreciation and revaluation losses	17,175	-	-	(17,175)	Capital Adjustment Account
Amortisation of intangible assets	112	-	-	(112)	
Changes in the fair value of investment properties	967	-	-	(967)	
Revenue expenditure funded from capital under statute	2,876	-	-	(2,876)	
Net gain/ loss on disposal of non-current assets & from other receipts	1,405	-	-	(1,405)	
Capital grants and contributions	(9,865)	5,336	-	4,529	
Donated Capital Assets	-	-	-	-	
Provision for repayment of debt	(1,879)	-	-	1,879	
Capital expenditure charged to revenue	(1,347)	-	-	1,347	
Capital Adjustments	9,444	5,336	-	(14,780)	
Use of capital receipts reserve to finance capital expenditure	-	(11,614)	-	11,614	Capital Adjustment Account
Use of capital grants to finance capital expenditure	-	-	(151)	151	
Financing Adjustments	-	(11,614)	(151)	11,765	
Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on provision of services	(454)	-	-	454	Pension Reserve
Employer's contributions to the Essex Pension Fund	(4,477)	-	-	4,477	
Pension Adjustments	(4,931)	-	-	4,931	
Statutory reversal of loss on pooled fund investments	(1,753)	-	-	1,753	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	2,386	-	-	(2,386)	Collection Fund Adjustment Account
Accrued officer leave	54	-	-	(54)	Accumulated Absences Account
Other Adjustments	617	-	-	(617)	
Total Adjustments between Accounting Basis and Funding Basis	5,130	(6,278)	(151)	1,299	

Notes to the Accounts

2024/25	Usable Reserves			Movement in Unusable Reserves £000	Relevant Unusable Reserve
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied Account £000		
Depreciation and revaluation losses	6,259	-	-	(6,259)	Capital Adjustment Account
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 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	
Capital Adjustments	(1,965)	6,993	216	(5,244)	
Use of capital receipts reserve to finance capital expenditure	-	(1,471)	-	1,471	Capital Adjustment Account
Use of capital grants to finance capital expenditure	-	-	(80)	80	Deferred Capital Receipts Reserve
Repayment of capital loans and mortgages	-	-	-	-	
Financing Adjustments	-	(1,471)	(80)	1,551	
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	
Pension Adjustments	(1,008)	-	-	1,008	
Statutory reversal of loss 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
Other Adjustments	(3,384)	-	-	3,384	
Total Adjustments between Accounting Basis and Funding Basis	(6,357)	5,522	136	699	

Notes to the Accounts

12. General Fund Balances

	Balance 31-Mar 2024 £000	Transfers Out 2024/25 £000	Transfers In 2024/25 £000	Balance 31-Mar 2025 £000	Transfers Out 2025/26 £000	Transfers In 2025/26 £000	Balance 31-Mar 2026 £000
Capital and other Investment							
Capital Reserve	7,332	(28)	362	7,666	(32)	4,215	11,849
Financial systems reinvestment	162	-	-	162	(29)	120	253
Vehicle & Plant replacement	660	(34)	321	947	(785)	289	451
Business Rate Pool	2,917	-	1,293	4,210	-	1,043	5,253
Recycling Income	361	-	-	361	(361)	-	-
New Homes Bonus	3,961	(240)	-	3,721	(1,765)	1,550	3,506
AWP/MUGA Sinking Fund	41	-	-	41	-	27	68
Corporate Technology Requirements	103	-	-	103	(29)	-	74
	15,176	(302)	1,976	16,850	(3,001)	7,244	21,454
Risk Management:							
Insurance Fund	91	(10)	-	81	(9)	-	72
Treasury Management	1,155	-	190	1,345	-	133	1,478
Housing Benefit - Universal Credit Migration	832	(162)	-	670	(5)	15	680
Business Rate Retention Scheme	1,661	(578)	29	1,112	(373)	1,485	2,224
Pension Deficit	554	-	554	1,108	(1,661)	553	-
Risk Management	-	(148)	1,078	930	(314)	-	616
	4,654	(898)	1,851	5,607	(2,362)	2,186	5,070
Service Reserves:							
Community Projects	89	-	11	100	(16)	-	84
District Elections	2	-	242	244	(10)	80	314
Economic Development	284	(89)	7	202	-	-	202
Apprenticeships	143	-	1	144	(10)	-	134
Commuted Maintenance	103	(103)	-	-	-	-	-
Unilateral Undertakings	360	(137)	1	224	(43)	15	196
Partnership & Developer Funds	118	(1)	-	117	(1)	93	209
Councillor Grants Scheme	59	(20)	8	47	-	-	47
Procurement Hub	116	(3)	-	113	(39)	-	74
Local Plan	421	(118)	23	326	(196)	-	130
Local Council Tax Support	611	-	-	611	(546)	-	65
Planned Maintenance (Revenue)	89	-	-	89	-	-	89
Planning Appeals	55	(55)	-	-	(75)	500	425

Notes to the Accounts

Public Health Agenda	103	(21)	7	89	(15)	-	74
Homelessness Funds	1,093	(241)	16	868	(174)	20	714
Revenue Grants Unapplied	-	-	-	-	-	101	101
Waste Review	1	-	96	97	-	238	335
Land Charges	100	-	58	158	-	30	188
Covid-19	441	-	-	441	(441)	-	-
Climate Change	271	(295)	200	176	(89)	250	337
Planning Enforcement	103	-	-	103	(1)	-	102
Cost of Living	852	(405)	-	447	(374)	400	473
Growth & Economic Strategy	427	(129)	-	298	(274)	-	24
New Homes & Growth Dividend	52	-	-	52	(52)	-	-
Braintree & Bocking Heritage (Restricted)	155	(12)	-	143	-	-	143
Licensing	479	-	205	684	(48)	-	636
Other reserves less than £50k	172	(27)	2	147	(10)	12	149
Approved budget carry forwards	499	(367)	522	654	(209)	335	780
	7,198	(2,023)	1,399	6,574	(2,623)	2,074	6,025
Change Management:							
Training & Development	57	-	-	57	-	-	57
Corporate Improvement Programme	144	-	27	171	(171)	-	-
Transformation	770	(324)	806	1,252	(257)	172	1,167
LGR Transition and Service Delivery	-	-	-	-	-	1,000	1,000
North Essex Councils	162	(126)	200	236	(169)	-	67
	1,133	(450)	1,033	1,716	(597)	1,172	2,291
Total Earmarked Reserves	28,161	(3,673)	6,259	30,747	(8,373)	12,466	34,840
Unallocated balance	8,552	(459)	3,251	11,344	(2,678)	5,084	13,750
Total General Fund	36,713	(4,132)	9,510	42,091	(11,051)	17,550	48,590

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 Building	Vehicles, Plant & Equipment	Community Assets	Surplus Assets Not for Sale	Assets Under Construction	Total Property, Plant, and Equipment
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
At 1 April 2025	456	102,702	16,763	3,324	5,042	704	128,990
Additions	-	1,239	2,788	9	33	3,263	7,332
Transfers and reclassifications	-	-	-	-	(990)	-	(990)
Revaluations	(54)	(1,992)	-	-	127	-	(1,919)
Disposals & derecognition	(5)	(2,758)	(152)	(0)	-	-	(2,916)
At 31 March 2026	397	99,191	19,399	3,332	4,212	3,968	130,498
Accumulated Depreciation and Impairment							
At 1 April 2025	-	(191)	(8,412)	(520)	-	-	(9,122)
Depreciation charge	(5)	(3,675)	(1,610)	(5)	-	-	(5,295)
Transfers and reclassifications	-	-	-	-	-	-	-
Write out of depreciation on revaluation	5	(5)	-	-	-	-	-
Impairments	-	-	-	-	-	-	-
Disposals & derecognition	-	2,763	152	-	-	-	2,916
At 31 March 2026	-	(1,108)	(9,869)	(525)	-	-	(11,502)
Net Book Value:							
At 31 March 2026	397	98,083	9,529	2,807	4,212	3,968	118,996
At 31 March 2025	456	102,511	8,351	2,803	5,042	704	119,867

Effects of Changes in Estimates

None

Notes to the Accounts

Property, Plant & Equipment (Right of Use Assets) – 2025/26

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

	Other Land and Building	Vehicles, Plant & Equipment	Total
	£000	£000	£000
Cost or Valuation			
At 1 April 2025	3,923	3,833	7,756
Additions	-	-	-
Revaluations	(184)	-	(184)
At 31 March 2026	3,739	3,833	7,572
Accumulated Depreciation and Impairment			
At 1 April 2025	(60)	(764)	(824)
Depreciation charge	(60)	(476)	(536)
Write out of depreciation on revaluation	-	-	-
At 31 March 2026	(120)	(1,240)	(1,360)
Net Book Value:			
At 31 March 2026	3,619	2,593	6,212

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

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

Notes to the Accounts

Comparative Movements in 2024/25

	Council Dwellings	Other Land and Building	Vehicles, Plant & Equipment	Community Assets	Surplus Assets Not for Sale	Assets Under Construction	Total Property, Plant, and Equipment
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
At 1 April 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
At 1 April 2024 (Revised)	449	101,262	15,357	3,066	9,483	302	129,919
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)
At 31 March 2025	456	102,702	16,763	3,322	5,042	704	128,989
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
At 31 March 2025	-	(191)	(8,412)	(519)	-	-	(9,122)
Net Book Value:							
At 31 March 2025	456	102,511	8,351	2,803	5,042	704	119,867
At 31 March 2024	449	96,911	5,948	2,552	9,483	302	115,645

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

2024/25 £000		2025/26 £000
	<u>Infrastructure Assets:</u>	
8,883	Net Book Value (modified historical cost) at 1 April	8,432
100	Additions	91
-	- Derecognition	-
(551)	Depreciation	(474)
-	- Depreciation written out on derecognition	-
-	- Impairment	-
-	- Other Movements	-
8,432	Net Book Value at 31 March	8,049

In accordance with the Code 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, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS). For 2025/26, a full revaluation of the portfolio was completed, with all valuations carried out during the year having an effective date of 31 March 2026. Significant assumptions applied by the valuer in estimating fair values are:

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

Notes to the Accounts

	Council Dwellings	Other Land and Buildings	Vehicles, Plant & Equipment	Surplus Asset	Total
	£000	£000	£000	£000	£000
Carried at historical cost	-	10,810	19,399	1,359	31,568
Valued at Current Value as at:					
31-Mar-22	-	5	-	5	10
31-Mar-23	-	-	-	20	20
31-Mar-24	-	-	-	-	-
31-Mar-25	-	5,803	-	-	5,803
31-Mar-26	397	82,573	-	2,828	85,798
Total Cost or Valuation	397	99,191	19,399	4,212	123,198

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

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 2025/26 there no additions made or donated in the year (£70k in 2024/25).

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 remained the same at 31 March 2026 as £0.404m (£0.404m 31 March 2025).

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

Notes to the Accounts

15. Investment Property

Income from investment property was £3m in the year (£2.8m in 2024/25), and related expenses incurred were £586k (£532k in 2024/25) resulting in a gain of £2.4m (£2.3m in 2024/25).

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:

2024/25		2025/26
£000		£000
48,850	Balance at 1 April	49,633
802	Transition to Right of Use Asset (IFRS16)	-
49,652	Balance at 1 April (Revised)	49,633
	Additions	
12	Enhancement expenditure	242
	Disposals	
	Category transfer	
(31)	Net gain/ (loss) from change in fair value	(967)
49,633	Balance at 31 March	48,907

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

16. Intangible Assets

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

2024/25		2025/26
£000		£000
	Balance at 1 April:	
1,934	Gross carrying amounts	2,036
(1,342)	Accumulated amortisation	(1,446)
592	Net carrying amount at 1 April	590
90	Additions and enhancements	29
13	Transfers and reclassifications	-
(104)	Amortisation for the period	(112)
(1)	Other movements	-
590	Net carrying amount at 31 March	508
	Comprising:	
2,036	Gross carrying amounts	2,065
(1,446)	Accumulated amortisation	(1,558)
590		508

17. Assets Held for Sale

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

2024/25		2025/26
£000		£000
-	Balance at 1 April:	2,709
2,709	Asset Reclassification	990
-	Revaluations	(1,304)
-	Disposal	(1,405)
2,709	Balance at 31 March	990

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.

2024/25 £000		2025/26 £000
23,006	Opening Capital Financing Requirement	25,569
1,015	Restated for IFRS16	-
24,021	Opening Capital Financing Requirement (Revised)	25,569
	Capital Investment:	
5,466	Property, plant and equipment	7,423
12	Investment properties	242
81	Intangible assets	29
70	Heritage Assets	-
2,416	Revenue expenditure funded from capital under statute (REFCUS)	2,876
8,045		10,570
	Sources of Finance:	
(1,470)	Capital receipts	(11,614)
(3,419)	Government grants and other contributions	(4,680)
(151)	Sums set aside from revenue (including earmarked reserves)	(1,347)
(70)	Donated Assets	-
(1,387)	Minimum Revenue Provision	(1,879)
(6,497)		(19,520)
25,569	Closing Capital Financing Requirement	16,619
	Explanation of movements in the year:	
2,935	Increase due to capital expenditure not yet financed	-
-	Repayment of prior year unfinanced expenditure	(7,072)
(1,387)	Minimum Revenue Provision	(1,879)
1,548	Increase (Reduction) in Capital Financing Requirement	(8,951)

Notes to the Accounts

19. Capital Commitments

At the Balance Sheet date the Council had entered into a number of contracts for the construction or enhancement of PPE which resulted in a commitment in future years to budgeted costs of £2.4m (£5.5m at 31 March 2025).

20. Financial Instruments

Income, Expense, Gains and Losses on Financial Instruments

2024/25 £000		2025/26 £000
	Surplus or Deficit on the Provision of Services	
	Net (gains)/ losses on:	
(936)	Financial assets measured at fair value through profit or loss	(1,753)
(936)	Total (gains)/ losses	(1,753)
	Interest & dividend revenue:	
(1,581)	Financial assets measured at amortised cost	(1,721)
(2,372)	Financial assets measured at fair value through profit or loss	(2,223)
(3,953)	Total revenue	(3,944)
	Interest & premium expense	
370	Financial liabilities measured at amortised cost - interest	331
370	Total expense	331
	Loss allowances	
(11)	Impairment losses (reversals)	(41)
(11)	Total loss allowance	(41)
(4,530)	Net (Gains)/ Losses for the year	(5,407)

Notes to the Accounts

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

	Non-Current		Current	
	31-Mar-25 £000	31-Mar-26 £000	31-Mar-25 £000	31-Mar-26 £000
Financial Assets				
Investments				
Amortised cost				
Principal	-	-	24,500	22,000
Fair Value through profit or loss				
Money Market Funds	-	-	29,033	29,034
Pooled funds	22,165	23,916	-	-
Accrued dividends	-	-	413	391
Total Investments	22,165	23,916	53,946	51,425
Debtors (amortised cost)				
Trade receivables and other debtors	-	-	4,545	5,568
Loans made for service purposes	23	10	3	1
Loss allowance	-	-	(246)	(458)
Total Debtors	23	10	4,302	5,111
Cash and Cash Equivalents (amortised cost)				
Cash and bank accounts	-	-	804	1,052
Total Cash and Cash Equivalents	-	-	804	1,052
Total Financial Assets	22,188	23,926	59,052	57,588

The Balance Sheet includes £786k (31 March 2025 £1.197m) of Long-term Debtors and £5.157m (31 March 2024 £4.437m) of Short-term Debtors that do not meet the definition of a financial asset.

Notes to the Accounts

	Non-Current		Current	
	31-Mar-25 £000	31-Mar-26 £000	31-Mar-25 £000	31-Mar-26 £000
Financial Liabilities (at amortised cost)				
Borrowings				
Principal sum borrowed	4,600	4,200	400	400
Accrued interest	-	-	43	39
Total Borrowings	4,600	4,200	443	439
Other Long Term Liabilities				
Finance leases	4,632	4,049	-	-
Total Other Long Term Liabilities	4,632	4,049	-	-
Creditors				
Trade payables and other creditors	49	49	4,543	4,712
Total Creditors	49	49	4,543	4,712
Other Short Term Liabilities				
Bank overdraft	-	-	-	-
Finance leases	-	-	685	582
Total Other Short Term Liabilities	-	-	685	582
Total Financial Liabilities	9,281	8,298	5,671	5,733

The Balance Sheet total for Short-term Creditors includes £19.670m (31 March 2024 £23.159m) 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-25			31-Mar-26	
	Fair Value Level	Carrying Value £000	Fair Value £000	Carrying Value £000	Fair Value £000
Financial Assets held at fair value:					
Money Market Funds	1	29,128	29,128	29,114	29,114
Equity Multi-Asset Funds	1	19,258	19,258	21,010	21,010
Property Fund	2	2,907	2,907	2,906	2,906
Total		51,293	51,293	53,030	53,030
Asset for which fair value is not disclosed		29,929		28,484	
Total Financial Assets		81,222		81,514	
Recorded on the Balance Sheet as:					
Long Term Investments		22,165		23,916	
Long Term Debtors		23		10	
Short Term Investments		53,533		51,034	
Short Term Debtors		4,697		5,502	
Cash and Cash Equivalents		804		1,052	
Total Financial Assets		81,222		81,514	

Notes to the Accounts

	31-Mar-25			31-Mar-26	
	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	5,043	4,415	4,639	4,080
Total		5,043	4,415	4,639	4,080
Liabilities for which fair value is not disclosed		9,909		9,413	
Total Financial Liabilities		14,952		14,052	
Recorded on the Balance Sheet as:					
Short Term & Long-Term Creditors		4,635		4,821	
Other Short-Term Liabilities		685		582	
Short Term Borrowing		400		400	
Long Term Borrowing		4,600		4,200	
Other Long Term Liabilities		4,632		4,049	
Total Financial Liabilities		14,952		14,052	

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

22. Nature and Extent of Risks arising from Financial Instruments

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

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

Notes to the Accounts

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

Credit Risk

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

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

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

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

	31-Mar-25	31-Mar-26
	£000	£000
Credit Rating		
AAA	29,033	29,034
AA-	-	-
DMO	15,500	7,000
Local Authorities	9,000	15,000
Total	53,533	51,034
Pooled Funds (unrated)	22,165	23,916
Total Investments	75,698	74,950

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

Debtors include a total of £1.285m of trade receivables (£1.074m at 31 March 2025). The amount can be analysed by age of debt as follows:

31-Mar-25	Aged debt analysis	31-Mar-26
£000		£000
619	Less than 3 months	714
100	Three to six months	44
200	Six months to one year	301
155	More than one year	226
1,074	Total due at 31 March	1,285

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 £23.916 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 (£21.010m) 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 (£2.906m) 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

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 £690k. This is based on the average amount invested in short-term financial assets during the year of £69.036 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 £0.137m 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 £0.855m 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 £4k charge to the CIES.

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

Notes to the Accounts

23. 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:

31-Mar-25		31-Mar-26
£000		£000
3,864	PPE – Land & Buildings	3,620
3,069	PPE – Vehicles & plant	2,404
3,390	Investment property	3,226
10,323	Total Carrying Value	9,250

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

31-Mar-25		31-Mar-26
£000		£000
	Right of use lease liabilities (net present value of minimum lease payments):	
685	• Current	582
4,632	• Non-current	4,050
6,478	Finance costs payable in future years	6,244
11,795	Total Minimum Lease Payments	10,876

Please note the balances as at 31st Mar 26 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-25 £000	31-Mar-26 £000	31-Mar-25 £000	31-Mar-26 £000
Not later than one year	918	786	685	582
Over one year but not later than five years	2,735	2,358	1,980	1,694
Later than five years	8,142	7,732	2,652	2,356
	11,795	10,876	5,317	4,632

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-25 £000		31-Mar-26 £000
1,009	Not later than one year	946
2,040	Later than one year and not later than five years	1,094
532	Later than five years	532
3,581		2,572

Notes to the Accounts

24. Long and Short-term Debtors

31-Mar-25		31-Mar-26	
£000		£000	
1,197	Deferred income from property leases	786	
23	Service loan	10	
1,220	Long-Term Debtors	796	

31-Mar-25		31-Mar-26	
£000		£000	
1,535	Central government bodies	1,807	
1,274	Essex County Council (ECC)	1,421	
458	Other local authorities	259	
	Other entities and individuals:		
729	• Council Tax & business ratepayers	1,162	
665	• Housing Benefit overpayments & penalties	680	
409	• Accrued interest & dividends	440	
377	• Trade receivables	707	
423	• Deferred income from property leases	423	
3,265	• Other debtors and prepayments	4,513	
9,135	Short-Term Debtors	11,412	

Notes to the Accounts

25. Long and Short-term Creditors

31-Mar-25 £000		31-Mar-26 £000
	Central government bodies:	
105	• Business grants agency (Covid-19)	-
9,054	• Business rate agency	5,968
1,438	• Asylum Large Sites	2,716
2,568	• Other central government	1,913
2,888	Essex County Council (ECC)	2,072
3,805	ECC business rate and council tax agency	2,620
916	Other local authorities	579
	Other entities and individuals:	-
564	• Council Tax & business rates prepaid	627
43	• Accrued interest	39
164	• Supplier creditors	-
6,200	• Other creditors and receipts in advance	7,883
27,745	Short-Term Creditors	24,417

31-Mar-25 £000		31-Mar-26 £000
49	Rent Deposits	70
49	Long-Term Creditors	70

26. Provisions

31-Mar-25 £000		31-Mar-26 £000
2,410	NNDR Appeals	1,575
17	Other Provisions	-
2,427	Provisions	1,575

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:

2024/25 £000		2025/26 £000
	<u>Comprehensive Income & Expenditure Statement</u>	
	Service cost included within the Cost of Services	
2,873	Current service cost	2,446
-	Past service costs (including curtailments)	-
-	Settlement gain	(3,074)
140	Administration expenses	98
	Financing and Investment Income and Expenditure	
195	Net interest expense	76
3,208	Post-employment Benefits Charged to Surplus or Deficit on the Provision of Services	(454)
	Re-measurement of the Net Defined Benefit Liability comprising:	
(448)	Return on assets excluding amounts included in the net interest	(8,503)
(426)	Actuarial (gains) and losses arising on changes in demographic assumptions	5,656
(20,001)	Actuarial (gains) arising on changes in financial assumptions	(6,063)
-	Other Actuarial (gains) on assets	(7,450)
(360)	Experience and other (gains) and losses	9,316
21,487	Changes in effect of Asset Ceiling	11,575
252	Re-measurements recognised in Other Comprehensive Income	4,531
3,460	Total Post Employment-Benefits Charged to the CI+ES	4,077
	<u>Movement in Reserves Statement</u>	
(3,208)	Reversal of the net charge made to the Surplus or Deficit for the Provision of Services	454
4,216	Employers' contributions charged against the General Fund balance	4,477
1,008	Net Adjustments in the MIRS	4,931

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:

2024/25		2025/26
£000		£000
240,858	Fair value of employer assets	272,661
(137,356)	Present value of funded liabilities	(151,581)
(5,305)	Present value of unfunded liabilities	(4,906)
(103,502)	Impact of Asset Ceiling	(121,080)
(5,305)	Net Asset / (Liability)	(4,906)

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

	Funded liabilities: Local Government Pension Scheme		Unfunded liabilities: Discretionary Benefits	
	2024/25	2025/26	2024/25	2025/26
	£000	£000	£000	£000
Opening balance at 1 April	154,495	137,356	6,063	5,305
Current service cost	2,873	2,446	-	-
Interest cost	7,400	7,835	282	289
Contributions from scheme participants	1,081	1,162	-	-
<i>Re-measurement (gains) and losses:</i>	-	-	-	-
Changes in demographic assumptions	(408)	5,633	(18)	23
Changes in financial assumptions	(19,636)	(5,971)	(365)	(92)
Experience (gain) or loss	(345)	9,297	(15)	19
Past service cost	-	-	-	-
Losses on curtailment	-	-	-	-
Benefits paid	(8,104)	(8,711)	(642)	(638)
Liabilities extinguished on settlements	-	2,534	-	-
Closing balance at 31 March	137,356	151,581	5,305	4,906

Notes to the Accounts

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

2024/25		2025/26	
£000		£000	
232,679	Opening fair value of scheme assets	240,858	
11,318	Interest income	14,051	
	Re-measurement gain/ (loss):		
448	Return on assets less interest	8,503	
-	Other actuarial gains/ (losses)	7,450	
(140)	Administration expenses	(98)	
4,218	Contributions from employer	4,476	
1,081	Contributions from employees	1,162	
(8,746)	Benefits paid	(9,349)	
-	Settlement prices paid	5,608	
240,858	Closing balance at 31 March	272,661	

Pension scheme assets:

31-Mar-25		31-Mar-26	
Fair value	% of Total	Fair value	% of Total
£000		£000	
132,243	55%	147,616	54%
3,651	2%	3,902	1%
-	0%	-	0%
19,442	8%	24,633	9%
4,697	2%	5,510	2%
36,304	15%	43,181	16%
44,521	18%	47,819	18%
240,858	100%	272,661	100%

At the 31 March 2025, 56% (54% 31 March 2025) 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.

As per IAS19, 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-25</u>		<u>31-Mar-26</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%
5.80%	Rate for discounting liabilities	6.10%
	Longevity from age 65 (years):	
22.0 (24.7)	Male (female) Retiring in 20 years	23.5 (25.9)
20.7 (23.3)	Male (female) Retiring today	22.0 (24.2)

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

Change in Assumptions at 31 March 2026	Impact on the Defined Benefit Obligation in the Scheme	
	Approx.% change in Present Value of Total Obligation	Approximate Monetary Amount £000
0.1% increase in discount rate	-1.24%	-£1,934
0.1% increase in long term salary increase	0.08%	£126
0.1% increase in pension increases and deferred revaluation	1.26%	£1,969
1 year increase in member life expectancy	4.05%	£6,330

Notes to the Accounts

Reconciliation of the Asset Ceiling:

31-Mar-25		31-Mar-26
78,184	Opening impact of asset ceiling	103,502
3,831	Interest on impact of asset ceiling	6,003
21,487	Actuarial losses / (gains)	11,575
103,502	Closing impact of asset ceiling	121,080

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..

On 2 September 2025, the Government published draft amendments to the Pensions Scheme Bill which would give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historical benefit changes met the necessary standards. The draft legislation will need to be agreed by both Houses of Parliament before it passes into law. It was not previously clear whether the Virgin Media ruling would apply to the LGPS but, following the publication of draft legislation, we do not now expect the ruling to give rise to any additional liabilities.

Notes to the Accounts

Impact on the Council's Cash Flows

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

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

The total amount estimated to be paid into the Pension Fund for the financial year ending 31 March 2027 is £3.4m.

28. Reserves

Usable Reserves

31-Mar-25		31-Mar-26
£000		£000
11,344	General Fund Balance	13,750
30,747	Earmarked Reserves	34,840
13,599	Capital Receipts Reserve	7,321
489	Capital Grants Unapplied	336
56,179	Total Usable Reserves	56,247

Unusable Reserves

31-Mar-25		31-Mar-26
£000		£000
49,433	Revaluation Reserve	54,673
107,007	Capital Adjustment Account	106,935
(5,305)	Pensions Reserve	(4,906)
3,197	Pooled Investments Adjustment Account	4,950
(1,192)	Financial Instruments Adjustments Account	(1,122)
5,367	Collection Fund Adjustment Account	2,981
(254)	Accumulating Absences Account	(308)
158,253	Total Unusable Reserves	163,203

Notes to the Accounts

Revaluation Reserve

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

2024/25		2025/26	
£000		£000	£000
48,046	Balance at 1 April		49,433
	Upward revaluation of assets	11,486	
	Downward revaluation of assets and impairment losses	(3,303)	
3,989	Surplus on revaluation of non-current assets not posted to Surplus/ Deficit on the Provision of Services		8,183
	Difference between fair value depreciation and historical cost depreciation	(2,214)	
	Accumulated gains on assets disposed	(729)	
(2,602)	Amount written off to the Capital Adjustment Account		(2,943)
49,433	Balance at 31 March		54,673

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.

2024/25		2025/26	
£000		£000	£000
103,706	Balance at 1 April		107,007
4,393	Restatement - Right of Use Assets (IFRS16)		-
108,099	Balance at 1 April (Revised)		107,007
	Reversal of items relating to capital expenditure debited or credited to the CI+ES:		
(4,344)	• Depreciation and impairment of non-current assets	(14,961)	
(104)	• Amortisation of intangible assets	(112)	
(2,416)	• Revenue expenditure funded from capital under statute	(2,876)	
(694)	• Amounts of Non-current assets written off on disposal	(676)	
(7,558)	Net written out amount of the cost of non-current assets consumed in the year		(18,625)
	Capital financing applied in the year:		
1,470	• Capital Receipts	11,614	
3,338	• Grants and contributions received and applied in the year	4,529	
81	• Capital Grants Unapplied Account	151	
70	• Donated Assets	-	
1,387	• Minimum revenue provision	1,879	
151	• Capital expenditure charged to revenue	1,347	
6,497			19,520
(31)	Movements in the market value of Investment Properties		(967)
107,007	Balance at 31 March		106,935

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 2025/26 gains increased by £1.751m giving a total unrealised gain of £4.916m (unrealised gain in 2024/25 £3.197m).

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 2025/26 a charge of £71k was made against the General Fund.

29. Cash Flow Operating Activities

2024/25 £000		2025/26 £000
	Cash flows for operating activities included the following items:	
(3,953)	Interest & dividends received	(3,944)
370	Interest paid	361
(3,583)		(3,583)
	Adjustments to net surplus or deficit on the provision of services for non-cash movements:	
(5,298)	Depreciation	(3,013)
(961)	Revaluation losses/ gains	(14,161)
(104)	Amortisation of intangibles	(112)
904	Change in fair value of investment property and financial assets	785
528	(Increase)/Decrease in creditors	(2,705)
175	(Increase)/Decrease in provisions	852
552	Increase/(Decrease) in debtors	1,841
(9)	Increase/(Decrease) in inventories	1
269	Change in Capital receipts in advance	2
1,008	Movement in pension liability	4,931
(1,379)	Carrying amount of non-current assets sold	(1,405)
70	Premium for early repayment of debt	70
(4,245)	Total non-cash movements	(12,915)
	Adjustment for items included in the surplus or deficit on the provision of services that are investing and financing activities:	
2,649	Net rental income from investment property	2,714
6,993	Proceeds from the sale of property, plant and equipment, investment property, and other capital receipts	5,335
1,410	Capital grants credited to surplus or deficit on the provision of services	3,418
(70)	Premium for early repayment of debt	(70)
98	De minimis receipts	47
11,080	Total of items that are investing and financing activities	11,444

Notes to the Accounts

30. Cash Flow Reconciliation of Liabilities arising from Financing Activities

	01-Apr-25 £000	IFRS 16 £000	Financing cash flows £000	Non-cash change £000	31-Mar-26 £000
<i>Long-term borrowings</i>					
Long-term borrowings	(4,600)	-	-	400	(4,200)
Finance lease liabilities	(4,631)	-	-	582	(4,049)
<i>Short-term borrowing</i>					
Short-term borrowing	(400)	-	400	(400)	(400)
Finance lease liabilities	(685)	-	685	(582)	(582)
Total Liabilities from Financing Activities	(10,316)	-	1,085	-	(9,231)
Net change in agency debtor/ creditor			6,096		
Net Cash outflow from Financing Activities			7,181		

Comparative Year 2024/25

	01-Apr-24 £000	IFRS 16 £000	Financing cash flows £000	Non-cash change £000	31-Mar-25 £000
<i>Long-term borrowings</i>					
Long-term borrowings	(5,000)			400	(4,600)
Finance lease liabilities	(2,579)	(614)	(2,123)	685	(4,631)
<i>Short-term borrowing</i>					
Short-term borrowing	(400)		400	(400)	(400)
Finance lease liabilities	(190)	(401)	591	(685)	(685)
Total Liabilities from Financing Activities	(8,169)	(1,015)	(1,132)	-	(10,316)
Net change in agency debtor/ creditor			(4,303)		
Net Cash outflow from Financing Activities			(5,435)		

Notes to the Accounts

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 £183,274.88.

In 2022/23 a loan of £60,000 was advanced to the Warner Textile Archive which is owned by the Museum Trust. Repayments of £12,120.42 which includes interest were made in 2025/26 (£11,530.51 in 2024/25). The balance on the loan outstanding at the Balance Sheet date was £22,721.91.

Braintree District Councillors’ Community Grant Scheme

A community grants scheme was operated providing all ward Councillors with £1250 each to support, either individually or jointly with other Councillors, organisations, and groups to develop and deliver community projects and initiatives that benefit residents. The scheme is monitored by a Grants Panel and Councillors are obliged to consider the Members Code of Conduct when making grant decisions. Where a Councillor has not used their grant in previous years the scheme allowed a balance up to £500 to be carried over to be used in another year.

In total £59,224.92 was paid out (£75,433.36 in 2024/25) 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 payment was made to Active Braintree Foundation totalling £2,857.15. This included room hire fees and contributions received.

Notes to the Accounts

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. 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

2024/25			Note	2025/26	
Business Rates	Council Tax			Business Rates	Council Tax
£000	£000			£000	£000
		<u>Income</u>			
-	124,338	Council Tax receivable	CF1	-	130,924
53,983	-	Business Rates receivable	CF2	54,624	-
1,695	-	Transitional protection payment	CF2	-	-
55,678	124,338	Total Income		54,624	130,924
		<u>Expenditure</u>			
		Precepts, Demands and Shares:			
19,562	14,680	· Braintree District Council		21,449	15,515
24,453	-	· Central Government		26,811	-
4,401	86,653	· Essex County Council		4,826	91,741
-	14,025	· Police & Crime Commissioner for Essex		-	15,122
489	4,702	· Essex Fire Authority		536	5,086
139	-	Payment to ECC for renewable energy disregard		142	-
123	-	Transfer to General Fund for BDC renewable energy disregards		147	-
-	-	Transitional protection payment		582	-
195	-	Allowance for business rate collection costs	CF2	197	-
45	-	Interest payments due on refunds of business rates		174	-
328	1,371	Contribution to provision for impairment of debts	CF5	376	1,048
(480)	-	Change in provision for business rate valuation appeals:	CF6	(2,087)	-
698	2,297	Contributions from previous year's estimated Collection Fund surplus	CF3	7,400	2,451
49,953	123,728	Gross Expenditure		60,553	130,963
		<u>Collection Fund Balance</u>			
(6,059)	(4,749)	Balance at the beginning of the year		(11,785)	(5,359)
698	2,297	Contributions from previous year's estimated Collection Fund surplus/(deficit)		7,400	2,451
(6,424)	(2,907)	In-year (surplus) or deficit for the year		(1,471)	(2,411)
(11,785)	(5,359)	Balance at the end of the year	CF4	(5,856)	(5,319)

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 2025/26 was £2,133.54 (£2,109.51 in 2024/25). The tax base used to determine this rate was calculated at 58,079 equivalent number of Band D dwellings (56,914 in 2024/25), 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)	-	-	1	-	-
A	6,251	5,784	4,044	2,696	2,649
B	17,647	17,326	13,588	10,568	10,383
C	20,390	20,124	17,345	15,418	15,148
D	10,888	10,784	9,821	9,821	9,649
E	8,234	8,162	7,680	9,386	9,222
F	4,979	4,944	4,750	6,861	6,741
G	2,490	2,469	2,366	3,943	3,874
H	231	230	210	420	413
	<u>71,110</u>	<u>69,823</u>		<u>59,113</u>	<u>58,079</u>

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:

2024/25		2025/26
£000		£000
124,239	Council Taxpayers	130,805
99	Transfer from General Fund	119
124,338	Council Tax Income	130,924

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 2025/26 the multipliers were 49.9p where the property is eligible for small business relief; and 55.5p 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 5,157 businesses with a total RV of £140.1m

Income from Non-Domestic Rates is shown below

2024/25		2025/26
Actual		Actual
£000		£000
53,983	Net payable by business ratepayers	54,624
1,695	Transitional protection payment	0
55,678	Non-Domestic Rating Income	54,624
	Less:	
262	Renewable energy disregards	289
-	Transitional protection payment	582
195	Allowance for collection costs	197
328	Impairment of arrears	376
-480	Change in provision for valuation appeals	-2087
55,373	Non-Domestic Rating Income	55,267

Notes to the Collection Fund

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:

2024/25			2025/26	
Business Rates	Council Tax		Business Rates	Council Tax
£000	£000		£000	£000
279	282	Braintree District Council	2,960	300
349	-	Central Government	3,700	-
63	1,656	Essex County Council	666	1,769
-	267	Police & Crime Commissioner for Essex	-	286
7	92	Essex Fire Authority	74	96
698	2,297	Contributions from previous year's estimated surplus/(deficit)	7,400	2,451

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.

2024/25				2025/26		
Business Rates £000	Council Tax £000	Total £000		Business Rates £000	Council Tax £000	Total £000
464	3,233	3,697	Balance at 1 April	532	4,153	4,685
(260)	(451)	(711)	Amounts written off in the year	(193)	(790)	(983)
328	1,371	1,699	Contribution to provisions during year	376	1,048	1,424
68	920	988	Net Increase (decrease) in provision	183	258	441
532	4,153	4,685	Balance at 31 March	715	4,411	5,126

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 £3.9 million being assessed as required at 31 March 2026.

2024/25 £000		2025/26 £000
6,505	Balance at 1 April	6,025
(480)	Amounts refunded from the provision	(2,087)
-	Increase in provision	-
(480)	Net change in provision	(2,087)
6,025	Balance at 31 March	3,938

Under the BRRS only 40% or £1.575m (£2.410m at 31 March 2025) of the provision is attributable to Braintree DC and, as such, shown in the Balance Sheet

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Braintree District Council Draft Annual Governance Statement 2025-26

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/ SOLACE¹ 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. This Local Code was last updated in 2025 and is published [here](#).
- 1.3 The Annual Governance Statement² (the AGS) 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 organisation's 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.
- 1.6 The AGS for 2024/25 identified areas where actions would be required. These included: Devolution and Local Government Reorganisation and Braintree's role in working arrangements across the Essex system; local audit recovery and rebuilding assurance; reforms to local government finance; Asset Management including consideration of a corporate landlord model and developing property-related policies and procedures; general updating of corporate policies; and ensuring that Business Continuity and Health & Safety Risks Assessments are kept up to date. Updates on progress against these actions are covered in the commentary below as appropriate.

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

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

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

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- 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 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 Corporate Strategy sets 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 ensures the Council is resilient and adaptable and able to deliver while addressing its financial challenges and prepares for Local Government Reorganisation. A Two-Year Plan sets out the agreed projects and initiatives for delivering against the priorities of the Corporate Strategy over the two years ending 31 March 2028. The Plan links accountability for delivery as well as setting out how progress and performance is to be measured. The Medium-Term Financial Strategy and annual budget outlines the resources available to deliver on these priorities, ensuring that aspirations remain realistic and set 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 Statement. 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 and the Joint Executive Team (comprising all Cabinet Members and Management Board).
- 2.8 The Council has Codes of Conduct, defining the standards of behaviour for both Members and Officers.

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2.9 The most recent Corporate Peer Challenge (CPC) undertaken by the Local Government Association 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 an effective Governance and Audit Committee.

2.10 The governance framework has remained in place over the financial year ended 31 March 2026, and up to the date of approval of this Statement.

3. 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 Leader and Cabinet appointments for the 2025-26 financial year had been confirmed at the Council's Annual General Meeting (AGM) held in April 2024,

3.2.2 At the most recent AGM held on 28 May 2026, a new Leader of the Council, Councillor Tom Cunningham was confirmed alongside a new Deputy Leader of the Council, Councillor Kevin Bowers.

3.2.3 The new Leader also announced revised Cabinet arrangements and the appointment of Cabinet Members assigned across the following priorities and portfolios:

Corporate Priority: Performance Change and Transition

Leader of the Council – Strategy and Change
Cabinet Member for Finance, Assets and Performance, and Deputy Leader
Cabinet Member for Planning
Cabinet Member for Transformation and Future Working

Corporate Priority: Pride in Place and Stronger Communities

Cabinet Member for Communities
Cabinet Member for Operations and Pride in Place

Corporate Priority: Greater Prosperity and Healthier Residents

Cabinet Member for Leisure and Wellbeing

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Cabinet Member for Housing and Environmental Health
Cabinet Member for Economic Growth

- 3.2.4 The AGM also confirmed 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. A new Transformation and Resilience Board is to be created replacing the previous Investment and Development Programme and Capital Programme Boards.
- 3.2.5 The Constitution was subject to a full and systemic review in 2021 and has been subject to annual review and revision. At the most recent AGM, amendments were agreed to better support the Council's governance process, and these included:
- Minor changes to bring about consistency to the Constitution
 - Updates to the Financial Procedure Rules concerning the process for approving supplementary estimates mid-year, and revisions to delegated thresholds for debt write-offs.
 - Updates to Officer roles and responsibilities to ensure that decisions are being taken at the appropriate level; to reflect current practice; and bring into effect duties and obligations under new legislation, such as Renters Rights Act and the Building Safety Levy.
- 3.2.6 A Member Code of Conduct has remained in place which was developed based on the Local Government Association (LGA) model. The Monitoring Officer continues to provide training and advice in relation to operation of the Code.
- 3.2.7 The number of member related complaints under the Member Code of Conduct increased in 2025/26 with a total of 24 (up from 10 in 2024/25). Key complaints raised related to behaviours of individual councillors during meetings or through social media postings, a failure to declare an interest, treating others with respect and bringing the Council into disrepute.
- 3.2.8 Complaints were reviewed in line with the Council's processes by the Monitoring Officer with several rejected at the initial assessment stage as no breach under the Code was found. There were no complaints referred to the Standards Sub Committee.
- 3.2.9 Due to the increase in complaints, and the level of complexity, the Council engaged with a Governance Consultant to assist the Monitoring Officer. While the number of complaints has risen, it is not considered to be reflective of a wider or systemic issue within the Council and therefore is not regarded as significant governance issue at this time.
- 3.2.10 The Governance team support councillors, including parish and town councillors, to ensure Registers of Interest are kept up to date and changes notified and appropriate disclosures are made in meetings. There have been no reportable issues for District councillors.
- 3.2.11 The Independent Remuneration Panel (IRP) conducted a light touch review of the Member Allowance Scheme. This considered the additional work required of Members in supporting the review of the Council's Local Plan, in particular, those Members that were appointed to the Local Plan Sub-Committee. Based on the evidence collated, the IRP recommended the re-introduction of a Minor Special Responsibility Allowance (including when appropriate, for substitute attendees). This proposal was approved by the Council and came into effect from April 2025.

3.3 Local Audit and Rebuilding Assurance

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- 3.3.1 The appointed external auditor for the financial reporting periods 2023/24 through to 2027/28 is KPMG LLP. For prior periods, the auditor was BDO LLP.
- 3.3.2 The Audit and Governance Committee received regular updates on the position regarding local audits and arrangements for building back assurance following all outstanding audits up to and including 2023-24 being completed in line with statutory backstop arrangements. This resulted in two years of financial statement audits not being undertaken (2021/22 and 2022/23) for which disclaimed audit opinions were issued, and whilst some audit work and assurance was obtained over the 2023/24 accounts, similarly, a disclaimed opinion was issued.
- 3.3.3 Opinions on value for money arrangements, applying a modified framework as part of the local audit reset, were provided and confirmed there were no significant weaknesses in the Council's arrangements.
- 3.3.4 KPMG presented a draft External Audit Plan and Strategy for the year ending 31 March 2025 to the Governance and Audit Committee in April 2025, with the final Plan provided at its meeting in the following October. At the same time an interim report on value for money was also presented confirming that their risk assessment had not identified any significant risks warranting further review.
- 3.3.5 A draft Statement of Accounts for 2024-25 was completed and published in line with the statutory deadline and a period of public inspection held between 30 June and 10 August 2025.
- 3.3.6 The Statement of Accounts for 2024/25 were formally approved by the Governance and Audit Committee at its meeting held on 10 February 2026, at which the Committee also received the Audit Completion Report including the final value for money assessment. While the audit continued to increase the level of assurance obtained by the auditor over the financial statements, nevertheless, due to the backstop date of 27 February 2026, the auditor was not able to obtain sufficient audit evidence and therefore issued a disclaimer of opinion. Incomplete audit evidence related primarily to reserves (taking into account the limited assurance available from prior years), and also valuation of property assets where there were several outstanding matters to be resolved with the Council's property valuer for which insufficient time was available to conclude ahead of meeting the backstop date.
- 3.3.7 The external auditor was able to conclude that there were no significant weaknesses found in the Council's financial sustainability, governance, and arrangements for improving economy, efficiency, and effectiveness.
- 3.3.8 The auditor identified two suggested Performance Improvements: (1) Policy monitoring and updates – where it was recognised clear and effective policies regarding behaviour of staff and members were in place, but arrangements for updating could be improved. It was, however, acknowledged that progress had been made on this issue since being raised in the previous year; and (2) Resourcing – it was evident that certain services were experiencing recruitment challenges. This was not found to be endemic across the Council, and it was considered that management were appropriately managing the risk.
- 3.3.9 The auditor made one Priority 1 recommendation relating to the valuation process for property assets; and two Priority 3 recommendations which while not vital to the overall system of control were regarded as best practice issues. In the case of two of these, the auditor recognised that it may not be considered best use of resources to fully comply with the audit recommendation³.

³ Priority 1 issues that are fundamental and material to internal control. These issues may mean the Council does not meet a system objective or reduce (mitigate) risk. 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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- 3.3.10 A draft External Audit Plan and Strategy for the year ending 31 March 2026, was presented to the Governance and Audit Committee at its meeting in April. The Plan covers the proposed work by the auditor outlining their risk assessment and planned audit approach.
- 3.3.11 The Government had previously introduced measures to resolve the legacy local government financial reporting and audit backlog supported by amendments to the Accounts and Audit Regulations and National Audit Office's Code of Audit Practice. Guidance has continued to be developed to help support appropriate audit procedures where further work is required to build back assurance.
- 3.3.12 As part of the 2025/26 audit, KPMG will be completing their rebuilding assurance risk assessment and designing an appropriate response to address any relevant risks identified which will be reported to the Governance and Audit Committee.
- 3.3.13 The historical backlog of external audits also impacted on the assurance reviews undertaken on Housing Benefit subsidy in accordance with Department for Works and Pensions (DWP) requirements. Good progress has been made in terms of reviews of 2022/23 and 2023/24; however, formal reporting has been delayed while the 2021/22 review is still to be completed and signed off by the previous auditor. It is anticipated that the 2021/22 review will be completed by the end of June 2026 which will then allow subsequent years to be promptly completed. 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 over the period April 2025 to April 2026 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 submission to full Council.
- 3.4.2 The Committee approved an updated Internal Audit Charter and Local Code of Corporate Governance.
- 3.4.3 The Committee were provided with a Fraud Update, which provided an update on risks affecting local authorities, and the work undertaken by officers in this area. This included details of the National Fraud Initiative and other data matching routinely undertaken alongside other prevention methods. The Committee were reminded of the changes in legislation relating to management of fraud risks.
- 3.4.4 The Monitoring Officer presented their report covering 2024/25 and 2025/26 providing 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.
- 3.4.5 The Committee agreed its Annual Report for 2024/25, which summarised the work and achievements in this role. This report was considered by full Council at its meeting in October 2025.
- 3.4.6 In line with good practice, the Committee continues to maintain a Forward Programme of Work, which is also used to identify any specific training needs required so that members can discharge their duties effectively.

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3.4.7 For the civic year commencing May 2026, a new chair of the Governance and Audit Committee was appointed.

3.5 Internal Audit Arrangements and Reporting

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 prepared in consultation with statutory officers, directors and senior managers.

3.5.2 Updates were provided to the Governance and Audit Committee 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. Two audits had 'Limited Assurance': (1) audit of the Plaza operations for which actions had been agreed and now implemented by management. A follow-up review will be undertaken; and (2) review of Service Charge Arrangements where limited assurance was given over outsourced historical arrangements which have now ceased, and the function brought in-house. Significant assurance was confirmed at the time over the internal arrangements. All other audits concluded in the year resulted in either 'Significant' or 'Full' assurance being reported.

3.5.3 The Internal Audit function continues 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. Changes are gradually being introduced so that the service adapts its processes and procedures.

3.5.4 Several audits have been outsourced to external firms where either specialist knowledge was required or to provide additional capacity recognising that the Audit Manager has responsibilities outside of their audit remit. This use of a hybrid approach is continuing, and the function is currently undertaking a Service Review.

3.5.5 There were no applications under the Investigatory Powers Act to access communications data for an investigation or any use of the Regulation of Investigatory Powers Act, relating to covert surveillance.

3.5.6 The Audit Manager's Annual Report for 2025/26 concluded that *'the Council's systems for internal control, risk management and governance generally provided **reasonable 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'*.

3.5.7 Following a review of the Internal Audit function against the Global Internal Audit Standards in the UK Public Sector it has been assessed that in most respects the function generally conforms. In a limited number of areas, partial conformance has been rated and for which an action plan has been developed.

3.6 Risk Management and Strategic Risks

3.6.1 The Risk Management Policy and Strategy remained current for the year. The Strategic Risk Register, which includes those risks identified as potentially impacting on the achievement of the Council's priorities has been 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.

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- 3.6.2 A Member Development Evening was held in September, where all Members could review the Strategic Risks and raise questions of the relevant Cabinet and Senior Officer Risk Owners.
- 3.6.3 Risks were considered in light of evolving issues, in particular, the risk on the Medium Term Financial Strategy was increased due to the impending review of local government finance ahead of the 2026/27 Local Government Finance Settlement given the uncertainty at that time of the impact that changes from the Fair Funding Review and proposed reset of the Business Rate Retention Scheme would have on the Council's finances.

3.7 Corporate Scrutiny Committee

- 3.7.1 The Corporate Scrutiny Committee met on five occasions during 2025/26. The work of the Committee has been co-ordinated and developed in conjunction with that of the Corporate Policy Development Committee.
- 3.7.2 Alongside providing scrutiny over the Council's quarterly performance, the Committee undertook a review of both the initial and final budget proposals for 2026/27 and the Medium-Term Financial Strategy, with presentations received from the Leader of the Council supported by the Cabinet. For the budget review sessions, the Chairman invited all Members of the Council to attend.
- 3.7.3 Other specific areas of work undertaken by the Committee included evidence gathering for a Scrutiny Review into the North Essex Parking Partnership (NEPP) and agreeing a final report ahead of submission to the Cabinet where it was considered and a response subsequently agreed. The Committee also considered the Annual Report of the Community Safety Partnership.

3.8 Corporate Policy Development Committee

- 3.8.1 The Corporate Policy Development Committee met on six occasions between April 2025 and April 2026.
- 3.8.2 The Committee reviewed a number of proposed policies ahead of formal adoption: Household Waste and Recycling Collections Policy, Public Spaces Protection Order Enforcement Policy, and a Community Asset Transfer Policy.
- 3.8.3 The Committee had previously held 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 and later considered a formal report which was then later considered by the Cabinet who agreed a response.
- 3.8.4 The Committee continued to receive updates on the waste service review project and in particular the outcome from public consultation and the communication plan for supporting the rollout of new household collection arrangements.
- 3.8.5 The Committee continued to consider its future work programme, with items scheduled for future consideration and a pipeline of potential reviews.

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 robust place to meet its current and future challenges; is financially resilient while ensuring resources are targeted to meeting customer needs; and flexible to respond to a changing outlook. While significant progress has been made over the year, the programme has also necessarily been refocused to take into account the prospect for local government reorganisation.

3.9.2 The main objectives for the programme are now:

Better ways of working by embedding collaborative and efficient working practices

Be ready for transition by ensuring teams and systems are prepared for upcoming organisational or structural changes

Digital strategy driving improvements and capabilities through technology

Service reviews to identify service improvements and new requirements and enhance financial resilience

3.9.3 Underpinning delivery of these objectives are three key workstreams: People & Processes; Digital; and Service Reviews, each with their own projects or actions. The governance framework for the programme utilises as far as possible existing arrangements for both formal and informal oversight. A transformation team is in place to provide the capacity and capabilities to support and deliver the programme.

3.10 Local Government Reorganisation & Devolution

3.10.1 Since the announcement that Greater Essex would be included in the Government's Devolution Priority Programme and a commitment to Local Government Reorganisation, the Council has been working with partners across the Essex System at both political and officer level, including through Essex Leaders and Chief Executives (ELCE), Essex Chief Executives Forum (ECEf), and through various System Working Groups (SWGs) that represent specialist areas and corporate support including Communications & Engagement, Finance, Legal & Governance, Workforce, Digital, Procurement, Property. These SWGs have Chief Executive sponsors and representatives from the existing 15 councils.

3.10.2 Work has been previously focused on supporting the development and agreement of business cases for submission to Government outlining the proposed unitary configurations. Braintree took a leading role in the process via the Chief Executive on development of proposals for public service reform and an options appraisal process to help frame the number and potential configuration of unitary councils. More recently and following the Government's 'minded-to' decision, the Essex-wide system has now shifted focus to transition and preparing to move from the current to new structures. Much of this work is happening ahead of the formal statutory provisions and utilises the collaborative working arrangements that have been operating so far across all councils.

3.10.3 On 25th March 2026, the Government announced its decision on Local Government Reorganisation for Greater Essex confirming that the county will move to five 5 unitary councils, subject to the Statutory Change Order being passed later this year. In North East Essex it has been proposed to create a new unitary council formed of the areas covered by the existing three lower tier authorities of Braintree, Colchester and Tendring, plus an appropriate disaggregation of current County Council service delivery. A North East of Essex Shadow Board had already previously been set-up following the original announcement by government in 2024 on potential LGR, anticipating that a new unitary council

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would likely involve partners. The Board, which consists of councillors from four interested councils is supported by senior officers from each of the partner councils. Future arrangements for the Board will consider the structures that will be created both formally and informally as the process of preparing for LGR progresses further into implementation phase.

- 3.10.4 The Government's announcement also set out initial proposals for LGR for the Implementation Group and Senior Responsible Officer with responsibility for the whole system, alongside place-based leads. It has recently been agreed that the Chief Executive for Braintree would be the Deputy Team Leader (place-based lead) for North East Essex. Further work is continuing to develop the precise arrangements for the Implementation Programme and resourcing.
- 3.10.5 The Council has ensured full and transparent engagement with all councillors with relevant correspondence from the Minister of State for the Ministry of Housing, Communities, and Local Government and other departments being shared, along with all member briefings. A single-purpose Council meeting was held ahead of the executive decision taken by the Leader of the Council on which business case option for unitary councils would be supported on behalf of the Council. While accepting this was a decision ultimately for the Leader, the meeting allowed all Members to consider the relative merits of each of the four unitary proposals that had been developed for Greater Essex and to be able to express their personal views. All members were invited, should they wish, to indicate their personally preferred option to inform the Leader of the Council. Members have also been kept updated on the work of the North East of Essex Shadow Board.
- 3.10.6 Preparations for a Greater Essex Combined County Authority is being led by the County Council and the existing two unitary councils; however, where possible the Council continues to use opportunities to input into this process to ensure that the district council perspective and, in particular, the needs of Braintree's communities and businesses are being appropriately represented.
- 3.10.7 In recognition of the requirements that LGR will place on the Council if it is to continue to play a key role in its successful delivery, the 2026/27 Budget allocated £1m million into reserve. This funding is intended to ensure that the Council continues to deliver services for the remaining two years prior to vesting date, help with capacity in supporting the transition, and also cover third party risks that are emerging due to the LGR timeline on service contracts, such as for IT systems.
- 3.10.8 A Cost Sharing Agreement has been developed for agreement to ensure that the Essex system-wide implementation costs and those costs specific to place-based unitary councils are subject to appropriate governance procedures and there is clarity over how costs are to be apportioned.

3.11 Local Plan

- 3.11.1 The Council is currently in the process of reviewing its Local Plan which provides the framework for managing growth and development across the district including responding to the target set by government for housing growth.
- 3.11.2 Residents, businesses and stakeholders have been given opportunities to input throughout the Local Plan Review process to ensure that the proposed new Local Plan will reflect local needs and views. There has been extensive engagement with town and parish councils and other statutory consultees.
- 3.11.3 Following consideration at an Extraordinary Meeting of the full Council, a consultation was launched on a full draft of the revised Local Plan including updated and new policies (referred to as Regulation 18 consultation). The consultation closed on 17 April 2026 with responses now

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being processed and which will be used to inform the Pre-Submission stage (Regulation 19) focusing on legal compliance and consistency with the national planning policy which is to be completed later this calendar year.

- 3.11.4 The Local Plan review process is supported by a significant amount of evidence and technical advice that has been developed and which is being published on the Council's website.
- 3.11.5 The review and development of a proposed revised Local Plan is being managed by the cross-party Local Plan Sub-Committee (LPSC). The LPSC is responsible for discharging the executive functions in relation to the Local Plan on behalf of the Cabinet and makes its recommendations to Full Council. During the life cycle of the Local Plan, the work of the LPSC has substantively increased, not only in the complexity of the matters being considered, but also the frequency and number of meetings that have been required. Arrangements for the Committee allow for representations to be made by the public and other interested parties, and meetings are streamed live via the Council's YouTube channel and available on catch-up.

3.12 External Reviews

- 3.12.1 The last Local Government Association Peer Challenge was conducted in late 2023 which concluded that the Council had a robust governance framework for lawful and accountable decision-making through defined separation of powers, and a productive member-officer relationship. A follow-up review was undertaken in 2024 where positive confirmation was given of the changes that had been made by the Council since the original review. The role and influence the Council plays as a partner in the Essex system and beyond was particularly noted.
- 3.12.2 A voluntary Operator Licence Compliance Review was conducted in September on the Council's operation and management of its vehicle fleet. The review identified most areas of operation as satisfactory but did highlight some areas for improvement leading to five recommendations: one being essential and actionable within one month; and the remaining four being important and actionable with one to two months. All recommendations have since been implemented.
- 3.12.3 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.
- 3.12.4 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.
- 3.12.5 An inspection of the Council's building control function by the Building Safety Regulator (BSR) was carried out between April 2025 and October 2025 to assess compliance with the Building Act 1984 and to ascertain the efficiency and effectiveness of systems, controls and procedures for exercising functions in relation to the BSR's Operational Standard Rules. The review identified contraventions of relevant requirements with a range of recommended actions to be completed. An Improvement Plan was developed and implemented and following its submission along with supporting evidence, the BSR have now confirmed that no further information is required, and this matter is now concluded.

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- 3.12.6 Following a decision by the Local Government and Social Care Ombudsman over how the Council had dealt with a housing register case, an action plan was developed by the service to address procedural issues and to help support applicants when requesting a review or appeal. The purpose of the action plan was to ensure that the Council complies with its Housing Allocations Policy.
- 3.12.7 In support of a review of the Housing Service, the Council has received input from the Ministry of Homes, Communities and Local Government Homelessness Advice and Support Team (HAST) who's purpose is to provide challenge and support to councils in helping to meet their requirements to implement the Homelessness Reduction Act. Input from HAST is based on sharing insight and best practice. Feedback has been provided to the Council which is being used to inform changes in practices and procedures and help shape service structures and resourcing requirements.
- 3.13 Public and stakeholder engagement and communications**
- 3.13.1 A dedicated digital platform has been used to support the public consultation on proposed changes to the waste collection system, and to seek views for the Local Plan Review.
- 3.13.2 In addition, to the digital platform, a variety of arrangements have been in place for residents to provide feedback through other channels, including face-to-face at public exhibitions or at scheduled drop-in sessions. Where appropriate, paper copies were made available.
- 3.13.3 The Council helped to increase awareness amongst the public and wider community of the Government's statutory consultation on the four options for Local Government Reorganisation across Greater Essex prior to issuing its 'minded to' decision. As a statutory stakeholder, a response was submitted on behalf of the Council based on the views canvassed from Members through a full Council meeting on the issue.
- 3.13.4 Public and key stakeholder consultation was undertaken on a draft Statement of Licensing Policy supported by information published on the Council's website. Engagement was comprehensive including: licensed premises; trade representatives, statutory Responsible Authorities, MPs, all councils in Essex and others which border the District. A presentation was made to the Braintree, Halstead and Witham Pub Watch. A separate public consultation was carried out over proposed changes to hackney carriage fares. Public consultations were also undertaken to inform the Polling Place Review and also a proposed Public Spaces Protection Order (PSPO) for the management of anti-social behaviour for car racing and car meets across the District. The latter consultation included engagement with statutory consultees. A separate consultation was undertaken ahead of agreeing changes to an existing PSPO covering Braintree town centre involving businesses, retailers and market traders.
- 3.13.5 As part of the Waste Review and proposed changes to household collection arrangements from June 2026, a comprehensive communication plan for resident engagement has been in place developing and focusing on the key milestones for the different phases of the project implementation. This has included website, social media, in person events, school visits, newspaper and newsletters. All households were sent letters explaining the changes and how their individual collection arrangements later supported with new weekly collection calendars and further guidance.
- 3.13.6 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.

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- 3.13.7 The Council continued to work with the Braintree District Cost of Living Partnership which includes representatives from statutory and voluntary organisations, helping the Council to support communities on matters such as the cost of living pressures.
- 3.13.8 Internally, communication with staff has continued to develop to support messaging around organisational changes and key events, which has included regular staff briefings, a Your Voice Forum, Manager conferences, alongside the regular newsletter and Beehive intranet site. All staff are encouraged to attend respective events and have opportunity to raise questions, with interaction now being supported through tools such as Slido.
- 3.13.9 An internal staff survey was undertaken the results of which have been analysed and shared across the Corporate Management Team. A corporate Action Plan has subsequently been developed and agreed taking forward a range of actions derived from common themes that emerged. Delivery against the Plan is being tracked. Where responses highlighted specific service issues, these are being addressed by the relevant departmental service management.

3.14 Other Corporate Developments during the year

- 3.14.1 Other developments or activity during the year which support the Council's overall governance arrangements and their effectiveness, include:
- A revised Household Waste and Recycling Collections Policy was agreed to support the planned roll-out of significant changes to household collections. Alongside data analytics and financial modelling, extensive public consultation was conducted as well as Member and staff briefings. The Corporate Policy Development Committee also considered the proposed policy. Feedback from this consultation was used to design service requirements and led to adaptations in response to resident concerns, for example, by the introduction of special collections.
 - A Climate Change Action Plan for 2025/26 was agreed supporting further delivery towards the Climate Change Strategy.
 - The role of the Monitoring Officer includes promoting good governance in Parish Councils. This role has resulted in the Monitoring Officer and Deputy Monitoring Officer providing support to a Parish Council following the resignation of parish Councillors and the Clerk. Intervention was necessary to ensure that the Parish Council could continue to function, and decision-making was lawful, while also dealing with outstanding complaints.
 - A new Community Asset Transfer Policy has been approved to provide guidance and a framework for interested organisations in the process, application, evaluation, and determination of potential community asset transfers. The Policy sets out the internal governance arrangements for considering applications with cross-discipline input through a panel that would recommend to the Strategic Property Asset Management Board. Local Ward members would be consulted, and formal decisions to transfer would be taken in line with the Council's Constitution.
 - The Essex Procurement Partnership (EPP) continues to benefit the Council in terms of synergies with partners through, for example, resilience over procurement resources, consistency in processes and standardisation of templates. Governance arrangements include a Member Advisory Group, Strategic Oversight Group, supported by a Partner Working Group. A key aim for the EPP is to support members in ensuring that procurement practices comply with the Procurement Act 2023, introduced from February 2025, including

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meeting additional transparency requirements.

- Programme Management and Delivery Team formed from the Strategic Investment Team and combined with other project management delivery resources transferred to create a single team supporting the delivery of capital and other projects across the whole organisation. Project management disciplines continued to be developed and promoted by a separate Project Management Office. Project resources are now flexed according to organisational needs and project funding allocations.
- Performance Management Framework introduced from April 2025 operated across the year to be underpinned by regular one-to-ones and formalised with an annual Performance and Development Conversation. Feedback on the process during the year highlighted the need for additional bespoke training which was set up to support managers and staff.
- As member of the Essex Air Quality Consortium (comprising the 15 principal councils in Essex) input given to the proposed Essex Air Quality Strategy and the associated Action Plan and Supporting Information which was adopted by the Cabinet in November 2025.
- Responses were made to consultations on the Government's proposed reform of local government finance through Fair Funding and resetting of the Business Rate Retention Scheme. A response was also made to the Government's proposed changes and invitation to comment on Council Tax administration matters. To support members ahead of the Budget scrutiny sessions, a member training session open to all was delivered.
- The Renters Rights Act 2025 has significant implications for the Council. A cross-departmental group was established to assess the requirements under the legislation and to determine the Council's response. An options appraisal has been undertaken and business case approved for extra resourcing capacity. New burdens funding is being received, and certain activity will generate income; however, the overall impact from the Act has still to be ascertained. A communication campaign provided updates on all social media platforms and has been based on approved MHCLG media materials. Members have received briefings, including via a dedicated Member Development session.
- Human resources policies reviewed during the last year included Managing Personal Relationships at Work, Health, Safety and Welfare, and the Disciplinary Policy.
- Critical activities for business continuity were reaffirmed, and the respective business continuity plans have been updated.

4.0 Governance Issues for 2026/27

- 4.1 Whilst the corporate governance arrangements and systems of internal control are considered to be operating effectively, the following matters will be relevant in 2026/27:
- 4.2 Preparing for local government reorganisation will continue to be a significant issue as implementation structures and arrangements become established and roles and responsibilities clarified, alongside the necessary resourcing. Existing governance and working arrangements will need to adapt.

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- 4.3 A continued focus on supporting the work of the auditor in rebuilding assurance over the financial statements. Further progress is expected for the 2025-26 audit, and which should put the Authority in a strong position for returning to a position where an unmodified opinion can be issued as early as possible.
- 4.4 Following the recent increase in the number of Member complaints and recognising that the current Assessment Criteria and Process for Handling Complaints has been in place for a significant period, it is intended to review and develop a new Policy for consideration by the Governance and Audit Committee which will align the process with the relatively new Member Code of Conduct.
- 4.5 Employment reform will be a key area of focus, with the implications of the Employment Rights Act 2025 being assessed and preparations are made for the changes affecting workforce management and HR policies as the legal and policy framework continues to evolve over 2026 and 2027.
- 4.6 The English Devolution and Community Empowerment Act 2026 contains provision changes to the system of Local Audit, including the creation of a new Local Audit Office. The Act also allows the Secretary of State by regulation to direct arrangements for audit committees. The Council will need to maintain a watching brief over further developments and for any subsequent regulations and consider their implications.
- 4.7 An action plan over the next two years has been developed to address areas of partial conformance against the Global Internal Audit Standards in the UK Public Sector for the Internal Audit function. Delivery of the action plan and resourcing requirements will be a key element for consideration in the current service review.
- 4.8 As a matter of good practice, policies and procedures will continue to be kept under review.
- 5. Approval of the Annual Governance Statement and Statement of Assurance**
- 5.1 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

Graham Butland
Leader of the Council

Dan Gascoyne
Chief Executive

Glossary & Abbreviations

Accruals Concept

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

Actuary

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

Amortisation

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

Amortised Cost

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

Assets Held for Sale

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

Balance Sheet

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

Billing Authority

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

Budget Requirement

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

Business Rate Retention Scheme (BRRS)

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

Capital Adjustment Account (CAA)

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

Capital Financing Requirement (CFR)

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

Capital Receipt

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

Capital Expenditure

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

Cash and Cash Equivalents

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

Chartered Institute of Public Finance and Accountancy (CIPFA)

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

Collection Fund

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

Glossary & Abbreviations

Community Assets

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

Contingent Assets and Liabilities

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

Council Tax

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

Creditors

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

Current Assets

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

Current Liabilities

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

Debtors

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

Depreciation

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

Earmarked Reserves

Amounts set aside for future commitments or potential liabilities.

Effective Interest Rate (EIR)

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

Fair Value

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

Finance Lease

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

Financial Instruments

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

Financial Year

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

General Fund (GF)

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

Gross Expenditure

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

Impairment

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

Infrastructure

Typically comprise assets such as unadopted roads, and cycleways.

Intangible Assets

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

Glossary & Abbreviations

International Financial Reporting Standards (IFRS)

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

Inventories

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

Investment Property

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

Local Government Pension Scheme (LGPS)

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

Local Council Tax Support Scheme (LCTS)

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

Long-Term Assets

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

Long-Term Liabilities

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

Minimum Lease Payments (MLP)

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

Minimum Revenue Provision (MRP)

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

National Non-Domestic Rates (NNDR)

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

Net Book Value

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

Net Expenditure

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

Non-Current Assets

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

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

Operating Lease

A lease 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

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.