



# STATEMENT 2023/2024 OF ACCOUNTS

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*Epping Forest District Council*  
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## 1. INTRODUCING EPPING FOREST DISTRICT COUNCIL

Epping Forest is a district in Essex. It takes its name from the forest which runs from the Greater London border in the south through the district northwards. Covering an area of 131 square miles, Epping Forest shares boundaries with Hertfordshire and four other Essex districts. It is a mixture of rural and urban areas and over a quarter of the population live in rural and rural-related areas.

The district has an estimated resident population of 135,000 (2021 Census), representing an increase of 8.3% in the last decade. Key population centres are the commuter towns in the south of the district - Buckhurst Hill, Chigwell, and Loughton. These towns have a combined population of over 50,000 but cover less than 10% of the total area of the district. There are also the market towns of Epping, Waltham Abbey and Ongar and numerous villages and hamlets situated in attractive countryside. The district has good transport links, with both the M25 and M11 running through it and crossing at Theydon Garnon. The area is served by the London Underground Central Line and over ground railway.

Most of the district is designated within the protective status of the Metropolitan Green Belt with both Epping Forest and Roding Valley Meadows being sites of Special Scientific Interest (SSI). This brings visitors to the district and tourism generates a substantial amount of income for the local economy each year.

The residents of the district are relatively affluent with gross weekly full time pay higher than the East of England (2020) average. Young people are considered successful with their education, with over 80% achieving NVQ Level 2 and above (2020) which is higher than the East of England average. The percentage of the population (aged 16-64) qualified to NVQ Level 4 or above is also higher than the East of England (2020) average.

Epping Forest is in the upper 40% of least deprived Lower-Tier Local Authorities (LTLAs) nationally, although there are areas of deprivation and 13% of children (aged 0-15) live in families with a relatively low income. Life expectancy in the district is higher than the national average (2017-19), but an aging population puts pressure on both NHS and local government services. It is estimated that over 30% of the district's population will be aged 60 or over by 2041. Additional properties will be built over the coming years to assist in accommodating the anticipated rise in the population.

Within the district, local government services are provided at three levels; by Epping Forest District Council, Essex County Council and local Town and Parish Councils.

- District Council services – Housing, Street Cleansing, Waste Collection and Recycling, Sports and Recreation, Planning Applications, Electoral Registration, Benefit Administration, Council Tax and Business Rates Collection, and Environmental Health.
- County Council services – Education, Social Care, and Highways and Transportation; and
- Parish and Town Council services – Allotments, Burial Grounds and Cemeteries, Public Halls, and Playgrounds and Sports Grounds.

## 2. PERFORMANCE AGAINST CORPORATE OBJECTIVES

A new Corporate Plan for 2023 - 2027 (“Your Epping Forest”) was adopted in December 2022. As a local council, Epping Forest District Council is afforded a unique opportunity to oversee the wellbeing of the district and its residents. With its custodial role comes the responsibility of making sure that everything the Council does is for the benefit of the district and its residents. The new Corporate Plan sets out how the Council intends to do that over the three-year timeframe.

All of the Council’s plans were brought together under the three broad headings of Community, Place and Council but in reality, these are all inter-related. As part of that responsibility a range of Key Performance Indicators (KPIs) relevant to the Council’s service priorities and key objectives are adopted each year.

The Year 1 Action Plan covering (2023/2024) represents the first phase of the new Plan.

Performance against all KPIs is reviewed quarterly and key corporate programmes are reported monthly through an internal governance process. The quarterly governance process has now been consolidated into a single Overview and Scrutiny function, bringing together all strategic objectives (covering three corporate themes) and ensuring their continued achievability and relevance, and to identify proposals for appropriate corrective action in areas of under-performance.

### Stronger Communities

The “Stronger Communities” theme has three strategic aims, supported by three key objectives. In turn the objectives are delivered through three corporate programmes – Customer Excellence, Community Data Insights, and Community Health & Wellbeing. Programme delivery is measured through seven KPI’s.

#### Key Performance Indicators (KPIs)

The outturn for the seven Stronger Communities KPIs in 2023/24 was as follows:

- 3 met their target.
- 1 did not meet its target (but was within a 10% tolerance).
- 1 did not meet its target.
- 2 were for information only (no target set).

| Service Area                   | KPI  | Target | Overall Actual |
|--------------------------------|--|--------|----------------|
| Customer                       | Overall Customer Satisfaction                          | 80%    | 61.92%         |
| Customer                       | First Point Resolution                                 | 45%    | 66.61%         |
| Customer                       | Complaints resolved within SLA                         | 85%    | 82.25%         |
| Community Health and Wellbeing | Engagement in community, physical or cultural activity | 3500   | 4798           |
| Community Health and Wellbeing | Number of families in B&B accommodation for 6 weeks+   | 0      | 0              |
| Community Health and Wellbeing | Number of homelessness approaches                      | N/A    | 970            |
| Community Health and Wellbeing | Number of households in Temporary Accommodation        | N/A    | 452            |

“First Point Resolution” performed well against its target for 2023/24, with 66% of customer queries resolved at the first point of contact, compared to a target of 45%. A new Telephony System rolled out during 2023/24 is having a positive impact on the statistics.

“Engagement in Community, Physical or Cultural Activity” also exceeded target in 2023/24 with an average of 4,798 recorded attendances and/or incidents of engagement with services against a target of 3,500. This is very positive considering the current cost of living crisis and has been boosted by key events including RideLondon 2023 and the Ninefields Playground launch event. Secondary school pupil engagement was at a record high for the 2024 Youth Council elections.

“Number of families in B&B accommodation for 6 weeks+” remained at zero throughout the year in accordance with statutory requirements.

“Complaints resolved within SLA” did not achieve target but was within a 10% tolerance with 82% resolved as required against a target of 85%. Most complaints received have been for the Waste and Planning services. Additional support is being provided to affected service areas in order to improve performance against this KPI.

“Overall Customer Satisfaction” fell short of target in 2023/24, which is disappointing. However, a recent review of the KPI methodology, which included benchmarking with other organisations, has suggested that, whilst the process attracts negative feedback, positive feedback (which exists) is not adequately captured so is under-represented in the statistics. The KPI approach for 2024/25 is being amended with a view to recording customer feedback in a more balanced way; and

“Number of Homelessness Approaches” and the “Number of Households in Temporary Accommodation” do not have targets set. A total of 970 Homelessness Approaches were made in 2023/24 (a noticeable increase of 43%) compared to 2022/23, reflecting the ongoing ‘cost-of-living crisis’.

## Stronger Place

The “Stronger Place” theme has three strategic aims, supported by three key objectives.

In turn the objectives are focused on five corporate programmes – Council Housebuilding, District Sustainability, Economic Development, Planning Development, and Town Centre Development. Programme delivery is measured through ten KPI’s.

### Key Performance Indicators (KPIs)

The outturn for the ten Stronger Place KPIs in 2023/24 was as follows:

- 1 met its target.
- 5 did not meet their target (but were within a 10% tolerance).
- 1 did not meet its target.
- 3 were for information only (no target set).

| Service Area             | KPI  | Target            | Overall Actual |
|--------------------------|--|-------------------|----------------|
| Contracts                | Club Live membership - (Fitness Membership)                          | N/A               | 37401          |
| Contracts                | Club Live membership - (Swimming Membership)                         | N/A               | 4157           |
| Contracts                | No. of people on Learn to Swim Programme (Swimming Lessons)          | N/A               | 20894          |
| Contracts Waste          | Recycling rate   | 60%               | 58.52%         |
| Contracts Waste          | Reduction in household waste   | 0.100kg/household | 0.22           |
| Housing Management       | Rent Arrears   | <1.55%            | 1.79%          |
| Planning and Development | Percentage of applications determined within agreed timelines: Major | 80%               | 100%           |
| Planning and Development | Percentage of applications determined within agreed timelines: Minor | 90%               | 80.48%         |
| Planning and Development | Percentage of applications determined within agreed timelines: Other | 90%               | 83.90%         |
| Planning and Development | Housing Delivery Test Progress                                       | 95%               | 91.00%         |

“Percentage of Major Planning Applications Determined Within Agreed Timelines” was a notable success in 2023/24, with 100% delivered on time, compared to the 80% target.

“Percentage of Minor and Other Planning Applications Determined Within Agreed Timelines” were off target as follows:

- Minor Planning Applications – 80.48% (compared to target of 90%); and
- Other Planning Applications – 83.90% (compared to target of 90%).

Overall performance (for all Planning Application types) was 88.13%.

A shortage of staff resources proved challenging in 2023/24 and the Council are now committed to service transformation and performance improvement in partnership with the Planning Advisory Service (PAS) in 2024/25.

“Recycling Rates” were slightly off target with an average rate of 58% achieved against the 60% target and “Household Waste” was also off target with an average of 0.220kg per household recorded against a target of 0.100kg, largely due to waste contractor issues and higher than anticipated missed collections.

Work is now underway to understand the reasons for increased Household Waste and re-evaluate the waste KPI’s in terms of relevance and targets. New KPI’s are also being developed as part of the Council’s new Waste Company and will be aligned with the Waste Strategy for Essex.

“Rent Arrears” were slightly off target with an actual of 1.79%. There has subsequently been a large focus on ensuring tenant/s are paying rent in advance and in accordance with their Tenancy Agreement. Additional Direct Debit options to pay weekly, fortnightly, or monthly, including advance payments have now been introduced to further encourage prompt payment, both of which are having a positive impact on performance.

“Housing Delivery Test” did not meet its 95% target with an actual outturn of 91%. This is a measurement of Housing Delivery, calculated by using the number of homes delivered over the three-year period divided by the total number of homes required for the same three-year period.

Targets are not set for the three leisure focused KPIs for club memberships, but in general, numbers have increased across all three in an upward trend which is exceeding pre-Covid levels.

## Stronger Council

The “Stronger Council” theme has three strategic aims, supported by three key objectives.

In turn the objectives are focused on three corporate programmes – Accommodation, IT Strategy, and the People Programme. Programme delivery is measured through four KPI’s.

### Key Performance Indicators (KPIs)

The outturn for the four Stronger Council KPIs in 2023/24 was as follows:

- 1 met its target.
- 1 did not meet its target.
- 2 were for information only (no target set).

| Service Area | KPI  | Target    | Overall Actual |
|--------------|--|-----------|----------------|
| People       | Diversity & Inclusion – % of workforce by Ethnicity    | N/A       | N/A            |
| People       | Diversity & Inclusion – % of workforce with Disability | N/A       | N/A            |
| People       | Staff Turnover   | <11%      | 18.44%         |
| People       | Sickness Absence – average number of days per employee | 2.15 Days | 1.77           |

“Sickness Absence” had an average rate of 1.77 Days in 2023/24, which was within target and represents a reduction from the 1.95 days recorded in 2022/23. However, “Staff Turnover” was off target, with a total turnover rate of 18.44% against the national average target of 11%.

The recording of ethnicity and disability information is voluntary information from staff and there are no targets set or performance publicly disclosed. Work continues to try to encourage the submission of data from staff.

### 3. FINANCIAL REVIEW 2023/24

The 2023/24 financial year was an unusual one for the Council, with the first half of the year proving especially challenging, as external factors in the wider economy, such as high Interest Rates and a demand shortfall from developers for Planning Applications (affecting a major income stream) conspiring to drive a large anticipated General Fund budget overspend. However, the Council's financial fortunes began to turn for the better as the year progressed with a land sale, triggering a substantial capital receipt, received in December 2023. This immediately turned the previously anticipated overspend into a forecast underspend at the Quarter 3 stage, with Quarter 4 continuing in that positive vein with the revenue impact (in terms of reduced financing costs) of the capital receipt added to by improvements across a range of budget headings, eventually leading to a substantial General Fund budget underspend. This provided a timely boost to the General Fund Reserve, in which the balance had fallen below the Council's adopted minimum contingency level.

Turning to the Financial Statements, the Consolidated Income & Expenditure Statement (CIES) on Page 21 shows that the Net Cost of Services for 2023/24 was £21.084 million (compared to £27.604 million in 2022/23); after other factors such as the impact of Taxation and other Gains and Losses, including those from the ring-fenced Housing Revenue Account, are adjusted for, Total Comprehensive Net Income of £69.423 million (compared to £80.623 million in 2022/23).

The presentation of individual services ("Continuing Operations") on the face of the CIES follows the principles established in CIPFA's "Service Reporting Code of Practice for Local Authorities (2023/24)" (SERCOP); consistency of reporting is achieved with the internal management accounts, which reflect how services are delivered and organised within the Council.

Elsewhere on the CIES, there are substantial fluctuations (both up and down). However, the CIES reflects a vast range of adjustments required by both statute and accounting standards. Underlying the figures, is the performance of the Council's General Fund and Housing Revenue Account in the year.

#### General Fund Management Accounts

The table below reflects the Month 12 (year-end) General Fund Management Accounts for 2023/24.

| General Fund 2023/24             | Net Expenditure  |                   | Variance<br>£000's |
|----------------------------------|------------------|-------------------|--------------------|
|                                  | Budget<br>£000's | Outturn<br>£000's |                    |
| Chief Executive                  | 655              | 570               | (85)               |
| Commercial & Technical Services  | 2,060            | 1,966             | (94)               |
| Community & Wellbeing            | 1,478            | 1,484             | 6                  |
| Corporate Services               | 9,085            | 8,036             | (1,049)            |
| Customer Services                | 2,158            | 2,750             | 592                |
| Finance & Audit                  | 2,069            | 2,384             | 315                |
| Housing & Property               | 1,846            | 1,604             | (242)              |
| Place                            | 280              | 219               | (61)               |
| Planning & Development           | 723              | 1,558             | 835                |
| Strategy, Delivery & Performance | 821              | 528               | (293)              |
| Qualis Income                    | (2,852)          | (2,494)           | 358                |
| HRA Recharges                    | (4,984)          | (4,778)           | 206                |
| Financing (inc. Contingencies)   | 4,302            | 2,896             | (1,406)            |
| <b>Totals</b>                    | <b>17,641</b>    | <b>16,723</b>     | <b>(918)</b>       |



The Month 12 Management Accounts show that the General Fund budget was in surplus at year end. It is a very positive outcome, and contrasts sharply with the projected deficits that were reported at both the Quarter 1 (£1.523 million) and Quarter 2 (£1.307 million) stages. The corner was eventually turned in December 2023, as the Council received a capital receipt of £88.2 million following a land disposal at North Weald Airfield. The revenue impact was immediate as the Council's capital financing costs reduced significantly, leading to a forecast underspend of £0.584 million at the Quarter 3 stage, which subsequently strengthened further during Quarter 4, resulting in an eventual underspend of £0.918 million.

The most notable positive variance related to capital financing costs, with Net Borrowing Costs in particular being £1.309 million lower than the budget, predominantly driven by additional Interest Receivable on the capital receipt, although Interest Payable as the Council's need for cash was increasingly met from internal resources, rather than external borrowing.

In contrast, the substantial budget pressure on Planning Applications continued throughout the year, with income eventually falling short of budget by £965,080 (49% of budget). Additional income from Planning Applications was expected to follow from the adoption of the Local Plan in March 2023, but it would appear that the economic situation has depressed the number of Planning Applications coming forward.

## Housing Revenue Account (HRA) Management Accounts

The table below reflects the Month 12 (year-end) HRA Management Accounts for 2023/24.

| Housing Revenue Account 2023/24        | Budget<br>£000's | Outturn<br>£000's | Variance<br>£000's |
|--|------------------|-------------------|--------------------|
| Total Income                           | (40,205)         | (40,640)          | (435)              |
| Total Expenditure                      | 33,187           | 35,529            | 2,342              |
| <b>Net Cost of Services</b>            | <b>(7,018)</b>   | <b>(5,111)</b>    | <b>1,907</b>       |
| Net Interest (Receivable) / Payable    | 5,608            | 4,865             | (743)              |
| <b>Net Operating Income</b>            | <b>(1,410)</b>   | <b>(246)</b>      | <b>1,164</b>       |
| Direct Revenue Contribution to Capital | 1,364            | 0                 | (1,364)            |
| <b>(Surplus)/Deficit for the Year</b>  | <b>(46)</b>      | <b>(246)</b>      | <b>(200)</b>       |

The HRA outturn shows a surplus of £0.246 million which was £0.200 million above a planned surplus of £0.046 million. The most significant variance related to Repairs and Maintenance which overspent by £2.029 million during the year (£13.261 million outturn, compared to £11.232 million budget).

HRA capital spending was significantly lower than the profiled budget for 2023/24, with total spending of £18.293 million, compared to an allocated budget for the year of £70.731 million, leading to an underspend (available for roll forward) of £52.438 million. This was primarily due to slippage in the Housing Development Programme and, as a consequence, a revenue contribution to capital was not required, resulting in a positive variance of £1.364 million.

The £0.200 million budget surplus generated in the year, has been added to the HRA General Reserve, increasing the balance to £4.797 million at the end of 2023/24 (compared to £4.552 million in 2022/23).

## Collection Fund

The Collection Fund is a ring-fenced account for the management of Council Tax and Business Rates income. The Fund performed well in 2023/24, with significant in-year surpluses recorded on both Council Tax and Business Rates. This was especially encouraging news for Business Rates, with the surplus achieved without the aid of accumulated pandemic-driven Section 31 receipts for the first time since the Covid-19 outbreak. Council Tax recovered from the deficit balance recorded at the end of 2022/23 to end the year with a positive balance.



The Council also continued to benefit from the Essex Council Tax Sharing Agreement this year (although down from £531,111 in 2022/23 to £462,620 in 2023/24) and the Essex Business Rates Pool (with an *estimated* Levy saving of £967,336). Thus:

- Council Tax (2023/24 Surplus £1.365 million) – the Epping share of the recorded (in-year) Surplus is £162,510. The Surplus was primarily driven by the need to make a lower Provision for Non-Payment at year end (down from £3.349 million in 2022/23, to £0.868 million in 2023/24) in the light of a change of profile on the Arrears List (with substantial inroads now made into debt outstanding from the pandemic); and
- Business Rates (2023/24 Surplus £0.734 million) – the Epping share of the recorded (in-year) Surplus is £293,421. There were several factors that contributed to the Surplus on Business Rates, including – as with Council Tax – the need to make a lower Provision for Non-Payment at year end (down from £1.556 million in 2022/23, to £0.073 million in 2023/24) in the light of a change of profile on the Arrears List. Transitional Protection Payments (TPPs) from central Government of £4.147 million, helped underpin the additional Business Rates receivable in the light of the 2023 Revaluation.

The Collection Fund carried an overall Surplus as at 31st March 2024 of £3.351 million (Council Tax £0.031 million Surplus, Business Rates £3.320 million Surplus).

## Balance Sheet

The Council's Balance Sheet value increased by £69.422 million (10.6%) in 2023/24, resulting in a net position of £908.871 million as at 31st March 2024 (£839.449 million as at 31st March 2023). Notable differences (excluding the Pensions balance) include the following:

- Property, Plant & Equipment (up £7.629 million) – property values have again proved resilient this year despite continued economic turbulence. The overall value of PPE has increased by less than 1%; the only item of note is a rise in the value of Assets Under Construction (up £11.827 million), which reflects the progression of Housing Developments in the district, and increasingly, the new Epping Leisure Centre.
- Investment Properties (up £7.741 million) – the value of Investment Properties increased by 5.2% this year. The value of the Council's portfolio has been boosted by new lettings, increases in market rent or yield movements and the continuation of the strategy to buy back long leases for ground rent, which can then be remarketed at full market rent. The commercial property market generally has demonstrated improved performance since mid-2023.
- Long-Term Debtors (up £24.392 million) – the rise in long-term debtors primarily relates to an increase in the principal outstanding on loans made to Qualis (long-term balance outstanding £90.529 million as at 31st March 2024).
- Short-Term Investments (up £19.156 million) – this is the first time for several years that the Council has had sufficient available cash for the purposes of Short-Term Investment, due to the North Weald Airfield capital receipt received in December 2023. The total balance of £19.156 million as at 31st March 2024, represents £19.0 million in short-term loans to Other Local Authorities (plus accrued interest of £156,000).
- Debtors (up £1.811 million) – the increase in Debtors has mainly been due to an increase Qualis loan repayments due to the Council within 12 months (including accrued interest); these have risen from £2.181 million to £4.059 million (i.e. up £1.878 million) between the two Balance Sheet dates.
- Cash & Cash Equivalents (up £4.163 million) – as with Short-Term Investments, the North Weald Airfield capital receipt has also triggered an upturn in Cash & Cash Equivalents. Most notably, the total funds held in Money Market Funds (MMFs) as at 31st March 2024 was £21.5 million, compared to £10.0 million as at 31st March 2023 (i.e. up £11.5 million).
- Creditors (down £4.212 million) – there has been a significant reduction in the year-end Creditors balance following the winding up of the various Covid Grant schemes, with outstanding balances being systematically 'settled' with central Government during 2023/24. The Creditor balance for Covid Grants as at 31st March 2024 was £0.788 million, compared to £6.856 million as at 31st March 2023 (i.e. down £6.068 million). This was the dominant factor in the reduction in Creditors.

- Short-Term Loans (down £33.085 million) – again due to the North Weald Airfield capital receipt, the increased availability of Cash has allowed the repayment of a number of Short-Term Loans from internal resources as they have become repayable without the need to take out replacement borrowing; and
- Long-Term Loans (up £3.896 million) – the net increase represents a small (1.6%) increase in the balance outstanding on PWLB Loans. It should be noted that the total amount outstanding with the PWLB is well below the Council’s Capital Financing Requirement (CFR) presented in Note 29 (Page 61), due to the increased availability of Cash as explained above.

### **Usable Reserves**

The overall balance on Usable Reserves increased substantially from £34.005 million to £119.978 million over the year. The headline behind the increase was the major capital receipt of £88.2 million received from the sale of land at North Weald Airfield.

The General Fund (unallocated) balance began the year at £3.219 million and ended the year at £4.0 million, with the increase reflecting an increased contribution to the Reserve of £1.190 million, which resulted from the Budget underspend of £0.918 million (noted within the Management Accounts summary above), combining with a net Funding surplus of £0.272 million mostly enabled by strong Business Rates returns. The General Fund Reserve was further boosted by the transfer of £0.605 million (the remaining balance) from the “Commutated Sums” earmarked reserve, which was identified as available for reallocation as part of an in-year review. This enabled the allocation of £1.095 million towards additional reserves earmarked for the mitigation of risk (“Capital Investment Risk Reserve” £0.287 million) and the funding of corporate priorities (“Transformation Revenue Reserve” £0.808 million). The £4.0 million now meets the Council’s adopted minimum contingency level.

Earmarked Reserves increased from £3.824 million to £4.677 million over the year. The dominant factors are the Capital Investment Risk Reserve and the Transformation Revenue Reserve, which ended with closing balances of £1.0 million and £0.808 million respectively.

### **Unusable Reserves**

The Council is required to maintain substantial Unusable Reserves, primarily for technical accounting purposes. The overall balance marginally reduced from £805.444 million to £788.893 million over the year.

Despite the relatively stable balance, there are two major variances to report compared to 2022/23. Firstly, the Deferred Capital Receipts Reserve increased by £26.680 million in the year. This reflects the increase in Qualis loans in the year, which are temporarily financed from Deferred Capital Receipts until repayments are received (at which point, the principal is moved to Usable Capital Receipts). However, this was offset by a reduction of £29.805 million on the Pension Reserve (with the previous Net Asset of £25.912 million, becoming a Net Liability of £3.893 million), due to a technical actuarial “Asset Ceiling” adjustment of £52.122 million (to recognize that, in accordance with CIPFA Bulletin 15 issued in November 2023, where a surplus position arises out of an actuarial valuation, there is no unconditional right to a refund from the Fund and therefore an economic benefit to the Council should not be reflected in the Balance Sheet).

## **Capital**

The table below summarises the Capital Expenditure outturn for 2023/24.

| <b>Description</b>             | <b>2022/23<br/>£000’s</b> | <b>2023/24<br/>£000’s</b> |
|--------------------------------|---------------------------|---------------------------|
| General Fund                   | 11,949                    | 36,869                    |
| Housing Revenue Account (HRA)  | 15,875                    | 18,293                    |
| <b>Total Capital Programme</b> | <b>27,824</b>             | <b>55,162</b>             |

## **General Fund Capital**

Expenditure on the General Fund Capital Programme increased by £24.920 million this year. The updated priorities in the new Corporate Plan 2023-2027 (“Your Epping Forest”) was the focus in 2023/24, with two particularly notable expenditure items as follows:

- Qualis Loans – £28.275 million in capital loans were granted to Qualis in 2023/24 compared to just £8.0 million granted in 2022/23. The Council makes a revenue return on the loans, thus contributing to “maintaining a low Council Tax” (as part of the “Stronger Council” key objective, included in the new corporate plan). The increase in on-lending in 2023/24 reflected the accelerated pace of Qualis developments in the district including the Cottis Lane Multi-Storey Car Park, Springwood Grove (housing) and the enabling works for the new Epping Leisure Centre.
- Epping Leisure Centre – following the recent completion of the new Multi-Storey Car Park in nearby Cottis Lane, Epping, the construction of the new Epping Leisure is now underway and gathering pace. Capital expenditure of £3.787 million was incurred in 2023/24.

## **HRA Capital**

There was also an increase in spending on the HRA Capital Programme this year, with an increase in expenditure of £2.418 compared to 2022/23. The increase was most notably driven by the Limes Avenue (major refurbishment) project with spending of £5.162 million recorded in 2023/24 compared to £0.791 million in 2022/23 (i.e. up £4.371 million). Slightly lower spending in other areas of the Programme (e.g. spending on Housebuilding was down £1.357 million year-on-year) dampened the overall increase.

## **Group Accounts**

The Council has been required to prepare Group Accounts since 2020/21 following the formation of the Council’s wholly owned arms-length company “Qualis” in October 2019; the Qualis group comprises four companies focusing on development, investment and service delivery.

The Group Accounts – which can be found on pages 80 to 87 – present a full picture of the Council’s financial position and its exposure to risk. Transactional volumes have continued to grow since Qualis became active in 2020/21, so likewise the Group Accounts continue to grow in their importance.

## 4. PRINCIPAL RISKS AND UNCERTAINTIES

An updated Risk Management Policy & Strategy is in place, which was approved by Cabinet on 4th December 2023. This details the Council's approach to risk management, supporting Officers understanding of the consistent and robust identification, evaluation and management of opportunities and risks at all levels of the Council.

Risk management practices are incorporated within our decision-making process.

Annually, the Head of Internal Audit gives their opinion of assurance and for 2023/2024 the overall opinion of the Head of Internal Audit is that the Council has adequate and effective governance, risk management arrangements and control processes.

The Audit and Governance Committee receive regular updates on the Corporate Risk Register and given the opportunity to provide independent challenge and suggest changes.

The top risks from the Council's Corporate Risk Register as at March 2024 are detailed in the table below:

| Top Risks Identified                       |   |   |
|--|---|---|
| Risk                                       | Impact  | Mitigation  |
| 1 - Major Cyber Incident                   | If the Council were to experience a serious cyber incident, the disruption to our services, reputational damage and financial cost could be significant.  | <ol style="list-style-type: none"> <li>1) Information Security, Security Breach, ICT Remote Access, and ICT Security policies have been reviewed and are in place.</li> <li>2) Data is backed-up off-site.</li> <li>3) Mandatory cybersecurity training for staff, run in conjunction with Essex Police has been undertaken.</li> <li>4) Single sign-on and/or multi-factor authentication applied wherever possible.</li> <li>5) Mystery Phishing campaigns are run on a regular basis.</li> <li>6) Public Sector Network compliance, with penetration testing has been completed.</li> <li>7) Network firewalls in place to protect network; device firewalls and anti-virus software deployed.</li> <li>8) Microsoft audit has been undertaken across Epping and Colchester and a prioritised action plan is being created to increase our security posture.</li> <li>9) Additional information sharing and best practice across Essex Councils is on-going; and</li> <li>10) Continued emphasis on educating and supporting colleagues, as human mistakes remain a significant threat.</li> </ol> |
| 2 - Quality of Major Planning Applications | <p>Inability to achieve national KPIs in respect of Quality of Decisions on Major Planning Applications could result in decision making of Major Applications being taken from us. Applicants having the option of submitting major applications direct to the Planning Inspectorate for determination.</p> <p>This would result in loss of local decision making and financial loss of income.</p> | <ol style="list-style-type: none"> <li>1) Restructure of Planning Services</li> <li>2) Additional resourcing for defending appeals, including external professional input; and</li> <li>3) Review of decision-making following PAS Committee Review response and thereafter report to Place Scrutiny Committee on transformation.</li> </ol>  |

| Risk   | Impact   | Mitigation  |
|--|--|---|
| 3 - Delivering a balanced budget and sustainable Medium Term Financial Plan (MTFP) | Failure to maintain a Balanced Budget and Sustainable Medium-Term Financial Plan (MTFP) would breach a legal duty to maintain a balanced budget and could potentially result in the Central Government imposing measures.            | <ol style="list-style-type: none"> <li>1) The active monitoring and reporting on internal and external factors affecting the MTFP, including the 2025/26 Budget through the established Financial Planning Framework</li> <li>2) Regular communication of financial position and future prospects to Members (through the Cabinet and Scrutiny process) and senior management.</li> <li>3) Continue the further development and delivery of “Fit for the Future” Transformation Plan (including Shared Services), ensuring key milestones, deadlines and financial targets are met.</li> </ol>  |
| 4 - Waste Service Delivery Failure   | Failure to implement future waste services project by November 2024 or current provider fails to continue to deliver service.  | <ol style="list-style-type: none"> <li>1) A Wholly owned company Terra Verde Services Ltd as subsidiary of EFDC has been created following Cabinet approval on 10th July 2023 to deliver waste services at expiry of Biffa contract on 4th November 2024.</li> <li>2) Planning permission approved at DDMC 13/02/2024 for operations hub at NWA. Project workstream with external consultants is in place and contract has been awarded.</li> <li>3) Contract has been awarded for the contract hire of the fleet vehicles.</li> <li>4) Waste Management Partnership Board and Project Steering Group is in place; and</li> <li>5) Contingency Plans are in place.</li> </ol> |
| 5 - Data/information breach  | Breach of the 2018 Data Protection Act (DPA) and the General Data Protection Regulations (GDPR) could lead to significant fines and/or intervention by the Information Commissioner’s Office (ICO) resulting in reputational damage. | <ol style="list-style-type: none"> <li>1) The Council continues to have a designated SIRO, Data Protection Officer, and FOI Officer.</li> <li>2) A Strategic Information Governance Group and an Information Asset Owner Group is in place.</li> <li>3) The Information Governance Group has put together a work programme and is updated quarterly.</li> <li>4) GDPR &amp; Cyber security e-learning training is on Litmos.</li> <li>5) Training was delivered to SLT throughout 2023/24.</li> </ol>   |
| 6 - Increase in demand for the Homelessness service.                               | Increase in numbers of homeless households and lack of supply of suitable accommodation could result in adverse financial impact directly affecting the general fund.  | <ol style="list-style-type: none"> <li>1) Project to improve tenancy sustainment in the private rented sector has been included in the Service Plan for 2023/4. The purpose being to prevent homelessness at an earlier stage.</li> <li>2) Entered into a block booking arrangement with a local provider at a reduced cost.</li> </ol>   |

| Risk   | Impact   | Mitigation   |
|--|--|--|
| 7 - Failure to ensure continued financial viability of Qualis. | Failure to ensure the continued financial viability of Qualis represents a major financial and reputational risk to the Council.   | <ol style="list-style-type: none"> <li>1) Quarterly monitoring and reporting on progress against Qualis Business Plan through the established Governance Framework.</li> <li>2) Quarterly reporting on Council budget position (including Qualis loan margins and other transactions) through Cabinet and Scrutiny process.</li> <li>3) Enhanced reporting (with effect from 2023/24 in compliance with December 2021 codes) through Audit &amp; Governance Committee re Capital and Treasury Management strategies (especially on Qualis-related Service and Commercial Investments); and</li> <li>4) Monitoring and reporting on monthly Cash Flow Statement from Qualis.</li> </ol> |
| 8 - Future Proofing the Workforce.                             | Failure to ensure we have the right skills, behaviours, productivity, and capacity in place could result in inability to deliver services to residents and deliver the Corporate Plan 2023-27.   | <ol style="list-style-type: none"> <li>1) Shared Services work is underway.</li> </ol>   |
| 9 - Climate Change.  | Failure to achieve carbon emission targets will result in not achieving our targets contained within our Corporate Plan and will result in increased costs.  | <ol style="list-style-type: none"> <li>1) Air Pollution Mitigation Strategy &amp; Air Quality Action Plan in place.</li> <li>2) Climate Change Steering Group with senior representatives from the relevant service areas to drive cross cutting initiatives.</li> <li>3) Carbon Literacy training has been undertaken for Officers.</li> <li>4) Net zero training has been given to planning officers; and</li> <li>5) Energy efficiency investment in Housing Asset Management Strategy Plan and construction of the waste depot to be part of asset management strategy.</li> </ol>   |
| 10 - Lack of and/or inadequate Business Continuity Plans.      | Failure to ensure robust plans are in place for critical services and regularly tested could result in an event occurring having adverse impact on service delivery.   | <ol style="list-style-type: none"> <li>1) All managers were involved in a desktop exercise December 2023 and subsequent action plan is being worked through; and</li> <li>2) Service BC Plans and BIAs in place for majority of Council.</li> </ol>  |
| 11 - Failure to comply with social housing regulation.         | If the Council, is unable to demonstrate compliance with numerous statutory H&S requirements it could face a Regulatory Notice and/or heavy fines. There is also a need to meet Consumer Standards as laid out in the Social Housing (Regulation) Bill (2023). If the Council is unprepared, it will face serious reputational damage. | <ol style="list-style-type: none"> <li>1) Specialist compliance IT solution has started to be implemented.</li> <li>2) Weekly oversight of compliance by Executive Leadership Team; and</li> <li>3) HRA Asset Management Strategy ensuring that structural and compliance needs for the council's council housing are given priority and are fully resourced.</li> </ol>   |



| Risk                                      | Impact  | Mitigation   |
|---|---|--|
| 12 - Failure to maintain and improve VFM. | A failure to maintain and improve Value for Money (VFM) in the commissioning and delivery of services would potentially jeopardise public funds and cause the Council significant reputational damage.  | <ol style="list-style-type: none"> <li>1) Quarterly performance monitoring and reporting through established Cabinet and Scrutiny progress.</li> <li>2) Ad hoc scrutiny of Qualis service-delivery performance; and</li> <li>3) We have got ongoing monthly benchmarking with Housemark -a sector specialist in benchmarking.</li> </ol> |
| 13 - Council House Build Programme.       | If the Council fails to deliver new build housing, we are unable to provide housing to our most vulnerable residents who remain on the waiting list. RTB impact on the level of stock and without new build delivery we are unable to increase stock. | <ol style="list-style-type: none"> <li>1) Involve Planning staff at early stages and throughout; and</li> <li>2) Project management of all schemes to ensure effective delivery of time, budget, and quality.</li> </ol>   |

## 5. THE ACCOUNTING STATEMENTS EXPLAINED

The Statement of Accounts shows the financial performance for 2023/24 and the financial position as at 31st March 2024. They present the income and expenditure for the year and highlight any significant changes in the Council's financial position during the year.

The document comprises Core and Supplementary Financial Statements, together with Disclosure Notes. The format and content of the financial statements is prescribed by the *CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2023/24* ("the Code"), which is underpinned by International Financial Reporting Standards (IFRSs).

The Code requires that the Statement of Accounts give a true and fair view of the financial position of the Council and are prepared on the basis that the Council is a going concern.

In line with the Code, suitable accounting policies have been applied, and where necessary, prudent judgements and estimates have been made.

The Statement of Accounts can be 'technical' and complex, but wherever possible, information is presented as simply and clearly as possible to assist the understanding of users.

### **Core Financial Statements**

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

This statement brings together all Council functions and reports on income and expenditure in accordance with International Financial Reporting Standards (IFRS) rather than just the amount to be funded from local taxes, rents, and government grants. The difference is accounted for by a series of adjustments made in accordance with regulations. The cost of services within the Comprehensive Income and Expenditure Statement (CIES) follows the reporting structure used by the Council.

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

This statement provides a summary of the movement on the different reserves held by the Council over the course of the financial year. These reserves represent the Council's net worth and are divided into 'unusable', and 'usable' (i.e. those that can currently be used to fund expenditure or support local taxation).

#### **Balance Sheet**

This is a "snapshot" of the Council's assets, liabilities, cash balances and reserves at the year-end date. The net assets (assets less liabilities) of the Council are matched by the reserves held by the Council.

#### **Cash Flow Statement**

A summary of cash inflows and outflows arising from revenue and capital transactions with third parties.

#### **Notes to the Financial Statements**

The notes provide a better understanding of the financial statements and give further detail about the items contained in the core financial statements along with details of accounting policies used by the Council.

### **Supplementary Financial Statements**

#### **Housing Revenue Account (HRA)**

This account records the Council's statutory obligation to separately account for the cost of the ring-fenced landlord function in respect of the provision of Council Housing.

#### **Collection Fund**

This summarises the collection of council tax and business rates, and the redistribution of that money to other local authorities and central Government.

#### **Group Accounts**

The Council has a material interest in Qualis. The Group Accounts show the consolidated position of the activities of the Council and Qualis.

#### **Annual Governance Statement**

This sets out the governance structures of the Council and its key internal controls.

The other notes to these statements provide more detail about accounting policies and transactions.

# Statement of responsibilities



## THE COUNCIL'S RESPONSIBILITIES

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers (the Section 151 Officer) has responsibility for the administration of those affairs
- Manage its affairs to secure the economic, efficient, and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts.

A handwritten signature in black ink, appearing to read 'J Whitehouse', written over a light grey rectangular background.

**Councillor Jon Whitehouse**  
**Chairman of the Audit & Governance Committee**

27th February 2025

## THE SECTION 151 OFFICER'S RESPONSIBILITIES

The Section 151 Officer is responsible for the preparation of the Statement of Accounts in accordance with proper practices as set out in the *CIPFA Code of Practice on Local Authority Accounting in the United Kingdom* ("the Code").

In preparing this Statement of Accounts, the Section 151 Officer has:

- Selected suitable accounting policies and then applied them consistently
- Made judgements and estimates that were reasonable and prudent; and
- Complied with the Code of Practice.

The Section 151 Officer has also:

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

I certify that the accounts set out on pages 3 to 87 give a true and fair view of the financial position of the Council as at 31st March 2024 and the income and expenditure for the year then ended.

A handwritten signature in black ink, appearing to read 'A Small', written over a light grey rectangular background.

**Andrew Small CPFA**  
**Section 151 Officer**

27<sup>th</sup> February 2025



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EPPING FOREST DISTRICT COUNCIL**

### **Disclaimer of Opinion**

We were engaged to audit the financial statements of Epping Forest District Council ('the Council') and its subsidiaries (the 'Group') for the year ended 31 March 2024. The financial statements comprise the:

- Council and Group Comprehensive Income and Expenditure Statement,
- Council and Group Movement in Reserves Statement,
- Council and Group Balance Sheet,
- Council and Group Cash Flow Statement,
- the related notes 1 to 33 of the Council financial statements and the related notes of G1 to G6 of the Group financial statements, including material accounting policy information,
- Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, and the related notes 1 to 9,
- Collection Fund and the related notes 1 to 3.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

We do not express an opinion on the accompanying financial statements of the Council and Group. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### **Basis for disclaimer of opinion**

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 required any outstanding accountability statements for years ended 31 March 2015 to 31 March 2023 to be approved not later than 13 December 2024 and the accountability statements for the year ended 31 March 2024 to be approved not later than 28 February 2025 ('the backstop date').

The audit of the financial statements for the year ended 31 March 2022 and 31 March 2023 for Epping Forest District Council and Group were completed by the predecessor auditor on 2 December 2024 and 12 December 2024 respectively.

Due to the timing of the prior years' opinions, there was limited time between the backstop dates, and we did not have the required resources available to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the Council and Group financial statements for the year ended 31 March 2024.

Therefore, we are disclaiming our opinion on the financial statements.

### **Matters on which we report by exception**

Notwithstanding our disclaimer of opinion on the financial statements we have nothing to report in respect of whether the annual governance statement is misleading or inconsistent with other information forthcoming from the audit, performed subject to the pervasive limitation described above, or our knowledge of the Council and Group.



We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)
- we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We have nothing to report in these respects.

### **Responsibility of the Section 151 Officer**

As explained more fully in the Statement of the Responsibilities set out on page 17, the Section 151 Officer is responsible for the preparation of the Statement of Accounts, which includes the Council and Group financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, 2023/24, for being satisfied that they give a true and fair view and for such internal control as the Section 151 Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Section 151 Officer is responsible for assessing the Council and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council and Group either intends to cease operations, or has no realistic alternative but to do so.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

### **Auditor's responsibilities for the audit of the financial statements**

Our responsibility is to conduct an audit of the Council and Group financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Council and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Code of Audit Practice 2024 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

## **Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources**

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in November 2024, as to whether Epping Forest District Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Epping Forest District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether Epping Forest District Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

### **Delay in certification of completion of the audit**

We cannot formally conclude the audit and issue an audit certificate until the NAO, as group auditor, has confirmed that no further assurances will be required from us as component auditors of Epping Forest District Council.

Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

### **Use of our report**

This report is made solely to the members of Epping Forest District Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and Council and the Group and Council members as a body, for our audit work, for this report, or for the opinions we have formed.

*Debbie Hanson*  
*Ernst + Young LLP*

*Debbie Hanson (Key Audit Partner)*  
*Ernst & Young LLP (Local Auditor)*  
*Luton*  
*28 February 2025*



# Comprehensive income and expenditure statement



|  | 2023/24 |                   |                 | 2022/23          |                   |                 |                 |
|--|---------|-------------------|-----------------|------------------|-------------------|-----------------|-----------------|
|  |         | Gross Expenditure | Income          | Net Expenditure  | Gross Expenditure | Income          | Net Expenditure |
|  | Note    | £000's            | £000's          | £000's           | £000's            | £000's          | £000's          |
| Chief Executive  |         | 605               | (306)           | 299              | 711               | (321)           | 390             |
| Community & Wellbeing Services                           |         | 3,442             | (2,097)         | 1,345            | 3,864             | (1,762)         | 2,102           |
| Commercial & Technical Services                          |         | 19,751            | (9,490)         | 10,261           | 18,380            | (8,138)         | 10,242          |
| Corporate Services                                       |         | 9,030             | (2,717)         | 6,313            | 10,569            | (3,155)         | 7,414           |
| Customer Services  |         | 26,235            | (24,183)        | 2,052            | 26,859            | (23,965)        | 2,894           |
| Finance & Audit Services                                 |         | 2,186             | (872)           | 1,314            | 2,310             | (821)           | 1,489           |
| Housing & Property Services                              |         | 2,189             | (802)           | 1,387            | 2,197             | (529)           | 1,668           |
| Place  |         | 616               | (403)           | 213              | 472               | (178)           | 294             |
| Planning Development Services                            |         | 4,616             | (2,974)         | 1,642            | 5,642             | (3,455)         | 2,187           |
| Strategy, Delivery & Performance                         |         | 656               | (135)           | 521              | 690               | (5)             | 685             |
| Housing Revenue Account                                  |         | 36,696            | (40,959)        | (4,263)          | 36,208            | (37,969)        | (1,761)         |
| <b>Net Cost of Services</b>                              |         | <b>106,022</b>    | <b>(84,938)</b> | <b>21,084</b>    | <b>107,902</b>    | <b>(80,298)</b> | <b>27,604</b>   |
| Other Operating (Income) /Expenditure                    | 9       |                   |                 | (83,522)         |                   |                 | 2,116           |
| Financing and Investment Income and Expenditure          | 10      |                   |                 | (14,112)         |                   |                 | 13,053          |
| Taxation and Non-Specific Grant Income                   | 11      |                   |                 | (24,538)         |                   |                 | (21,402)        |
| <b>(Surplus)/Deficit on Provision of Services</b>        |         |                   |                 | <b>(101,088)</b> |                   |                 | <b>21,371</b>   |
| (Surplus) on Revaluation of Property Plant and Equipment | 12      |                   |                 | (768)            |                   |                 | (27,122)        |
| Actuarial (Gains)/Losses on Pension Assets/Liabilities   |         |                   |                 | 2,313            |                   |                 | (44,752)        |
| Heritage Assets  |         |                   |                 |                  |                   |                 |                 |
| <b>Total Comprehensive Income and Expenditure</b>        |         |                   |                 | <b>(99,543)</b>  |                   |                 | <b>(50,503)</b> |

# Movement in reserves statement



|  | General Fund Balance | Housing Revenue Account | Earmarked Reserves | Capital Receipts Reserve | Major Repairs Reserve | Capital Grants Applied | Total Usable Reserves | Total Unusable Reserves | Total Reserves |
|--|----------------------|-------------------------|--------------------|--------------------------|-----------------------|------------------------|-----------------------|-------------------------|----------------|
|  | £000's               | £000's                  | £000's             | £000's                   | £000's                | £000's                 | £000's                | £000's                  | £000's         |
| <b>Movements in 2023/24</b>  |                      |                         |                    |                          |                       |                        |                       |                         |                |
| Balance as at 1st April 2023   | 3,219                | 4,552                   | 3,820              | 12,218                   | 8,487                 | 1,709                  | 34,005                | 775,324                 | 809,329        |
| Surplus / (Deficit) on Provision of Services                           | 99,155               | 1,932                   | -                  | -                        | -                     | -                      | 101,087               | -                       | 101,087        |
| Other Comprehensive Income and Expenditure                             | -                    | -                       | -                  | -                        | -                     | -                      | -                     | (1,585)                 | (1,585)        |
| <b>Total Comprehensive Income and Expenditure</b>                      | <b>99,155</b>        | <b>1,932</b>            | <b>-</b>           | <b>-</b>                 | <b>-</b>              | <b>-</b>               | <b>101,087</b>        | <b>(1,585)</b>          | <b>99,502</b>  |
| Adjustment Between Accounting and Funding Basis Under Regulations      | (97,517)             | (1,686)                 | -                  | 88,300                   | (4,130)               | (81)                   | (15,114)              | 15,114                  | -              |
| <b>Net Increase / (Decrease) before Transfer to Earmarked Reserves</b> | <b>1,638</b>         | <b>246</b>              | <b>-</b>           | <b>88,300</b>            | <b>(4,130)</b>        | <b>(81)</b>            | <b>85,973</b>         | <b>13,529</b>           | <b>99,502</b>  |
| Transfer to Earmarked Reserves   | (857)                | -                       | 857                | -                        | -                     | -                      | -                     | -                       | -              |
| <b>Increase / (Decrease) in Year</b>                                   | <b>781</b>           | <b>246</b>              | <b>857</b>         | <b>88,300</b>            | <b>(4,130)</b>        | <b>(81)</b>            | <b>85,973</b>         | <b>13,529</b>           | <b>99,502</b>  |
| Other Adjustments  | -                    | -                       | -                  | -                        | -                     | -                      | -                     | 40                      | 40             |
| <b>Balance as at 31st March 2024</b>                                   | <b>4,000</b>         | <b>4,798</b>            | <b>4,677</b>       | <b>100,518</b>           | <b>4,357</b>          | <b>1,628</b>           | <b>119,978</b>        | <b>788,893</b>          | <b>908,871</b> |

|  | General Fund Balance | Housing Revenue Account | Earmarked Reserves | Capital Receipts Reserve | Major Repairs Reserve | Capital Grants Applied | Total Usable Reserves | Total Unusable Reserves | Total Reserves |
|--|----------------------|-------------------------|--------------------|--------------------------|-----------------------|------------------------|-----------------------|-------------------------|----------------|
|  | £000's               | £000's                  | £000's             | £000's                   | £000's                | £000's                 | £000's                | £000's                  | £000's         |
| <b>Movements in 2022/23</b>  |                      |                         |                    |                          |                       |                        |                       |                         |                |
| Balance as at 1st April 2022   | 4,070                | 4,164                   | 6,628              | 11,910                   | 9,365                 | 1,607                  | 37,744                | 721,122                 | 758,866        |
| Surplus / (Deficit) on Provision of Services                           | (20,448)             | (923)                   | -                  | -                        | -                     | -                      | (21,371)              | -                       | (21,371)       |
| Other Comprehensive Income and Expenditure                             | -                    | -                       | -                  | -                        | -                     | -                      | -                     | 71,874                  | 71,874         |
| <b>Total Comprehensive Income and Expenditure</b>                      | <b>(20,448)</b>      | <b>(923)</b>            | <b>-</b>           | <b>-</b>                 | <b>-</b>              | <b>-</b>               | <b>(21,371)</b>       | <b>71,874</b>           | <b>50,503</b>  |
| Adjustment Between Accounting and Funding Basis Under Regulations      | 16,791               | 1,311                   | -                  | 308                      | (878)                 | 102                    | 17,634                | (17,634)                | -              |
| <b>Net Increase / (Decrease) before Transfer to Earmarked Reserves</b> | <b>(3,657)</b>       | <b>388</b>              | <b>-</b>           | <b>308</b>               | <b>(878)</b>          | <b>102</b>             | <b>(3,737)</b>        | <b>54,240</b>           | <b>50,503</b>  |
| Transfer to Earmarked Reserves   | 2,806                | -                       | (2,806)            | -                        | -                     | -                      | -                     | -                       | -              |
| <b>Increase / (Decrease) in Year</b>                                   | <b>(851)</b>         | <b>388</b>              | <b>(2,806)</b>     | <b>308</b>               | <b>(878)</b>          | <b>102</b>             | <b>(3,737)</b>        | <b>54,240</b>           | <b>50,503</b>  |
| Other Adjustments  | -                    | -                       | (2)                | -                        | -                     | -                      | (2)                   | (38)                    | (40)           |
| <b>Balance as at 31st March 2023</b>                                   | <b>3,219</b>         | <b>4,552</b>            | <b>3,820</b>       | <b>12,218</b>            | <b>8,487</b>          | <b>1,709</b>           | <b>34,005</b>         | <b>775,324</b>          | <b>809,329</b> |

# Balance sheet



|                                      | Note | 31 March 2024 |                  | 31 March 2023 |                  |
|--------------------------------------|------|---------------|------------------|---------------|------------------|
|                                      |      | £000's        | £000's           | £000's        | £000's           |
| <b>Long Term Assets</b>              |      |               |                  |               |                  |
| Property, Plant & Equipment          | 12   | 886,931       |                  | 879,302       |                  |
| Heritage Assets                      |      | 620           |                  | 620           |                  |
| Investment Properties                | 13   | 156,224       |                  | 148,483       |                  |
| Intangible Assets                    |      | 1,884         |                  | 1,450         |                  |
| Assets held for sale                 | 16   | -             |                  |               |                  |
| Long Term Debtors                    | 14   | 90,837        |                  | 66,445        |                  |
| Pension Asset                        | 31   | -             |                  | -             |                  |
| <b>Total Long Term Assets</b>        |      |               | <b>1,136,496</b> |               | <b>1,096,300</b> |
| <b>Current Assets</b>                |      |               |                  |               |                  |
| Short-term investments               |      | 19,156        |                  | -             |                  |
| Inventories                          |      | 97            |                  | 96            |                  |
| Debtors                              | 16   | 16,513        |                  | 14,702        |                  |
| Cash & Cash Equivalents              | 17   | 16,959        |                  | 12,796        |                  |
|                                      |      |               | <b>52,725</b>    |               | <b>27,594</b>    |
| <b>Current Liabilities</b>           |      |               |                  |               |                  |
| Creditors                            | 18   | (22,357)      |                  | (26,569)      |                  |
| Provisions                           | 19   | (608)         |                  | (1,106)       |                  |
| Short-Term Loans                     |      | (5,090)       |                  | (38,175)      |                  |
|                                      |      |               | <b>(28,055)</b>  |               | <b>(65,851)</b>  |
| <b>Long Term Liabilities</b>         |      |               |                  |               |                  |
| Long-Term Loans                      | 15   | (248,402)     |                  | (244,506)     |                  |
| Pensions Liability                   | 31   | (3,893)       |                  | (4,208)       |                  |
|                                      |      |               | <b>(252,295)</b> |               | <b>(248,714)</b> |
| <b>Total Assets Less Liabilities</b> |      |               | <b>908,871</b>   |               | <b>809,329</b>   |
| Usable Reserves                      |      | (119,978)     |                  | (34,005)      |                  |
| Unusable Reserves                    | 20   | (788,893)     |                  | (775,324)     |                  |
|                                      |      |               | <b>(908,871)</b> |               | <b>(809,329)</b> |

These Financial Statements replace the unaudited financial statements confirmed by the Strategic Director and Section 151 officer on the 11 October 2024.

**Andrew Small CPFA**  
Section 151 Officer

Dated: 27 February 2025

# Cash flow statement



|  | Note | 2023/24<br>£000's | 2022/23<br>£000's |
|--|------|-------------------|-------------------|
| Net Surplus/(Deficit) on Provision of Services   |      | 101,088           | (21,371)          |
| Adjustments to net surplus or deficit on the provision of services for non-cash movements  | 21   | (534)             | 25,616            |
| Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities | 21   | (121,219)         | (14,037)          |
| <b>Net cash flows from Operating Activities</b>  |      | <b>(20,665)</b>   | <b>(9,792)</b>    |
| Investing Activities   | 22   | 52,864            | (12,641)          |
| Financing Activities   | 23   | (28,036)          | 16,493            |
| <b>Net Increase or (Decrease) in cash and cash equivalents</b>   |      | <b>4,163</b>      | <b>(5,940)</b>    |
| Cash and Cash Equivalents at the beginning of the reporting  |      | 12,796            | 18,736            |
| <b>Cash and Cash equivalents at the end of the reporting period</b>  | 17   | <b>16,959</b>     | <b>12,796</b>     |



## Notes to the Statement of Accounts

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# 1. ACCOUNTING POLICIES

## 1.1 GENERAL PRINCIPLES

The Statement of Accounts summarises Epping Forest District Council's transactions for the 2023/24 financial year and its position at the year-end of 31st March 2024. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 in accordance with proper accounting practices.

The Statement of Accounts has been prepared in accordance with proper accounting practices (under Section 21 of the Local Government Act 2003). These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 7 of the Accounts and Audit Regulations 2015.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The accounts have been prepared on an accruals basis and are based on the concept of the Council as a going concern whereby local authorities cannot be created or dissolved without statutory prescription.

The significant accounting policies are set out in alphabetical order (1.2 to 1.18) below:

## 1.2 ACCRUALS OF INCOME AND EXPENDITURE

Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and its probable that economic benefits or service potential associated with transaction will flow to the Council.

Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure based on the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

## 1.3 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in a specified period of no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

## 1.4 CHARGES TO REVENUE FOR NON-CURRENT ASSETS

Services, support services and trading accounts are charged with the following amounts to reflect the cost of holding non-current assets during the year:

- depreciation attributable to the asset used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which losses can be written off; and
- amortisation of intangible assets attributable to the service.

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses



or amortisation, however it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement (equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance).

Depreciation, revaluation and impairment losses and amortisation are replaced by the contribution in the General Fund Balance by way of a Capital Adjustment transaction in the Movement in Reserves Statement for the difference between the two.

Under the Item 8 Credit and Item 8 Debit (General) Determination issued 24th January 2017 depreciation is charged to the Housing Revenue Accounts. From 1st April 2017 impairment charges and revaluation losses on dwelling assets continue to be reversed out of the Housing Revenue Account post the transitional period and for non-dwelling assets prospectively only from this date. Revaluation gains which reverse a previous impairment and revaluation losses are adjusted for against the Housing Revenue Account Balance.

## **1.5 COUNCIL TAX AND NON-DOMESTIC RATES**

The Council as a billing authority acts as an agent, collecting Council Tax and non-domestic rates (NDR) on behalf of Essex County Council and Essex Police (i.e. the major preceptors, which also includes Essex Fire Authority and Central Government for NDR) and as principal, it collects Council Tax and NDR for itself. Billing authorities are required by statute to maintain a separate fund (the "Collection Fund") for the collection and distribution of amounts due in respect of Council Tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and Central Government share proportionately the risks and rewards that the amount of Council Tax and NDR collected could be less or more than predicted.

### **Accounting for Council Tax and NDR**

The Council Tax and NDR income included in the CIES is the Council's share of accrued income for the year. However, regulations determine the amount of Council Tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the year-end balances in respect of Council Tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments, prepayments, and appeals.

## **1.6 EVENTS AFTER THE REPORTING PERIOD**

Events after the Balance Sheet date, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue are of two types:

- Those that provide evidence of conditions that existed at the end of the reporting period. The Statement of Accounts is adjusted to reflect such events; and
- Those that are indicative of conditions that arose after the reporting period. The Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

## **1.7 FINANCIAL INSTRUMENTS**

Financial assets and liabilities are carried at amortised cost. Credits are made to the CIES for Interest Receivable and are based on the carrying amount multiplied by the effective rate of interest. The amount appearing in the Balance Sheet relates to the principal outstanding plus accrued interest.

## **1.8 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 to the Council when 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 to the Council are not credited to the CIES until conditions attached to the grant or contribution have been satisfied.

Where there are no conditions attached to a grant it should be recognised immediately as income in the CIES. This applies to both revenue and capital grants.

As capital grants and contributions credited to the CIES are not proper income charges to either the General Fund or HRA they must be reversed out through the MIRS to ultimately end up in the Capital Adjustment Account. If there are no conditions attached and the expenditure to which the grant relates has been incurred, then the reversal can be made directly to the Capital Adjustment Account. However, if there are conditions attached then the grant will be recognised in the Capital Grants Receipts in Advance Account until the conditions are met.

Further to this, if the conditions of a capital grant have been met, but the expenditure to be financed from the grant has not been incurred at the Balance Sheet date, then the grant should be reversed out of the CIES through the MIRS to the Capital Grants Unapplied Account. By doing this there is a recognition that the capital grant is not proper income to the General Fund nor HRA and that the capital resources have yet to be applied.

## **1.9 INVESTMENT PROPERTY**

Investment properties are those which are held solely to earn rentals or for capital appreciation purposes. The definition is not met if the property is used in any way to facilitate the delivery of services or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the highest and best use value of the asset. Investment properties are not depreciated but are re-valued annually according to market conditions to ensure that they are held at the highest and best use value on the Balance Sheet date. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the CIES. The same treatment is applied to gains and losses on disposal. Under statute, revaluation and disposal gains and losses are not permitted to impact on the General Fund balance and therefore such gains and losses are reversed out of the General Fund balance in the Movement in Reserves Statement to the Capital Adjustment Account; sale proceeds greater than £10,000 are posted to the Capital Receipts Reserve.

Rentals received in relation to investment properties are credited to the Financing and Investment Income and Expenditure line and result in a gain for the General Fund balance.

## **1.10 LEASES**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant, or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

## **The Council as Lessee:**

### **Finance Leases**

Property, plant, and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant, or equipment – applied to write down the lease liability, and
- A financing charge (debited to the Financing and Investment Income and Expenditure line in the CIES).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution (minimum revenue provision - MRP) is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by the MRP in the General Fund balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### **Operating Leases**

Rentals paid under operating leases are charged to the CIES as an expense of the services benefitting from use of the leased property, plant, or equipment. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

## **The Council as Lessor:**

### **Finance Leases**

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the CIES as part of the gain and loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a long-term lease debtor in the Balance Sheet.

**Lease rentals receivable are apportioned between:**

- A charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the CIES).

The gain credited to the CIES on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, it is posted out of the General Fund Balance to the Capital Receipt Reserve in the Movement in Reserves Statement. Where the amount due in relation to the leased asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

## **1.11 OVERHEADS AND SUPPORT SERVICES**

The cost of overheads and support services are not recharged to General Fund service segments. This maintains clearer financial accountability and performance and – especially – ensures consistency with the Council's management accounts, which are reported to councillors throughout the financial year.

However, the cost of overheads and support services are recharged to the Housing Revenue Account, which ensures that a ring-fenced account is maintained, as required by statute.

## **1.12 PRIOR YEAR ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS**

Prior period adjustments may arise because of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively i.e. in the current and future years affected by the change and do not give rise to prior period adjustment.

Changes in accounting policies are made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where change is made it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

## **1.13 PROPERTY PLANT AND EQUIPMENT**

Assets that have a physical substance and are held for use in the production or supply of goods or services (for rental to others or for administrative purposes) and that are expected to be used during more than one financial year are classified as property, plant, and equipment.

### **Recognition**

Expenditure on the acquisition, creation or enhancement of property plant and equipment is capitalised on an accruals basis, provided that it is probable that 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.

### **Measurement**

Assets are initially measured at cost, comprising:

- The purchase price
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- The initial estimate of the costs of dismantling and removing the item and restoring the location site.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its current value unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction – depreciated historic cost
- Dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH)
- Investment properties and surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective; and
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

For non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly 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. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

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 the accumulated gains); or
- Where there is no balance in the Revaluation Reserve or an insufficient balance the carrying amount of the asset is written down against the relevant service line in the CIES.

The Revaluation Reserve contains revaluation gains recognised since 1st April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated in the Capital Adjustment Account.

### **Impairment**

Assets are reviewed at each year-end for evidence of reductions in value i.e. impairment. Where impairment is identified, 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.

When impairment losses are identified, they are accounted for as follows:

- Where there is a balance in the 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 the accumulated gains; or
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

### **Depreciation**

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives on a straight-line basis. An exception is 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). Subsequent expenditure on a fixed asset that maintains or enhances the previously assessed standard of performance of the asset does not negate the need to charge depreciation.

Depreciation is calculated on the following basis:

- Dwellings and other buildings – straight line allocation over the useful life of the property as estimated by a qualified valuer.
- Vehicles, plant, furniture, and equipment – straight line allocation over the useful life of the asset as advised by a suitably qualified officer; and
- Infrastructure – straight line allocation over a useful life.

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

|   |                        |
|---|------------------------|
| Council Dwellings and Garages                     | Up to 60 years         |
| Other Land and Buildings (buildings element only) | Up to 50 years         |
| Infrastructure Assets                             | Up to 40 years         |
| Vehicles, Plant, Furniture and Equipment          | Between 5 and 20 years |

Revaluation gains are also depreciated, with an amount equal to the difference between the current value depreciation charge on assets and the depreciation that would have been charged based on their historical cost, being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Where an asset is material and has major components, whose cost is significant to the total cost of the asset and have markedly different useful lives, the components are depreciated separately. Only assets with a gross book value of £1 million and over will be considered for componentisation. Of those assets, and for the for the purpose of determining what is 'significant', components with a value of 25% in relation to the overall value of the asset, or over £500,000, will be considered and then only if the component has a significantly different useful life for depreciation purposes so as to result in depreciation charges that differ materially from the depreciation charges had the asset not been componentised.

#### **Disposal and Non-Current Assets Held for Sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. These should be:

- Immediately available for sale
- Sale is highly probable
- Actively marketed; and
- Expected to be sold within 12 months.

The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Any loss is posted to the Other Operating Expenditure line in the CIES. Gains in fair value are recognised up to the amount of any previous losses recognised in the Surplus or Deficit on the Provision of Services. Depreciation is not charged on assets held for sale.

If an asset no longer meets the criteria to be classified as an asset held for sale it is reclassified again as a non-current asset and valued at the lower of:

- Its carrying amount before it was classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had it not been classified as held for sale; and
- Its recoverable amount at the date of the decision not to sell.

When an asset is disposed of or decommissioned the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or asset held for sale) is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Receipts from the disposal (if any) are credited to the same line in the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal above £10,000 are categorised as capital receipts. A proportion of capital receipts relating to housing disposals is payable to central government. The balance of receipts remains within the Capital Receipts' Reserve and then can be used for new capital investment (or set aside to reduce the Council's underlying need to borrow). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.



The written off value of disposals is not a charge against Council Tax as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

## **1.14 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

### **Provisions**

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the CIES in the year that the Council becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking account of relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that the reimbursement will be received if the Council settles the obligation.

### **Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the Council a possible obligation the existence of which will be confirmed by the occurrence or otherwise of uncertain future events which are not wholly within the control of the Council. Contingent liabilities may arise in circumstances also where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the Balance Sheet but disclosed by way of a note to the accounts.

### **Contingent Assets**

A contingent asset arises where an event has taken place that gives the Council a possible asset the existence of which will be confirmed by the occurrence or otherwise of uncertain future events which are not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed by way of a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

## **1.15 RESERVES**

The Council has set aside certain revenue and capital amounts as earmarked reserves for future policy purposes or to cover contingencies. All other fund balances represent working balances for the purpose of the specific fund and are made up of accumulated surpluses and deficits derived over time. All earmarked fund balances and reserves are reviewed periodically as to their size and appropriateness.

Reserves are created by transferring amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the CIES. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are unusable and are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement, and employee benefits are explained in the relevant policies.

## **1.16 REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE**

Expenditure incurred during the year that may be capitalised under statutory provisions, but which does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the CIES in the year.

Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves' Statement from the General Fund Balance to the Capital Adjustment Account ensures the accounting principle does not impact on the General Fund Balance.

## **1.17 VALUE ADDED TAX (VAT)**

VAT is included in the accounts only to the extent that it is irrecoverable from HM Revenue and Customs. VAT can only be recovered on partially exempt activities where all such activities account for less than 5% of total VAT on all the Council's activities. VAT receivable is excluded from income.

## **1.18 FAIR VALUE MEASUREMENT**

The Council measures some of its financial and non-financial assets, such as surplus assets and investment properties and some of its financial instruments, at fair value at the end of each reporting date. Fair value is 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.

The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, (assuming market participants act in their economic best interest).

When measuring fair value of a non-financial asset the Council takes account of a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

## **2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED**

The Council is required to disclose known or reasonably estimated information relevant to assessing the possible impact on the financial statements of an accounting change that will be required by the application of a new standard that has been issued but not yet adopted in the period of application.

The most significant forthcoming standard which applies for this Council is IFRS 16 ("Leases"). IFRS16 was issued in January 2016 and became effective for the private sector on 1st January 2019. It removes the existing classifications of operating and finance leases for lessees, requiring a lessee to recognise assets and liabilities for all leases with a term of more than 12 months (unless the underlying asset is of low value) on their Balance Sheet.

After a series of delays (including the impact of the pandemic), the CIPFA/LASAAC proposal to implement IFRS 16 in local government with effect from 1st April 2024 has been approved by the FRAB and is now to be incorporated into the 2024/25 Code. The impact on this Council is not expected to be material, although Finance officers are currently reviewing leasing activity in preparation for full disclosure and technical compliance within the 2024/25 Statement of Accounts.

### 3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions in the current economic climate of the high degree of uncertainty about future levels of funding for local government. The Council has determined, however, that this uncertainty is not yet sufficient to provide an indication that its assets might be impaired due to a need to close facilities and reduce levels of service provision.

### 4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Accounts contain numerous figures that are estimated based on historical experience, current trends or other factors that are relevant. As these figures cannot be ascertained with certainty it is possible that actual results could be materially different from those estimated. The items in the Balance Sheet where there is a risk of material adjustment are as follows:

#### **Pensions Liability**

Estimation of the net liability to pay pensions depends on a range of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, life expectancy rates and expected returns on pension fund assets. Actuaries are engaged to provide advice about assumptions to be applied. The actuary has provided a sensitivity analysis on the assumptions, which is contained in the Pensions Note 31. The value of the Pensions Liability is (£3.893 million).

#### **Fair Value Measurement**

The use of the discounted cash flow model to measure the fair value of some of the Council's investment properties and financial instruments are dependent upon significant assumptions for rent growth, void properties and discount rates adjusted for regional factors. Significant changes in any of the inputs would result in a significantly different fair value measurement. The Council's fund manager has provided a sensitivity analysis around a 1% increase in the discount rate used for measuring the fair value of the Council's financial assets and liabilities which is disclosed within the Financial Instruments **Note 15**.

There have been a series of major events – “Brexit”, “Coronavirus”, the “War in Ukraine” and most recently the “Israel-Hamas War” – in recent years that have been reported as having the potential to have a significant financial impact on the assumptions and estimates made in the Statement of Accounts. Whilst concerning at the time, the subsequent effects of Brexit and Coronavirus were either not as seismic as initially feared (Brexit) or have settled to the extent that they are no longer a cause for concern (Coronavirus), although there are some legacy issues that continue to prove challenging for this Council, and local authorities in general, caused by long-lasting/permanent behavioural changes in society following the pandemic (e.g. changes in working habits have reduced the level of commuter-driven income received from Car Parking fees).

#### **The War in Ukraine (including the worldwide “cost of living crisis”)**

The ongoing conflict in Ukraine continues and was widely attributed as the primary cause of major worldwide inflationary pressure (initially triggered by a spike in fuel and energy prices) and sharply rising interest rates.

Inflation (as measured by “CPI”) peaked at 11.1% in October 2022, which was very concerning at the time. However, a relative degree of stability has returned to markets with substantial reductions in fuel and energy prices along with, at the time of publishing this Statement of Accounts, a CPI inflation rate that has fallen to just 2.3% (April 2024) i.e. just short of the Bank of England's long-term target inflation rate of 2.0%.

The Bank of England's Monetary Policy Committee (MPC) raised the (interest) Base Rate on 14 consecutive occasions from December 2012 to August 2023, to reach a peak of 5.25%, resulting in significant increases in borrowing and investment rates. The Base Rate has since remained unchanged at 5.25% and, in the light of the substantial and continued decrease in inflation, the next move is firmly expected to be downwards.

Despite the – currently – relatively positive outlook, the “Cost of Living Crisis” has nevertheless had a direct impact on both the Council and Qualis and has threatened the viability of a range of capital schemes.

The economy has also proved challenging for the local community and has increased the demand for Council services in some areas (e.g. Homelessness) as well exerting pressure on core income sources Council funding streams such as Council Tax and Business Rates.

With regard to this Statement of Accounts, a degree of Balance Sheet volatility persists, especially on the value of the Council's – relatively large – Commercial Property portfolio. As at 31st March 2023, a fall in value of the portfolio of £13.523 million was recorded (with industrial units being the hardest hit). This year, as at 31st March 2024, the Commercial Property portfolio has increased by £7.741 million, an encouraging step in the right direction (see discussion in Narrative Report above).

And finally, there is still some nervousness as to the potential impact of the "Israel-Hamas War" and the potential impact on the worldwide economy, which could be potentially undermine the recent progress in containing inflation.

## **5. EVENTS AFTER THE BALANCE SHEET DATE**

The draft 2023/24 Statement of Accounts were authorised (**uncertified**) for issue on 28th May 2024 by Andrew Small (Executive Director & Section 151 Officer).

Where events taking place before this date provided information about conditions existing at 31st March 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information (e.g. the anticipated collectability of outstanding debt at 31st March 2024 is reflected in a further increase to the provision for bad debts).

## 6. EXPENDITURE AND FUNDING ANALYSIS

The objective of the Expenditure and Funding Analysis is to demonstrate to Council Tax and Rent Payers how the funding available to the Council (i.e., Government Grants, Rents, Council Tax and Business Rates) for the year has been used in providing services in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision-making purposes between the Council's service directorates. Income and Expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES).

| 2022/23   |  |  | 2023/24   |  |   |
|---|--|--|---|--|---|
| Net Expenditure Chargeable to General Fund & HRA Balances | Adjustments between the funding & Accounting Basis | Net Expenditure in the Comprehensive Income & Expenditure Statement  | Net Expenditure Chargeable to General Fund & HRA Balances | Adjustments between the funding & Accounting Basis | Net Expenditure in the Comprehensive Income & Expenditure Statement |
| £000s   | £000's   | £000's   | £000's  | £000's   | £000's  |
| 339   | (51)   | 390  | 311   | 12   | 299   |
| 1,728   | (374)  | 2,102  | 1,330   | (16)   | 1,346   |
| 7,899   | (2,343)  | 10,242   | 9,017   | (1,244)  | 10,261  |
| 6,363   | (1,051)  | 7,414  | 6,004   | (309)  | 6,313   |
| 2,401   | (493)  | 2,894  | 2,121   | 69   | 2,052   |
| 2,316   | 827  | 1,489  | 1,759   | 445  | 1,314   |
| 1,231   | (437)  | 1,668  | 1,071   | (315)  | 1,386   |
| 242   | (52)   | 294  | 222   | 9  | 213   |
| 1,636   | (551)  | 2,187  | 1,721   | 79   | 1,642   |
| 600   | (85)   | 685  | 528   | 7  | 521   |
| (15,863)  | (14,102)   | (1,761)  | (16,117)  | (11,854)   | (4,263)   |
| <b>8,892</b>  | <b>(18,712)</b>                                    | <b>27,604</b>  | <b>7,967</b>  | <b>(13,117)</b>                                    | <b>21,084</b>   |
|   |  | <b>Net Cost of Service</b>   |   |  |   |
| (5,623)   | 610  | (6,233)  | (9,852)   | 112,320  | (122,172)   |
| <b>3,269</b>  | <b>(18,102)</b>                                    | <b>21,371</b>  | <b>(1,885)</b>  | <b>99,203</b>                                      | <b>(101,088)</b>  |
|   |  | <b>(Surplus) / Deficit</b>   |   |  |   |
| (14,861)  |  |  | (11,592)  |  |   |
|   |  | Opening General Fund and HRA Balance   |   |  |   |
|   |  | Other Transfers from Capital Funds   | -   |  |   |
| <b>(11,592)</b>   |  | <b>Closing General Fund &amp; HRA Balance at 31st March</b>  | <b>(13,477)</b>   |  |   |
|   |  | <b>(For a split of this balance between the General Fund, HRA and Earmarked Reserves - see the Movement in Reserves Statement)</b> |   |  |   |

## Adjustments between Funding & Accounting Basis

|   | Adjustments for<br>Capital<br>Purposes | Net Change for the<br>Pensions<br>Adjustments | Other Differences | Total           |
|---|--|---|-------------------|-----------------|
| <b>2023/24</b>  | <b>£000's</b>                          | <b>£000's</b>                                 | <b>£000's</b>     | <b>£000's</b>   |
| Chief Executive   |  | 11  | 1                 | 12              |
| Community & Wellbeing Services  | (51)                                   | 32  | 3                 | (16)            |
| Commercial & Technical Services   | (1,354)                                | 82  | 28                | (1,244)         |
| Corporate Services  | (438)                                  | 121   | 8                 | (309)           |
| Customer Services   |  | 72  | (3)               | 69              |
| Finance & Audit Services  |  | 462   | (17)              | 445             |
| Housing & Property Services   | (333)                                  | 11  | 7                 | (315)           |
| Place   |  | 5   | 4                 | 9               |
| Planning Development Services   |  | 54  | 25                | 79              |
| Strategy, Delivery & Performance  |  | 11  | (4)               | 7               |
| Housing Revenue Account   | (11,948)                               | 8   | 86                | (11,854)        |
| <b>Net Cost of Service</b>  | <b>(14,124)</b>                        | <b>869</b>                                    | <b>138</b>        | <b>(13,117)</b> |
| <b>Other Income and Expenditure from the Expenditure and Funding Analysis</b>                     | 109,985                                | 1,963   | 372               | 112,320         |
| <b>Difference between General Fund (Surplus)/Deficit and Comprehensive Income and Expenditure</b> | 95,861                                 | 2,832   | 510               | 99,203          |

|   | Adjustments for Capital<br>Purposes | Net Change for the<br>Pensions<br>Adjustments | Other Differences | Total           |
|---|-------------------------------------|---|-------------------|-----------------|
| <b>2022/23</b>  | <b>£000's</b>                       | <b>£000's</b>                                 | <b>£000's</b>     | <b>£000's</b>   |
| Chief Executive   |                                     | (89)  | 38                | (51)            |
| Community & Wellbeing Services  | (87)                                | (349)   | 62                | (374)           |
| Contract & Technical Services   | (1,441)                             | (972)   | 70                | (2,343)         |
| Corporate Services  | (413)                               | (797)   | 159               | (1,051)         |
| Customer Services   | 4                                   | (518)   | 21                | (493)           |
| Finance & Audit Services  | -                                   | 704   | 123               | 827             |
| Housing & Property Services   | (330)                               | (162)   | 55                | (437)           |
| Place   | -                                   | (63)  | 11                | (52)            |
| Planning Development Services   | -                                   | (613)   | 62                | (551)           |
| Strategy, Delivery & Performance  | -                                   | (94)  | 9                 | (85)            |
| Housing Revenue Account   | (13,628)                            | (725)   | 251               | (14,102)        |
| <b>Net Cost of Service</b>  | <b>(15,895)</b>                     | <b>(3,678)</b>                                | <b>861</b>        | <b>(18,712)</b> |
| <b>Other Income and Expenditure from the Expenditure and Funding Analysis</b>                       | (862)                               | (1,117)                                       | 2,589             | 610             |
| <b>Difference between General Fund (Surplus) / Deficit and Comprehensive Income and Expenditure</b> | <b>(16,757)</b>                     | <b>(4,795)</b>                                | <b>3,450</b>      | <b>(18,102)</b> |

## Income & Expenditure Analysed by Nature

|                                      | Chief Executive | Community & Wellbeing Services | Commercial & Technical Services | Corporate Services | Customer Services | Finance & Audit Services | Housing & Property Services | Place        | Planning Development Services | Strategy, Delivery & Performance | Housing Revenue Account | Total           |
|--------------------------------------|-----------------|--------------------------------|---------------------------------|--------------------|-------------------|--------------------------|-----------------------------|--------------|-------------------------------|----------------------------------|-------------------------|-----------------|
| 2023/24                              | £000's          | £000's                         | £000's                          | £000's             | £000's            | £000's                   | £000's                      | £000's       | £000's                        | £000's                           | £000's                  | £000's          |
| Fees, Charges & Other Service Income | (306)           | (1,051)                        | (8,432)                         | (2,618)            | (1,664)           | (846)                    | (802)                       | (90)         | (2,543)                       | (135)                            | (40,940)                | (59,427)        |
| Government Grants                    | -               | (1,046)                        | (1,058)                         | (99)               | (22,519)          | (26)                     | -                           | (313)        | (431)                         | -                                | (19)                    | (25,511)        |
| <b>Total Income</b>                  | <b>(306)</b>    | <b>(2,097)</b>                 | <b>(9,490)</b>                  | <b>(2,717)</b>     | <b>(24,183)</b>   | <b>(872)</b>             | <b>(802)</b>                | <b>(403)</b> | <b>(2,974)</b>                | <b>(135)</b>                     | <b>(40,959)</b>         | <b>(84,938)</b> |
| Employee Expenses                    | 547             | 1,719                          | 4,381                           | 4,407              | 3,848             | 1,289                    | 779                         | 259          | 3,249                         | 655                              | 4,972                   | 26,105          |
| Other Service Expenses               | 58              | 1,672                          | 12,959                          | 4,185              | 771               | 897                      | 1,077                       | 164          | 1,367                         | 1                                | 19,780                  | 42,931          |
| Asset Charges                        | -               | 51                             | 2,411                           | 438                | -                 | -                        | 333                         | 193          | -                             | -                                | 11,944                  | 15,370          |
| Benefit Payments                     | -               | -                              | -                               | -                  | 21,616            | -                        | -                           | -            | -                             | -                                | -                       | 21,616          |
| <b>Total Expenditure</b>             | <b>605</b>      | <b>3,442</b>                   | <b>19,751</b>                   | <b>9,030</b>       | <b>26,235</b>     | <b>2,186</b>             | <b>2,189</b>                | <b>616</b>   | <b>4,616</b>                  | <b>656</b>                       | <b>36,696</b>           | <b>106,022</b>  |
| <b>Net Cost of Service</b>           | <b>299</b>      | <b>1,345</b>                   | <b>10,261</b>                   | <b>6,313</b>       | <b>2,052</b>      | <b>1,314</b>             | <b>1,387</b>                | <b>213</b>   | <b>1,642</b>                  | <b>521</b>                       | <b>(4,263)</b>          | <b>21,084</b>   |

|                                      | Chief Executive | Community & Wellbeing Services | Contract & Technical Services | Corporate Services | Customer Services | Finance & Audit Services | Housing & Property Services | Place        | Planning Development Services | Strategy, Delivery & Performance | Housing Revenue Account | Total           |
|--------------------------------------|-----------------|--------------------------------|-------------------------------|--------------------|-------------------|--------------------------|-----------------------------|--------------|-------------------------------|----------------------------------|-------------------------|-----------------|
| 2022/23                              | £000's          | £000's                         | £000's                        | £000's             | £000's            | £000's                   | £000's                      | £000's       | £000's                        | £000's                           | £000's                  | £000's          |
| Fees, Charges & Other Service Income | (321)           | (1,027)                        | (8,124)                       | (3,091)            | (1,189)           | (799)                    | (529)                       | (95)         | (2,455)                       | (5)                              | (37,950)                | (55,585)        |
| Government Grants                    | -               | (735)                          | (14)                          | (64)               | (22,776)          | (22)                     | -                           | (83)         | (1,000)                       | -                                | (19)                    | (24,713)        |
| <b>Total Income</b>                  | <b>(321)</b>    | <b>(1,762)</b>                 | <b>(8,138)</b>                | <b>(3,155)</b>     | <b>(23,965)</b>   | <b>(821)</b>             | <b>(529)</b>                | <b>(178)</b> | <b>(3,455)</b>                | <b>(5)</b>                       | <b>(37,969)</b>         | <b>(80,298)</b> |
| Employee Expenses                    | 639             | 2,267                          | 5,861                         | 5,774              | 4,440             | 1,571                    | 950                         | 365          | 4,265                         | 688                              | 5,360                   | 32,180          |
| Other Service Expenses               | 72              | 1,510                          | 10,378                        | 4,381              | 836               | 739                      | 917                         | 107          | 1,377                         | 2                                | 17,122                  | 37,441          |
| Asset Charges                        | -               | 87                             | 2,141                         | 414                | -                 | -                        | 330                         | -            | -                             | -                                | 13,726                  | 16,698          |
| Benefit Payments                     | -               | -                              | -                             | -                  | 21,583            | -                        | -                           | -            | -                             | -                                | -                       | 21,583          |
| <b>Total Expenditure</b>             | <b>711</b>      | <b>3,864</b>                   | <b>18,380</b>                 | <b>10,569</b>      | <b>26,859</b>     | <b>2,310</b>             | <b>2,197</b>                | <b>472</b>   | <b>5,642</b>                  | <b>690</b>                       | <b>36,208</b>           | <b>107,902</b>  |
| <b>Net Cost of Service</b>           | <b>390</b>      | <b>2,102</b>                   | <b>10,242</b>                 | <b>7,414</b>       | <b>2,894</b>      | <b>1,489</b>             | <b>1,668</b>                | <b>294</b>   | <b>2,187</b>                  | <b>685</b>                       | <b>(1,761)</b>          | <b>27,604</b>   |



## 7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total Comprehensive Income and Expenditure recognised by the Council in the year in accordance with proper accounting practice, to the resources that are specified by statutory provisions as being available to the Council to meet future revenue and capital expenditure.

|  | Usable Reserves |                         |                          |                       |                          |                                |
|--|-----------------|-------------------------|--------------------------|-----------------------|--------------------------|--------------------------------|
|  | General Fund    | Housing Revenue Account | Capital Receipts Reserve | Major Repairs Reserve | Capital Grants Unapplied | Movements in Unusable Reserves |
| 2023/24  | £000's          | £000's                  | £000's                   | £000's                | £000's                   | £000's                         |
| <b>Adjustments Involving the Capital Adjustment Account: Exclusions</b>  |                 |                         |                          |                       |                          |                                |
| Charges for depreciation and impairment of non-current assets  | (1,967)         | (11,006)                | -                        | -                     | -                        | 12,973                         |
| Upward/(Downward) revaluation of non-current assets  | 335             | (790)                   | -                        | -                     | -                        | 455                            |
| Movements in the fair value of Investment Properties   | 7,878           | 5                       | -                        | -                     | -                        | (7,883)                        |
| Amortisation of intangible assets  | (159)           | (147)                   | -                        | -                     | -                        | 306                            |
| Capital Grants and contributions applied   | 1,248           | 1,956                   | -                        | -                     | -                        | (3,204)                        |
| Revenue expenditure funded from Capital under statute  | (1,332)         | -                       | -                        | -                     | -                        | 1,332                          |
| Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES   | (3,248)         | (1,224)                 | -                        | -                     | -                        | 4,472                          |
| Capital expenditure charged against the General Fund and HRA   | -               | -                       | -                        | -                     | -                        | -                              |
| Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements       | 178             | -                       | -                        | -                     | -                        | (178)                          |
| Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)   | 1,164           | -                       | 1,071                    | -                     | -                        | (2,235)                        |
| <b>Adjustments Primarily Involving the Capital Grants Unapplied</b>  |                 |                         |                          |                       |                          |                                |
| Transferred from Capital Grants Unapplied  | -               | -                       | -                        | -                     | 81                       | (81)                           |
| <b>Adjustments Involving the Capital Receipts Reserve</b>  |                 |                         |                          |                       |                          |                                |
| Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES and other contributions   | 88,290          | 2,054                   | (90,344)                 | -                     | -                        | -                              |
| Transfer from Deferred Capital Receipts on receipt of cash   | -               | 32                      | (1,631)                  | -                     | -                        | 1,599                          |
| Used to finance new Capital Expenditure  | -               | -                       | 2,012                    | -                     | -                        | (2,012)                        |
| Contribution towards administrative costs of non-current asset disposals   | (598)           | (12)                    | 610                      | -                     | -                        | -                              |
| Contribution to finance the payments to the Government Capital Receipts pool   | 18              | -                       | (18)                     | -                     | -                        | -                              |
| <b>Adjustments Involving the Deferred Capital Receipts Reserve</b>   |                 |                         |                          |                       |                          |                                |
| Transfer of deferred sale proceeds credited/debited as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Statement                               | 2,379           | -                       | -                        | -                     | -                        | (2,379)                        |
| <b>Adjustments relating to the Major Repairs Reserve</b>   |                 |                         |                          |                       |                          |                                |
| Depreciation transferred from HRA  | -               | 11,006                  | -                        | (11,006)              | -                        | -                              |
| Use of the Major Repairs Reserve to finance new capital expenditure  | -               | -                       | -                        | 15,136                | -                        | (15,136)                       |
| <b>Adjustments involving the Pensions Reserve</b>  |                 |                         |                          |                       |                          |                                |
| Reversal of items relating to retirement benefits debited/credited to the CIES.  | 2,824           | (196)                   | -                        | -                     | -                        | (2,628)                        |
| <b>Adjustments involving the Collection Fund Adjustment Account</b>  |                 |                         |                          |                       |                          |                                |
| Amount by which council tax and business rate income credited to the CIES is different from that calculated in accordance with statutory requirements.                         | 452             | -                       | -                        | -                     | -                        | (452)                          |
| <b>Adjustments Involving the Accumulated Absences Account</b>  |                 |                         |                          |                       |                          |                                |
| Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements. | 55              | 8                       | -                        | -                     | -                        | (63)                           |
| <b>Total Adjustments</b>   | <b>97,517</b>   | <b>1,686</b>            | <b>(88,300)</b>          | <b>4,130</b>          | <b>81</b>                | <b>(15,114)</b>                |

| 2022/23  | Usable Reserves        |   |  |                                    |                                       |  |
|--|------------------------|---|--|------------------------------------|---------------------------------------|--|
|  | General Fund<br>£000's | Housing<br>Revenue<br>Account<br>£000's | Capital<br>Receipts<br>Reserve<br>£000's | Major Repairs<br>Reserve<br>£000's | Capital Grants<br>Unapplied<br>£000's | Movements in<br>Unusable<br>Reserves<br>£000's |
| <b>Adjustments Involving the Capital Adjustment Account: Exclusions</b>  |                        |   |  |                                    |                                       |  |
| Charges for depreciation and impairment of non-current assets  | (1,951)                | (10,422)                                | -  | -                                  | -                                     | 12,373   |
| Upward/(Downward) revaluation of non-current assets  | (152)                  | (3,323)                                 | -  | -                                  | -                                     | 3,475  |
| Movements in the fair value of Investment Properties   | (14,654)               | (5)                                     | -  | -                                  | -                                     | 14,659   |
| Amortisation of intangible assets  | (166)                  | (69)                                    | -  | -                                  | -                                     | 235  |
| Capital Grants and contributions applied   | 940                    | 437                                     | -  | -                                  | -                                     | (1,377)  |
| Revenue expenditure funded from Capital under statute  | (949)                  | 88                                      | -  | -                                  | -                                     | 861  |
| Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES   | (347)                  | (2,225)                                 | -  | -                                  | -                                     | 2,572  |
| Capital expenditure charged against the General Fund and HRA balances  | -                      | -                                       | -  | -                                  | -                                     | -  |
| Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements       | (1,128)                | -                                       | -  | -                                  | -                                     | 1,128  |
| Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)   | 1,125                  | -                                       | -  | -                                  | -                                     | (1,125)  |
| <b>Adjustments Primarily Involving the Capital Grants Unapplied Account</b>  |                        |   |  |                                    |                                       |  |
| Transferred from Capital Grants Receipt in Advance   | 102                    | -                                       | -  | -                                  | (102)                                 | -  |
| <b>Adjustments Involving the Capital Receipts Reserve</b>  |                        |   |  |                                    |                                       |  |
| Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES and other contributions   | 71                     | 4,336                                   | (4,407)                                  | -                                  | -                                     | -  |
| Transfer from Deferred Capital Receipts on receipt of cash   | -                      | -                                       | (1,002)                                  | -                                  | -                                     | 1,002  |
| Used to finance new Capital Expenditure  | -                      | -                                       | 5,080                                    | -                                  | -                                     | (5,080)  |
| Contribution towards administrative costs of non-current asset disposals   | -                      | (21)                                    | 21                                       | -                                  | -                                     | -  |
| Contribution to finance the payments to the Government Capital Receipts pool   | -                      | -                                       | -  | -                                  | -                                     | -  |
| <b>Adjustments Involving the Deferred Capital Receipts Reserve</b>   |                        |   |  |                                    |                                       |  |
| Transfer to Deferred Capital Receipts Reserve upon revaluation of rents to mortgages.  | 114                    | 97                                      | -  | -                                  | -                                     | (211)  |
| <b>Adjustments relating to the Major Repairs Reserve</b>   |                        |   |  |                                    |                                       |  |
| Depreciation transferred from HRA  | -                      | 10,422                                  | -  | (10,422)                           | -                                     | -  |
| Use of the Major Repairs Reserve to finance new capital expenditure  | -                      | -                                       | -  | 11,300                             | -                                     | (11,300)                                       |
| <b>Adjustments involving the Pensions Reserve</b>  |                        |   |  |                                    |                                       |  |
| Reversal of items relating to retirement benefits debited/credited to the CIES.  | (3,920)                | (877)                                   | -  | -                                  | -                                     | 4,797  |
| <b>Adjustments involving the Collection Fund Adjustment Account</b>  |                        |   |  |                                    |                                       |  |
| Amount by which council tax and business rate income credited to the CIES is different from that calculated in accordance with statutory requirements.                         | 3,650                  | -                                       | -  | -                                  | -                                     | (3,650)  |
| <b>Adjustments Involving the Accumulated Absences Account</b>  |                        |   |  |                                    |                                       |  |
| Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements. | 474                    | 251                                     | -  | -                                  | -                                     | (725)  |
| <b>Total Adjustments</b>   | <b>(16,791)</b>        | <b>(1,311)</b>                          | <b>(308)</b>                             | <b>878</b>                         | <b>(102)</b>                          | <b>17,634</b>                                  |

## 8. MOVEMENTS IN EARMARKED RESERVES

A summary of balances on Earmarked Reserves is set out below.

|   | Balance<br>31st March<br>2022 | Transfers<br>Out | Transfers<br>In | Balance<br>31st March<br>2023 | Transfers<br>Out | Transfers<br>In | Balance<br>31st March<br>2024 |
|---|-------------------------------|------------------|-----------------|-------------------------------|------------------|-----------------|-------------------------------|
| General Fund  | £000's                        | £000's           | £000's          | £000's                        | £000's           | £000's          | £000's                        |
| All Weather Pitch                                     | 119                           | -                | 18              | 137                           | -                | 14              | 151                           |
| Building Control                                      | 195                           | (115)            | -               | 80                            | (80)             | -               | -                             |
| Capital Investment Risk Reserve                       |                               |                  |                 |                               |                  | 1,000           | 1,000                         |
| Collection Fund Deficit Reserve                       | 2,710                         | (2,710)          | -               | -                             | -                | -               | -                             |
| Community Projects                                    | 597                           | (515)            | 353             | 435                           | (517)            | 486             | 404                           |
| Deferred Revenue Income                               | 605                           |                  |                 | 605                           | (605)            |                 | -                             |
| Digital Innovation Zone                               | -                             | (77)             | 204             | 127                           | (85)             | 90              | 132                           |
| District Development Fund                             | 612                           | (396)            | 8               | 224                           | (9)              | -               | 215                           |
| Garden Town   | 82                            | (265)            | 593             | 410                           | (606)            | 602             | 406                           |
| Homelessness  | -                             | (167)            | 423             | 256                           | (51)             | 310             | 515                           |
| Insurance Reserve                                     | 150                           | -                | -               | 150                           | -                | -               | 150                           |
| Invest to Save Reserve                                | 203                           | (89)             | -               | 114                           | -                | -               | 114                           |
| Museum Fund   | 110                           | -                | -               | 110                           | -                | -               | 110                           |
| New Burdens   | -                             | -                | 112             | 112                           | (100)            | -               | 12                            |
| North Weald Inland Port                               | 660                           | (193)            | 150             | 617                           | (482)            | 100             | 235                           |
| Staff Benefits  | 39                            | (21)             | 13              | 31                            | (17)             | 13              | 27                            |
| Prosperity Fund                                       | -                             | (50)             | 83              | 33                            | (119)            | 120             | 34                            |
| Rental Loans  | 378                           | (378)            | -               | -                             | -                | -               | -                             |
| S106 Revenue Contributions                            | 53                            | (13)             | -               | 40                            | (28)             | 18              | 30                            |
| Transformation Revenue Reserve ("Fit for the Future") |                               |                  |                 |                               |                  | 808             | 808                           |
| Other Ongoing Projects                                | 116                           | (67)             | 294             | 343                           | (183)            | 175             | 335                           |
| <b>Total Earmarked Reserves</b>                       | <b>6,629</b>                  | <b>(5,056)</b>   | <b>2,251</b>    | <b>3,824</b>                  | <b>(2,882)</b>   | <b>3,736</b>    | <b>4,678</b>                  |

## 9. OTHER OPERATING EXPENDITURE

|  | 31 March<br>2024<br>£000's | 31 March<br>2023<br>£000's |
|--|----------------------------|----------------------------|
| Parish Council Precepts                                | 4,182                      | 3,887                      |
| Payments to the Government Housing Pool                | (18)                       | -                          |
| (Gains) / losses on the disposal of non-current assets | (87,686)                   | (1,771)                    |
| <b>Total</b>   | <b>(83,522)</b>            | <b>2,116</b>               |

**10. FINANCING AND INVESTMENT INCOME AND EXPENDITURE**

|   | <b>31 March<br/>2024<br/>£000's</b> | <b>31 March<br/>2023<br/>£000's</b> |
|---|-------------------------------------|-------------------------------------|
| Total Net Surplus from Investment Property          | (8,256)                             | (8,774)                             |
| Interest payable and similar charges                | 9,386                               | 9,258                               |
| Pensions interest cost                              | (1,668)                             | 1,087                               |
| Interest receivable and similar income              | (5,702)                             | (3,178)                             |
| Changes in Fair Value of Investment Properties      | (7,883)                             | 14,659                              |
| (Gains)/Losses on disposal of Investment Properties | 48                                  | -                                   |
| Changes in Value of Deferred Capital Receipts       | (37)                                | -                                   |
| <b>Total</b>  | <b>(14,112)</b>                     | <b>13,053</b>                       |

**11. TAXATION AND NON-SPECIFIC GRANT INCOME AND EXPENDITURE**

|   | <b>31 March<br/>2024<br/>£000's</b> | <b>31 March<br/>2023<br/>£000's</b> |
|---|-------------------------------------|-------------------------------------|
| Council Tax Income                        | (13,931)                            | (12,915)                            |
| Non Domestic Rate Income                  | (15,558)                            | (11,775)                            |
| Non Domestic Rate Section 31 Grants       | (5,256)                             | (6,617)                             |
| Non Domestic Rate Tariff Payment and Levy | 13,493                              | 11,783                              |
| Non-ring fenced Government Grants         | (1,330)                             | (1,328)                             |
| Capital Grants and Other Contributions    | (1,956)                             | (550)                               |
| <b>Total</b>                              | <b>(24,538)</b>                     | <b>(21,402)</b>                     |

**12. PROPERTY, PLANT AND EQUIPMENT**

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

The Council has chosen not to disclose this information as the gross cost and accumulated depreciation are not measured accurately and would not provide a sound basis for the users of the financial statements to take economic or other decisions relating to Infrastructure Assets.

| 2023/24  | Council Dwellings & Garages | Other Land & Buildings | Vehicles, Plant & Equipment | Community Assets | Surplus Assets | Assets Under Construction | Total          |
|--|-----------------------------|------------------------|-----------------------------|------------------|----------------|---------------------------|----------------|
|  | £000's                      | £000's                 | £000's                      | £000's           | £000's         | £000's                    | £000's         |
| <b>Gross Book Value 1st April 2023</b>                           | <b>806,892</b>              | <b>51,191</b>          | <b>11,657</b>               | <b>1,143</b>     | <b>527</b>     | <b>9,873</b>              | <b>881,283</b> |
| Additions  | 9,750                       | 65                     | 514                         | -                | -              | 11,622                    | 21,951         |
| Disposals / Impairments  | (1,186)                     | (905)                  | (638)                       | -                | -              | -                         | (2,729)        |
| Reclassified in Year   | 150                         | (1,393)                | 136                         | -                | -              | 1,257                     | 150            |
| Revaluation Applied to the CIES                                  | (828)                       | 444                    | -                           | -                | 33             | (104)                     | (455)          |
| Revaluation Credited to the Revaluation Reserve                  | (924)                       | 2,432                  | -                           | -                | 168            | (948)                     | 728            |
| Accumulated Depreciation & Impairment Written Off on Revaluation | (10,681)                    | (1,051)                | -                           | -                | (1)            | -                         | (11,733)       |
| <b>Gross Book Value 31st March 2023</b>                          | <b>803,173</b>              | <b>50,783</b>          | <b>11,669</b>               | <b>1,143</b>     | <b>727</b>     | <b>21,700</b>             | <b>889,195</b> |
| Depreciation 1st April 2023                                      | -                           | (349)                  | (6,458)                     | -                | (1)            | -                         | (6,808)        |
| Reclassified   | -                           | -                      | -                           | -                | -              | -                         | -              |
| Depreciation in Year   | (10,697)                    | (1,067)                | (1,049)                     | -                | -              | -                         | (12,813)       |
| Depreciation on Disposed Assets                                  | 16                          | 108                    | 595                         | -                | -              | -                         | 719            |
| Accumulated Depreciation & Impairment Written Off on Revaluation | 10,681                      | 1,051                  | -                           | -                | 1              | -                         | 11,733         |
| <b>Depreciation 31st March 2024</b>                              | <b>-</b>                    | <b>(257)</b>           | <b>(6,912)</b>              | <b>-</b>         | <b>-</b>       | <b>-</b>                  | <b>(7,169)</b> |
| <b>Net Book Value 31st March 2024</b>                            | <b>803,173</b>              | <b>50,526</b>          | <b>4,757</b>                | <b>1,143</b>     | <b>727</b>     | <b>21,700</b>             | <b>882,026</b> |

| 2022-23  | Council Dwellings & Garages | Other Land & Buildings | Vehicles, Plant & Equipment | Community Assets | Surplus Assets | Assets Under Construction | Total          |
|--|-----------------------------|------------------------|-----------------------------|------------------|----------------|---------------------------|----------------|
|  | £000's                      | £000's                 | £000's                      | £000's           | £000's         | £000's                    | £000's         |
| <b>Gross Book Value 1st April 2022</b>                           | <b>774,586</b>              | <b>56,990</b>          | <b>13,710</b>               | <b>1,143</b>     | <b>527</b>     | <b>13,104</b>             | <b>860,060</b> |
| Additions  | 9,188                       | 50                     | 805                         | -                | -              | 5,290                     | 15,333         |
| Disposals / Impairments  | (2,022)                     | -                      | (2,858)                     | -                | -              | (184)                     | (5,064)        |
| Reclassified in Year   | 8,984                       | (456)                  | -                           | -                | -              | (7,886)                   | 642            |
| Revaluation Applied to the CIES                                  | (3,323)                     | (152)                  | -                           | -                | -              | -                         | (3,475)        |
| Revaluation Credited to the Revaluation Reserve                  | 29,591                      | (2,039)                | -                           | -                | -              | (451)                     | 27,101         |
| Accumulated Depreciation & Impairment Written Off on Revaluation | (10,112)                    | (3,202)                | -                           | -                | -              | -                         | (13,314)       |
| <b>Gross Book Value 31st March 2023</b>                          | <b>806,892</b>              | <b>51,191</b>          | <b>11,657</b>               | <b>1,143</b>     | <b>527</b>     | <b>9,873</b>              | <b>881,283</b> |
| Depreciation 1st April 2022                                      | -                           | (2,471)                | (8,260)                     | -                | (1)            | -                         | (10,732)       |
| Reclassified   | (11)                        | 29                     | -                           | -                | -              | -                         | 18             |
| Depreciation in Year   | (10,127)                    | (1,109)                | (993)                       | -                | -              | -                         | (12,229)       |
| Depreciation on Disposed Assets                                  | 26                          | -                      | 2,795                       | -                | -              | -                         | 2,821          |
| Accumulated Depreciation & Impairment Written Off on Revaluation | 10,112                      | 3,202                  | -                           | -                | -              | -                         | 13,314         |
| <b>Depreciation 31st March 2023</b>                              | <b>-</b>                    | <b>(349)</b>           | <b>(6,458)</b>              | <b>-</b>         | <b>(1)</b>     | <b>-</b>                  | <b>(6,808)</b> |
| <b>Net Book Value 31st March 2023</b>                            | <b>806,892</b>              | <b>50,842</b>          | <b>5,199</b>                | <b>1,143</b>     | <b>526</b>     | <b>9,873</b>              | <b>874,475</b> |

## Revaluations

The Council undertakes a rolling programme of valuation that ensures that all Property Plant and Equipment required to be measured at fair value is revalued at least every five years. Carter Jonas LLP undertook valuations on behalf of the Council in 2023/24 for operational and investment property. HRA stock was valued at 31 March 2024 by the Valuation Office Agency (VOA).

All valuations of land and buildings were carried out in accordance with methodologies and basis for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors (RICS).

|   | Council Dwellings & Garages<br>£000's | Other Land & Buildings<br>£000's | Vehicles, Plant & Equipment<br>£000's | Infrastructure Assets<br>£000's | Community Assets<br>£000's | Surplus Assets<br>£000's | Assets Under Construction<br>£000's | Total<br>£000's |
|---|---------------------------------------|----------------------------------|---------------------------------------|---------------------------------|----------------------------|--------------------------|-------------------------------------|-----------------|
| <b>Carried Historical Cost</b>          | -                                     | -                                | 11,669                                | 8,082                           | 1,143                      | -                        | 21,700                              | 42,594          |
| <b>Valued at Current Value as from:</b> |                                       |                                  |                                       |                                 |                            |                          |                                     |                 |
| 31st March 2024                         | 803,173                               | 35,680                           | -                                     | -                               | -                          | 250                      | -                                   | 839,103         |
| 31st March 2023                         | -                                     | 12,038                           | -                                     | -                               | -                          | -                        | -                                   | 12,038          |
| 31st March 2022                         | -                                     | 2,128                            | -                                     | -                               | -                          | 477                      | -                                   | 2,605           |
| 31st March 2021                         | -                                     | 686                              | -                                     | -                               | -                          | -                        | -                                   | 686             |
| 31st March 2020                         | -                                     | 251                              | -                                     | -                               | -                          | -                        | -                                   | 251             |
| <b>Total Cost or Valuation</b>          | <b>803,173</b>                        | <b>50,783</b>                    | <b>11,669</b>                         | <b>8,082</b>                    | <b>1,143</b>               | <b>727</b>               | <b>21,700</b>                       | <b>897,277</b>  |

## Infrastructure Assets

|                                       | 31 March 2024<br>£000's | 31 March 2023<br>£000's |
|---------------------------------------|-------------------------|-------------------------|
| <b>Net Book Value 1st April 2023</b>  | 4,827                   | 5,240                   |
| Additions                             | 238                     | 110                     |
| De-Recognition/Disposals              | -                       | (812)                   |
| Depreciation                          | (160)                   | (144)                   |
| Depreciation on disposed assets       | -                       | 433                     |
| <b>Net Book Value 31st March 2024</b> | <b>4,905</b>            | <b>4,827</b>            |

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

## Reconciliation of Infrastructure and Other Assets Net Book Value at 31st March 2024

|  | 31 March 2024<br>£000's | 31 March 2023<br>£000's |
|--|-------------------------|-------------------------|
| Infrastructure assets                            | 4,905                   | 4,827                   |
| Other Property Plant and Equipment assets        | 882,026                 | 874,475                 |
| <b>Total Property Plant and Equipment assets</b> | <b>886,931</b>          | <b>879,302</b>          |

### 13. INVESTMENT PROPERTY

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Account.

|  | 31 March<br>2024<br>£000's | 31 March<br>2023<br>£000's |
|--|----------------------------|----------------------------|
| Rental Income from Investment Property                     | 10,266                     | 10,473                     |
| Direct Operating Expenses Arising from Investment Property | (2,010)                    | (1,699)                    |
| <b>Net Gain / (Loss)</b>                                   | <b>8,256</b>               | <b>8,774</b>               |

The following table summarises the movement in fair value of investment properties over the year, which has shown an increase of around 6%. Market-wide, yield movement has been the main driver of commercial property capital value change in the current cycle, as the sharp upward movement in yields during 2023 resulted in a fall in all-property capital values. However, this fall is now well past its peak, resulting in the market demonstrating improved performance since mid-2023. The increases in the Council's portfolio value are largely due to new lettings, increases in market rent or yield movements and the continuation of the Council's strategy to buy back long leases for ground rent, which can then be remarketed at full market rent, leading to an increase in fair value of £7.883 million. All investment properties have been valued based on Level 3 unobservable inputs using an income approach and the assumption that their current use is their highest and best use. The valuations were carried out as at 31st March 2024 by Jason Sharman MRICS, RICS Registered Valuer and Partner of Carter Jonas LLP and Cecilia Fellows MRICS, RICS Registered Valuer and Partner of Carter Jonas LLP.

| Properties Categorised within Level 3            | 31 March<br>2024<br>£000's | 31 March<br>2023<br>£000's |
|--|----------------------------|----------------------------|
| Balance as at 31 March                           | 148,483                    | 162,006                    |
| <b>Balance as at 01 April</b>                    | <b>148,483</b>             | <b>162,006</b>             |
| Reclassified in year                             | (150)                      | (661)                      |
| Acquisition                                      | 1,676                      | -                          |
| Repurchased leases                               | 755                        | 1,217                      |
| Enhancements to existing properties              | (2,423)                    | 580                        |
| Net Gains / (Losses) from fair value adjustments | 7,883                      | (14,659)                   |
| <b>Balance at end of the year</b>                | <b>156,224</b>             | <b>148,483</b>             |

### 14. LONG TERM DEBTORS

|   | 31 March<br>2024<br>£000's | 31 March<br>2023<br>£000's |
|---|----------------------------|----------------------------|
| Capital Advances (B3 Living)                  | 344                        | 362                        |
| Rents to Mortgages                            | 1,611                      | 1,578                      |
| Home Assist Loans                             | 203                        | 224                        |
| Place Loan                                    | -                          | 100                        |
| S278 Bond                                     | 193                        | -                          |
| Qualis Loans                                  | 90,529                     | 66,489                     |
| Provision for Credit losses                   | (2,042)                    | (2,308)                    |
| <b>Net Carrying Amount at end of the year</b> | <b>90,838</b>              | <b>66,445</b>              |



The Council is required by accounting standards to make a provision for potential losses in respect of Qualis loans. A total provision of £2.042 million was required for 2023/24 (£2.308 million in 2022/23); this comprises £1.948 million in respect of capital loans and £0.094 million in respect of revenue loans. Provisions in respect of capital loans are reversed under statute out in the Movement in Reserves Statement.

The Council is building a new Leisure Centre which under Section 278 of the Highways Act 1980, required a bond payment to Essex Highways to enable the Council to make alterations and improvements to the public highway. The bond will be repaid after the works complete.

## 15. FINANCIAL INSTRUMENTS

All of the Council's financial assets and liabilities held during the year are measured at amortised cost with the exception of 'Rent to Mortgage' loans which are held at fair value through profit and loss.

Qualis loans are shown gross. A loss allowance reflecting statistical likelihood that the debtor will be unable to meet their contractual commitments to the Council is shown in Note 14 Long-term Debtors.

### Categories of Financial Instruments

Financial assets and liabilities disclosed in the Balance Sheet are analysed across the following categories:

|                                    | Long-term                  |                            | Current                    |                            |
|------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|                                    | 31 March<br>2024<br>£000's | 31 March<br>2023<br>£000's | 31 March<br>2024<br>£000's | 31 March<br>2023<br>£000's |
| <b>Financial liabilities</b>       |                            |                            |                            |                            |
| Borrowing                          | (248,402)                  | (244,506)                  | (5,090)                    | (38,175)                   |
| Trade Creditors                    | -                          | -                          | (5)                        | (20)                       |
| <b>Total financial liabilities</b> | <b>(248,402)</b>           | <b>(244,506)</b>           | <b>(5,095)</b>             | <b>(38,195)</b>            |
| <b>Financial assets</b>            |                            |                            |                            |                            |
| Short-term investments             | -                          | -                          | 19,156                     | -                          |
| Debtors                            | 2,350                      | 2,264                      | 3,762                      | 3,605                      |
| Cash                               | -                          | -                          | (7,541)                    | (204)                      |
| Cash equivalents MMF               | -                          | -                          | 21,500                     | 10,000                     |
| Cash equivalents DMADF             | -                          | -                          | 3,000                      | 3,000                      |
| Qualis loans                       | 90,529                     | 66,489                     | 4,060                      | 2,181                      |
| <b>Total financial assets</b>      | <b>92,879</b>              | <b>68,753</b>              | <b>43,937</b>              | <b>18,582</b>              |

The short-term borrowing includes £0.440 million representing accrued interest and principal repayments due within 12 months on long-term borrowing (2023: £1.042 million).

The Council issued short-term loans to four local authorities at the end of 2024. Together with accrued interest of £0.156 million, they have been categorised as short-term investments.

Short-term Qualis loans include £0.208 million representing accrued interest and principal repayments due within 12 months on long-term loans (2023: £0.199 million).

### Income and Expense Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following:

|   | Financial Liabilities |                  | Financial Assets |                  |
|---|-----------------------|------------------|------------------|------------------|
|   | 31 March<br>2024      | 31 March<br>2023 | 31 March<br>2024 | 31 March<br>2023 |
|   | £000's                | £000's           | £000's           | £000's           |
| Interest expense  | 9,386                 | 9,258            | -                | -                |
| Fee expense   | -                     | -                | -                | -                |
| <b>Total expense in Surplus or Deficit on the Provision of Services</b> | <b>9,386</b>          | <b>9,258</b>     | <b>-</b>         | <b>-</b>         |
| Interest Income   | -                     | -                | (5,702)          | (3,178)          |
| Fee income  | -                     | -                | -                | -                |
| <b>Total income in Surplus or Deficit on the Provision of Services</b>  | <b>-</b>              | <b>-</b>         | <b>(5,702)</b>   | <b>(3,178)</b>   |
| <b>Net (Gain) / Loss for the year</b>                                   | <b>9,386</b>          | <b>9,258</b>     | <b>(5,702)</b>   | <b>(3,178)</b>   |

### Offsetting Financial Assets and Liabilities

Financial assets and liabilities are set off against each other where the Council has a legally enforceable right to set off and it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The table below shows those instruments that have been offset on the balance sheet.

|                               | 31 March 2024                 |                                 |                                  | 31 March 2023                 |                                 |                                  |
|-------------------------------|-------------------------------|---------------------------------|----------------------------------|-------------------------------|---------------------------------|----------------------------------|
|                               | Gross Assets<br>(Liabilities) | (Liabilities)<br>assets set off | Net position on<br>balance sheet | Gross Assets<br>(liabilities) | (Liabilities)<br>assets set off | Net position on<br>balance sheet |
|                               | £000's                        | £000's                          | £000's                           | £000's                        | £000's                          | £000's                           |
| Bank Overdrafts               | (1,689)                       | -                               |                                  | (2,500)                       | -                               |                                  |
| Bank Accounts in Credit       | -                             | 9,230                           |                                  | -                             | 2,291                           |                                  |
| <b>Total Financial Assets</b> | <b>(1,689)</b>                | <b>9,230</b>                    | <b>7,541</b>                     | <b>(2,500)</b>                | <b>2,291</b>                    | <b>(208)</b>                     |

### Fair Values of Assets and Liabilities

The fair value of a financial instrument is the price that would be received when selling an asset, or the price that would be paid when transferring a liability, to another market participant in an arms'-length transaction. Where liabilities are held as an asset by another party, such as the Council's borrowing, the fair value is estimated from the holder's perspective.

Their fair values disclosed below have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2024, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31st March; and
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount.

The Council's outstanding debt at 31st March 2024 consists of loans from the Public Works Loan Board (PWLb). 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 value of short-term financial liabilities held at amortised cost, including trade payables is assumed to approximate to the carrying amount.

During the year, the Council issued £28.275 million in loans to 100% owned subsidiary Qualis. Qualis' activities including developing commercial and residential property in the area and providing related services such as repairs and grounds maintenance.

Fair values are shown in the table below, split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities e.g. bond prices; and
- Level 2 – fair value is calculated from inputs that are observable for the asset or liability, other than quoted prices, e.g. interest rates or yields for similar instruments.

|   | Fair Value Level | 31 March 2024             |                      | 31 March 2023             |                      |
|---|------------------|---------------------------|----------------------|---------------------------|----------------------|
|   |                  | Carrying Amount<br>£000's | Fair Value<br>£000's | Carrying Amount<br>£000's | Fair Value<br>£000's |
| <b>Financial Liabilities held at Amortised Cost</b> |                  |                           |                      |                           |                      |
| Long-Term Borrowing                                 | 2                | (248,402)                 | (211,597)            | (244,506)                 | (202,495)            |
| Short-Term Borrowing                                |                  | (5,090)                   | (5,090)              | (38,175)                  | (38,175)             |
| Trade Creditors                                     |                  | (5)                       | (5)                  | (20)                      | (20)                 |
| <b>Total Financial Liabilities</b>                  |                  | <b>(253,497)</b>          | <b>(216,692)</b>     | <b>(282,701)</b>          | <b>(240,690)</b>     |
| <b>Financial Assets</b>                             |                  |                           |                      |                           |                      |
| Short-term investments                              |                  | 19,156                    | 19,325               | -                         | -                    |
| Qualis Loans  | 2                | 94,589                    | 69,838               | 68,670                    | 58,193               |
| Cash and Cash equivalents Bank and Cash             |                  | (7,541)                   | (7,541)              | (204)                     | (204)                |
| Cash and Cash equivalents MMF                       | 1                | 21,500                    | 21,503               | 10,000                    | 10,000               |
| Cash and Cash equivalents DMADF                     |                  | 3,000                     | 3,009                | 3,000                     | 3,000                |
| Long-Term Debtors                                   | 2                | 2,350                     | 2,266                | 2,264                     | 2,760                |
| Short-Term Debtors                                  |                  | 3,762                     | 3,762                | 3,605                     | 3,605                |
| <b>Total Financial Assets</b>                       |                  | <b>136,816</b>            | <b>112,162</b>       | <b>87,335</b>             | <b>77,354</b>        |

The fair value of the Council's borrowing held at amortised cost is lower than their balance sheet carrying amount, because the authority's portfolio of loans includes a number of loans where the interest rate payable is lower than the current rates available for similar loans as at the balance sheet date.

The fair value of the Qualis loans held at amortised cost is lower than the carrying amount on the Balance Sheet because market interest rates have risen since these loans were made or agreed. A hypothetical buyer of the loans would thus expect a discount for receiving interest that is below current market rates because the interest rate on similar investments is now lower than that obtained when the investment was originally made.

The table below shows the effect of a 1% increase in the discount rate used to measure the fair values of the Council's financial assets and liabilities.

### Fair Value Sensitivities

| Impact of 1% increase on discount rate for fair values | 31 March 2024                   |  | 31 March 2023                   |  |
|--|---------------------------------|--|---------------------------------|--|
|  | Effect on Fair Values<br>£000's | Effect on Income & Expenditure<br>£000's | Effect on Fair Values<br>£000's | Effect on Income & Expenditure<br>£000's |
| PWLB   | (19,455)                        | 18                                       | (19,446)                        | 199                                      |
| Qualis Loans   | (3,615)                         | -  | (3,541)                         | -  |
| <b>Total</b>   | <b>(23,070)</b>                 | <b>18</b>                                | <b>(22,987)</b>                 | <b>199</b>                               |

## 16. DEBTORS AND PREPAYMENTS

|  | 31 March 2024<br>£000's | 31 March 2023<br>£000's |
|--|-------------------------|-------------------------|
| Government Departments and Other Local Authorities | 3,477                   | 3,408                   |
| Council Tax Arrears                                | 2,332                   | 2,239                   |
| NDR Arrears  | 1,905                   | 1,626                   |
| Housing Rent Arrears                               | 959                     | 954                     |
| Sundry Debtors                                     | 10,620                  | 10,511                  |
| Prepayments & Deposits                             | 772                     | 1,341                   |
| Qualis Loan  | 4,059                   | 2,181                   |
| Bad Debt Provision                                 | (7,611)                 | (7,559)                 |
| <b>Total</b>                                       | <b>16,513</b>           | <b>14,702</b>           |

Council Tax and Business Rates arrears shown above, and the related Bad Debt Provisions represent the Council's share of the total debt. The remainder is shown as part of an amount due from major preceptors on the basis that the Council has paid over more in precepts than it has received and is net of prepayments.

## 17. CASH AND CASH EQUIVALENTS

|  | 31 March 2024<br>£000's | 31 March 2023<br>£000's |
|--|-------------------------|-------------------------|
| Petty Cash                             | 0                       | 4                       |
| Bank Current Accounts                  | (7,541)                 | (208)                   |
| Investment MMF                         | 21,500                  | 10,000                  |
| Investment DMADF                       | 3,000                   | 3,000                   |
| <b>Total Cash and Cash Equivalents</b> | <b>16,959</b>           | <b>12,796</b>           |

## 18. CREDITORS

|  | 31 March 2024<br>£000's | 31 March 2023<br>£000's |
|--|-------------------------|-------------------------|
| Government Departments and Other Local Authorities | (5,839)                 | (6,385)                 |
| Council Tax  | (261)                   | (316)                   |
| Non Domestic Rates                                 | (399)                   | (603)                   |
| Housing Rents                                      | (648)                   | (521)                   |
| Sundry Creditors                                   | (8,506)                 | (6,692)                 |
| Accruals and Deferred Income                       | (5,916)                 | (5,196)                 |
| Covid Grants                                       | (788)                   | (5,908)                 |
| Energy and Fuel Support                            | -                       | (948)                   |
| <b>Total Creditors</b>                             | <b>(22,357)</b>         | <b>(26,569)</b>         |

Council Tax and Business Rates prepayments shown above relate only to the Council's proportion of the total debt. The remainder is shown as being due to Government Departments and Other Local Authorities. This is shown net of arrears, Collection Fund balance and, in the case of Business Rates, the Provision for Appeals.

## 19. PROVISIONS

A provision for Business Rates Appeals is retained. This reflects the Council's share (40%) of the potential liability for successful appeals lodged by local businesses against the Rateable Value of the premises that they occupy, and therefore the potential need for the Council to refund Business Rates paid in 2022/23 and prior years.

The overall liability is shared with Central Government (50%), Essex County Council (9%) and Essex Fire Service (1%), and the movements in the year are presented in the table below.

|                               | 31 March 2024<br>£000's | 31 March 2023<br>£000's |
|-------------------------------|-------------------------|-------------------------|
| <b>Business Rates Appeals</b> |                         |                         |
| Opening Balance 1st April     | 1,106                   | 2,381                   |
| Amounts Used in Year          | (463)                   | (3,188)                 |
| Additional Provision Provided | (35)                    | 1,913                   |
| <b>Closing Balance</b>        | <b>608</b>              | <b>1,106</b>            |

## 20. UNUSABLE RESERVES

Movements in Usable Reserves are shown in detail on the Movement in Reserves Statement.

|                                    | 31 March<br>2024<br>£000's | 31 March<br>2023<br>£000's |
|------------------------------------|----------------------------|----------------------------|
| Revaluation Reserve                | 289,766                    | 293,620                    |
| Capital Adjustment Account         | 410,891                    | 420,978                    |
| Pension Reserve                    | (3,893)                    | (4,208)                    |
| Deferred Capital Receipts Reserve  | 91,021                     | 64,341                     |
| Collection Fund Adjustment Account | 1,331                      | 880                        |
| Accumulated Absences Account       | (224)                      | (287)                      |
| <b>Total Unusable Reserves</b>     | <b>788,892</b>             | <b>775,324</b>             |

### Revaluation Reserve

The revaluation reserve contains the gains made by the Council arising from increases in the value of Property, Plant and Equipment (and Intangible Assets). The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and gains are consumed through depreciation; or
- Disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1st April 2007, the date that reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

| Revaluation Reserve  | 31 March<br>2024<br>£000's | 31 March<br>2023<br>£000's |
|--|----------------------------|----------------------------|
| <b>Balance as at 01 April</b>  | <b>293,620</b>             | <b>270,762</b>             |
| Opening Balance Adjustment   |                            |                            |
| Upward Revaluation of Assets   | 10,042                     | 32,595                     |
| Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services.            | (9,314)                    | (5,473)                    |
| <b>Surplus or deficit on revaluation of non-current assets not posted to the surplus or deficit on the provision of services</b> | <b>728</b>                 | <b>27,122</b>              |
| Difference between fair value depreciation and historical cost depreciation  | (3,897)                    | (3,474)                    |
| Accumulated Gains on assets sold or scrapped   | (685)                      | (790)                      |
| <b>Amount written off to the capital adjustment account</b>  | <b>(4,582)</b>             | <b>(4,264)</b>             |
| <b>Balance as at 31st March</b>  | <b>289,766</b>             | <b>293,620</b>             |

### **Capital Adjustment Account**

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction, or enhancement of those assets under statutory provision. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the CIES (with reconciling postings from the Revaluation Reserve to convert fair value figures to historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction, and enhancement.

The Account contains accumulated gains and losses on Investment Properties.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1st April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 7 details the source of all of the transactions posted to the Account, apart from those involving the Revaluation Reserve and Deferred Capital Receipts.

| Capital Adjustment Account  | 31 March<br>2024<br>£000's | 31 March<br>2023<br>£000's |
|---|----------------------------|----------------------------|
| <b>Balance as at 01 April</b>   | <b>420,978</b>             | <b>441,135</b>             |
| Reversal of items relating to capital expenditure debited or credited to the comprehensive income and expenditure statement |                            |                            |
| Charges for depreciation and impairment of non current assets   | (12,973)                   | (12,373)                   |
| Revaluation Gains / (Losses) on Property, Plant and Equipment   | (455)                      | (3,475)                    |
| Revenue Expenditure Funded from Capital under Statute   | (1,332)                    | (862)                      |
| Amounts for non-current assets written off on disposal or sale as part of gain / loss on disposal to the CIES               | (4,472)                    | (2,573)                    |
| Amortisation of Intangible Assets   | (306)                      | (234)                      |
|   | (19,538)                   | (19,517)                   |
| Adjusting Amounts Written Out of the Revaluation Reserve  | 4,582                      | 4,264                      |
| <b>Net written out amount of the cost of non-current assets consumed in the year</b>  | <b>406,022</b>             | <b>425,882</b>             |
| Capital Financing Applied in the Year   |                            |                            |
| Use of the Capital Receipts Reserve to Finance New Capital Expenditure HRA  | 1,052                      | 3,238                      |
| Use of the Capital Receipts Reserve to Finance New Capital Expenditure General Fund   | 960                        | 1,376                      |
| Use of the Major Repairs Reserve to Finance New Capital Expenditure   | 15,136                     | 11,300                     |
| Capital Grants Credited to the CIES that have been applied to Capital Financing   | 3,204                      | 1,377                      |
| Application of grants to capital financing from the Capital Grants Unapplied account.                                       | 81                         | -                          |
| Statutory Provision for the Financing of Capital Investments Charged against the General Fund and HRA Balances              | (25,682)                   | (9,128)                    |
| Capital Expenditure Charged against the General Fund and HRA Balances   | -                          | -                          |
|   | (5,249)                    | 8,163                      |
| Movement in the Market Value of Investment Properties debited or credited to the CIES                                       | 7,883                      | (14,659)                   |
| Statutory Provision for the financing of capital investment charged against the General Fund and HRA balances               | 1,164                      | 1,125                      |
| Repayment of Capital Loan   | 1,071                      | 467                        |
| <b>Balance as at 31st March</b>   | <b>410,891</b>             | <b>420,978</b>             |

### Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employers contributions to the pension fund or eventually pays any pensions for which it is directly responsible. The debit balance of the Pension Reserve therefore shows a substantial shortfall in the benefits earned by the past and current employees and the resources the Council have set aside to meet them. The statutory arrangements ensure the funding will have been set aside by the time the benefits come to be paid.



| Pension Reserve  | 31 March 2024<br>£000's | 31 March<br>2023<br>£000's |
|--|-------------------------|----------------------------|
| <b>Balance as at 01 April</b>  | <b>(4,208)</b>          | <b>(44,163)</b>            |
| Remeasurements of the net defined liability / (asset)  | (32,478)                | 44,553                     |
| Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES | (1,718)                 | (9,684)                    |
| Employers pensions contributions and direct payments to pensioners payable in the year   | 4,391                   | 5,086                      |
| <b>Balance as at 31 March</b>  | <b>(34,013)</b>         | <b>(4,208)</b>             |

### **Deferred Capital Receipts**

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the cash is eventually received, amounts are transferred to the Capital Receipts Reserve.

| Deferred Capital Receipts   | 31 March<br>2024<br>£000's | 31 March<br>2023<br>£000's |
|---|----------------------------|----------------------------|
| <b>Balance as at 01 April</b>   | <b>64,341</b>              | <b>57,172</b>              |
| Statutory Provision for the Financing of Capital Investments and Impairment Charges in Relation to advances charged to the CIES | 28,281                     | 8,000                      |
|   | 30                         | 171                        |
| Transfer to Capital Receipts Reserve upon receipt of cash   | (1,631)                    | (1,002)                    |
| <b>Balance as at 31 March</b>   | <b>91,021</b>              | <b>64,341</b>              |

### **Collection Fund Adjustment Account**

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and Non-Domestic Rates income in the Comprehensive Income and Expenditure Statement as it falls due from taxpayers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

| Collection Fund Adjustment Account   | 31 March<br>2024<br>£000's | 31 March<br>2023<br>£000's |
|--|----------------------------|----------------------------|
| <b>Balance as at 01 April</b>  | <b>879</b>                 | <b>(2,770)</b>             |
| Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements | 452                        | 3,649                      |
| <b>Balance as at 31 March</b>  | <b>1,331</b>               | <b>879</b>                 |

### **Accumulated Absences Account**

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31st March. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the account.

| Accumulated absences account  | 31 March 2024<br>£000's | 31 March 2023<br>£000's |
|---|-------------------------|-------------------------|
| Balance as at 1st April   | 287                     | 1,012                   |
| Settlement or cancellation of accrual made at the end of the preceding year   | (287)                   | (1,012)                 |
| Amounts accrued at the end of the current year  | 224                     | 287                     |
| Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | (63)                    | (725)                   |
| <b>Balance as at 31st March</b>   | <b>224</b>              | <b>287</b>              |

## 21. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items.

|                              | 31 March<br>2024<br>£000's | 31 March<br>2023<br>£000's |
|------------------------------|----------------------------|----------------------------|
| Interest Received            | 5,546                      | 379                        |
| Interest Charge for the Year | (9,988)                    | (6,457)                    |
| <b>Total</b>                 | <b>(4,442)</b>             | <b>(6,078)</b>             |

The surplus or deficit on the provision of services has been adjusted for the following non-cash items.

|   | 31 March<br>2024<br>£000's | 31 March<br>2023<br>£000's |
|---|----------------------------|----------------------------|
| Depreciation  | 12,973                     | 12,373                     |
| Amortisation  | 306                        | 234                        |
| Impairment and upward/downward revaluations   | 455                        | 3,475                      |
| Increase / (decrease) in creditors  | (8,549)                    | (14,923)                   |
| (Increase) / decrease in debtors  | 1,085                      | 2,406                      |
| (Increase) / decrease in inventories  | (1)                        | 61                         |
| Increase/(decrease) in impairment for bad debts   | (266)                      | -                          |
| Pension Liability   | (2,628)                    | 4,797                      |
| Carrying amount of Non-Current Assets sold  | 4,472                      | 2,573                      |
| Other Non-Cash Items Charged to the Net Surplus or deficit on the Provision of Services | (8,381)                    | 14,620                     |
| <b>Total</b>  | <b>(534)</b>               | <b>25,616</b>              |

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities.

|   | 31 March<br>2024<br>£000's | 31 March<br>2023<br>£000's |
|---|----------------------------|----------------------------|
| Any other items for which the cash effects are investing or financing cash flows            | (3,234)                    | (1,521)                    |
| Proceeds from the sale of property and equipment, investment property and intangible assets | (117,985)                  | (12,516)                   |
| <b>Total</b>  | <b>(121,219)</b>           | <b>(14,037)</b>            |

## 22. CASH FLOW STATEMENT - INVESTING ACTIVITIES

|  | 31 March<br>2024<br>£000's | 31 March<br>2023<br>£000's |
|--|----------------------------|----------------------------|
| Purchase of Property, Plant and Equipment, Investment Property               | (24,435)                   | (19,298)                   |
| Purchase of Short-term and Long-term Investments                             | (19,000)                   | -                          |
| Other Payments for Investing Activities                                      | (193)                      | (2,058)                    |
| Proceeds from Sale of Property, Plant and Equipment, and Investment Property | 91,335                     | 5,347                      |
| Proceeds from Short-term and Long-term Investments                           | -                          | -                          |
| Other Receipts from Investing Activities                                     | 5,157                      | 3,368                      |
| <b>Total</b>   | <b>52,864</b>              | <b>(12,641)</b>            |

## 23. CASH FLOW STATEMENT - FINANCING ACTIVITIES

|  | 31 March<br>2024<br>£000's | 31 March<br>2023<br>£000's |
|--|----------------------------|----------------------------|
| Cash receipts of short and long term borrowing | 46,800                     | 87,133                     |
| Repayments of short and long-term borrowing    | (75,387)                   | (74,450)                   |
| Other payments for financing activities        | 551                        | 3,810                      |
| <b>Total</b>                                   | <b>(28,036)</b>            | <b>16,493</b>              |

## 24. MEMBER ALLOWANCES

|                                | 31 March<br>2024<br>£000's | 31 March<br>2023<br>£000's |
|--------------------------------|----------------------------|----------------------------|
| Allowances                     | 352                        | 355                        |
| Expenses                       | -                          | 1                          |
| <b>Total Member Allowances</b> | <b>352</b>                 | <b>356</b>                 |

## 25. OFFICER REMUNERATION

|   | 2023/24   |                     |                          |            |   |
|---|---|---------------------|--------------------------|------------|---|
|   | Salary<br>(including fees<br>and<br>allowances) | Benefits in<br>Kind | Pension<br>Contributions | Redundancy | Total<br>Remuneration<br>including<br>Pension |
|   | £'s   | £'s                 | £'s                      | £'s        | £'s   |
| Chief Executive - Georgina Blakemore                      | 152,319   | -                   | 33,568                   | -          | 185,887                                       |
| Chief Operating Officer                                   | 119,906   | -                   | 26,485                   | -          | 146,392                                       |
| Strategic Director & Section 151 Officer                  | 123,227   | -                   | 27,233                   | -          | 150,460                                       |
| Service Director - Planning & Development                 | 86,031  | -                   | 19,013                   | -          | 105,044                                       |
| Service Director - Regulatory Services                    | 83,020  | -                   | 18,075                   | -          | 101,095                                       |
| Service Director - Customer Services                      | 86,031  | -                   | 19,013                   | -          | 105,044                                       |
| Service Director - Contracts Partnerships and Procurement | 81,787  | -                   | 18,075                   | -          | 99,862  |
| Service Director - Corporate Services                     | 86,031  | -                   | -                        | -          | 86,031  |
| Project Director - Housing Revenue Account                | -   | -                   | -                        | -          | -   |
| Project Director - Community & Wellbeing                  | 77,978  | -                   | 17,177                   | -          | 95,155  |
| Project Director - ICT & Transformation                   | 78,723  | -                   | 17,101                   | -          | 95,824  |
| Harlow & Gilston Garden Town Director                     | 106,639   | -                   | 23,417                   | -          | 130,056                                       |
| <b>Total</b>  | <b>1,081,691</b>                                | <b>-</b>            | <b>219,157</b>           | <b>-</b>   | <b>1,300,848</b>                              |

|   | 2022/23   |                     |                          |            |   |
|---|---|---------------------|--------------------------|------------|---|
|   | Salary<br>(including fees<br>and<br>allowances) | Benefits in<br>Kind | Pension<br>Contributions | Redundancy | Total<br>Remuneration<br>including<br>Pension |
|   | £'s   | £'s                 | £'s                      | £'s        | £'s   |
| Chief Executive - Georgina Blakemore                          | 137,436   | 1,447               | 29,079                   | -          | 167,962                                       |
| Chief Operating Officer                                       | 111,924   | -                   | -                        | -          | 111,924                                       |
| Strategic Director & Section 151 Officer                      | 119,060   | -                   | 25,241                   | -          | 144,301                                       |
| Service Director - Planning & Development                     | 100,205   | -                   | 21,136                   | -          | 121,341                                       |
| Service Director - Contract & Technical Services              | 82,818  | -                   | 17,557                   | -          | 100,375                                       |
| Service Director - Customer Services                          | -   | -                   | -                        | -          | -   |
| Service Director - Corporate Services                         | 82,818  | -                   | 17,557                   | -          | 100,375                                       |
| Project Director - HRA  | 82,818  | -                   | -                        | -          | 82,818  |
| Project Director - Community & Wellbeing                      | 52,526  | -                   | 10,889                   | -          | 63,415  |
| Harlow & Gilston Garden Town Director                         | -   | -                   | -                        | -          | -   |
| Service Director - Strategy, Delivery & Performance (Interim) | 102,277   | -                   | 21,624                   | -          | 123,901                                       |
| <b>Total</b>  | <b>871,882</b>                                  | <b>1,447</b>        | <b>143,083</b>           | <b>-</b>   | <b>1,016,412</b>                              |

There were no payments relating to bonuses in the year. The emoluments above include all taxable employee payments. Pension contributions relate to Employer's contributions of 22.1% (21.2% in 2022/23).

The number of employees whose remuneration, including benefits in kind, but excluding employer's pension contributions, was £50,000 or more, is summarised in bands of £5,000 in the table below. The bandings have remained unchanged for several years, which means that (ignoring all other factors), general pay inflation will result in a gradual increase in the number of employees captured over time. Over the last two years, there has been a significant increase in the number of employees in the lower bandings that have been captured by the disclosure requirement for the first time, partly as a consequence of consecutive national (and local) fixed pay awards for 2022/23 and 2023/24 (of £1,925), which has been the highest for several years.

| Remuneration Band   | 31 March 2024 | 31 March 2023 |
|---------------------|---------------|---------------|
| £50,000 - £54,999   | 46            | 39            |
| £55,000 - £59,999   | 16            | 18            |
| £60,000 - £64,999   | 10            | 7             |
| £65,000 - £69,999   | 5             | 5             |
| £70,000 - £74,999   | 2             | 2             |
| £75,000 - £79,999   | 2             | 5             |
| £80,000 - £84,999   | 4             | 3             |
| £85,000 - £89,999   | 3             | -             |
| £90,000 - £94,999   | -             | -             |
| £95,000 - £99,999   | -             | -             |
| £100,000 - £104,999 | -             | 2             |
| £105,000 - £109,999 | 1             | -             |
| £110,000 - £114,999 | -             | 1             |
| £115,000 - £119,999 | 1             | 1             |
| £120,000 - £124,999 | 1             | -             |
| £125,000 - £129,999 | -             | -             |
| £130,000 - £134,999 | -             | -             |
| £135,000 - £139,999 | -             | 1             |
| £140,000 - £144,999 | -             | -             |
| £145,000 - £149,999 | -             | -             |
| £150,000 - £154,999 | 1             | -             |
| £155,000 - £159,999 | -             | -             |
| £160,000 - £164,999 | -             | -             |
| £165,000 - £169,999 | -             | -             |
| £170,000 - £174,999 | -             | -             |
| £175,000 - £179,999 | -             | -             |
| £180,000 - £184,999 | -             | -             |
| £185,000 - £189,999 | -             | -             |
| £190,000 - £194,999 | -             | -             |
| £195,000 - £199,999 | -             | -             |
| <b>Total</b>        | <b>92</b>     | <b>84</b>     |

The table above includes those officers listed in the tables on Page 57 above. Employee contracts terminated in 2023/24, are summarised in the table below.

|  | 2023/24                       |                        |                           |  |
|--|-------------------------------|------------------------|---------------------------|--|
|  | No of Compulsory Redundancies | No of Other Departures | Total No of Exit Packages | Total Cost of Exit Packages in Each Band |
| <b>Termination Benefits</b>                                |                               |                        |                           | <b>£'s</b>                               |
| <b>Exit Package Cost Band (including special payments)</b> |                               |                        |                           |  |
| £0 - £20,000   | 5                             | 1                      | 6                         | 26,752                                   |
| £20,001 - £40,000  | 3                             | 1                      | 4                         | 119,439                                  |
| £40,001 - £60,000  | -                             | -                      | -                         | -  |
| £60,001 - £80,000  | -                             | -                      | -                         | -  |
| £80,001 - £100,000   | -                             | -                      | -                         | -  |
| above £100,000   | -                             | -                      | -                         | -  |
| <b>Total Cost Included in Bandings and in the CIES</b>     | <b>8</b>                      | <b>2</b>               | <b>10</b>                 | <b>146,191</b>                           |

|  | 2022/23                       |                        |                           |  |
|--|-------------------------------|------------------------|---------------------------|--|
|  | No of Compulsory Redundancies | No of Other Departures | Total No of Exit Packages | Total Cost of Exit Packages in Each Band |
| <b>Termination Benefits</b>                                |                               |                        |                           | <b>£'s</b>                               |
| <b>Exit Package Cost Band (including special payments)</b> |                               |                        |                           |  |
| £0 - £20,000   | 14                            | 5                      | 19                        | 159,202                                  |
| £20,001 - £40,000  | 2                             | 3                      | 5                         | 156,720                                  |
| £40,001 - £60,000  | 1                             | -                      | 1                         | 57,120                                   |
| £60,001 - £80,000  | -                             | -                      | -                         | -  |
| £80,001 - £100,000   | -                             | -                      | -                         | -  |
| above £100,000   | -                             | -                      | -                         | -  |
| <b>Total Cost Included in Bandings and in the CIES</b>     | <b>17</b>                     | <b>8</b>               | <b>25</b>                 | <b>373,042</b>                           |

## 26. EXTERNAL AUDIT FEES

The following fees have been paid for services carried out by public sector appointed auditors for 2023/24.

|   | 31 March<br>2024<br>£000's | 31 March<br>2023<br>£000's |
|---|----------------------------|----------------------------|
| External Audit Services (Deloitte)            | 273                        | 120                        |
| Certification of Grant Claims & Returns (BDO) | 30                         | 28                         |
| Other Services                                | 3                          | 6                          |
| <b>Total External Audit Fees</b>              | <b>306</b>                 | <b>154</b>                 |

## 27. GRANTS AND CONTRIBUTIONS

| Credited to Taxation and Non-Specific Grant Income      | 31 March<br>2024<br>£000's | 31 March<br>2023<br>£000's |
|---|----------------------------|----------------------------|
| <b>Non-ringfenced Government Grants</b>                 |                            |                            |
| New Homes Bonus   | 78                         | 775                        |
| Funding Guarantee                                       | 924                        | -                          |
| Service Grant   | 135                        | 382                        |
| Other   | 194                        | 171                        |
| <b>Total non-ring fenced Government Grants</b>          | <b>1,330</b>               | <b>1,328</b>               |
| <b>Capital Grants and Other Contributions</b>           |                            |                            |
| Department for Business, Energy and Industrial Strategy | 15                         | 49                         |
| Department for Levelling Up Housing & Communities       | 419                        | 33                         |
| Department of Energy Security and Net Zero              | 152                        | -                          |
| Homes England (MHCLG)                                   | -                          | 105                        |
| Section 106 Contributions                               | -                          | 171                        |
| Other Contributions                                     | 1,370                      | 192                        |
| <b>Total Capital Grants and Other Contributions</b>     | <b>1,956</b>               | <b>550</b>                 |



| Credited to Services                                    | 31 March<br>2024<br>£000's | 31 March<br>2023<br>£000's |
|---|----------------------------|----------------------------|
| Active Essex Foundation                                 | 6                          | -                          |
| Arts Council  | 40                         | 50                         |
| Biffa Municipal   | 809                        | -                          |
| Broxbourne Borough Council                              | 10                         | 10                         |
| Cambridge & Peterborough Comb Authority                 | -                          | 4                          |
| CGI UK Ltd  | -                          | 5                          |
| DCLG  | -                          | 349                        |
| Department for Business, Energy and Industrial Strategy | 315                        | 44                         |
| Department for Education                                | -                          | 5                          |
| Department for Levelling Up Housing & Communities       | 3,028                      | 2,565                      |
| Department for Work and Pensions                        | 22,054                     | 22,260                     |
| Department of Energy Security and Net Zero              | 26                         | -                          |
| East Herts District Council                             | 108                        | 147                        |
| EFDC  | -                          | 100                        |
| Epping Forest North Pc Network                          | 45                         | 41                         |
| Essex Association of Local Councils                     | 4                          | -                          |
| Essex County Council                                    | 2,397                      | 713                        |
| Essex Police, Fire & Crime Commissioner                 | 274                        | 64                         |
| Geoplace  | 3                          | 3                          |
| Harlow Borough Council                                  | 108                        | 153                        |
| Hertfordshire County Council                            | 118                        | 157                        |
| HMLR  | 33                         | 30                         |
| HMRC  | -                          | 100                        |
| Homes England (MHCLG)                                   | 450                        | -                          |
| National Heritage                                       | -                          | 11                         |
| Nhs Hertfordshire & West Essex Icb                      | 111                        | -                          |
| Norfolk County Council                                  | -                          | 7                          |
| Other   | 409                        | 3                          |
| Recharge  | 444                        | -                          |
| Royal Opera House                                       | -                          | -                          |
| Sainsbury Plc   | -                          | -                          |
| Sports Council  | -                          | -                          |
| The National Lottery Community Fund                     | 41                         | -                          |
| Town and Parish Councils                                | 36                         | 158                        |
| UK Health Security Agency                               | 75                         | -                          |
| Uttlesford Community Action Network                     | -                          | 5                          |
| Uttlesford District Council                             | 10                         | 10                         |
| West Essex CCG  | -                          | 121                        |
| <b>Total Grants and Contributions</b>                   | <b>30,953</b>              | <b>27,115</b>              |

## 28. RELATED PARTY TRANSACTIONS

The Council is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the council, or to be controlled or influenced by the Council.

Epping Forest District Council holds a Register of Interests in which all members are required to declare any interests in accordance with the Code of Conduct which is open to public viewing.

### **Entities Controlled or Significantly Influenced by the Council**

The Council has a 100% shareholding in four companies:

- Qualis Group Limited
- Qualis Commercial Limited
- Qualis Living Limited; and
- Qualis Property Solutions Limited.

The companies were incorporated in October 2019. The Council has issued 18 loans to the Qualis Group in 2023-24 with a combined value of £28.275 million, bringing the overall total of loans issued to the Group to £100.578 million up to, and including, 31st March 2024. The loans were issued at commercial rates of interest with a fixed repayment schedule. A total of £6.268 million (excluding interest) had been repaid by 31st March 2024, of which £2.437 million was repaid in 2023/24.

Qualis Property Solutions Limited has provided the Housing Repairs service to the Council since October 2020; the Council paid £16.675 million for this service in 2023/24 (£11.341 million Revenue, plus £5.234 million Capital) (£9.686 million 2022/23, comprising £8.723 million Revenue, plus £0.963 million Capital).

Qualis Commercial Limited managed the Council's Commercial Property portfolio under new Asset Management arrangements with effect from 1st April 2023. The Council paid Qualis a total of £451,142 under the new arrangements, which included £290,081 in commission payments, payable on generating additional rental returns for the Council.

Qualis Property Solutions Limited has also provided the Grounds Maintenance Service to the Council since May 2023; the Council paid £1.424 million for this service in 2023/24.

And finally, and in contrast, the Council is also paid by Qualis for the provision of seconded staff, accommodation, and support services. Group Accounts for the Council, including the Qualis companies, are shown later in this Statement of Accounts (pages 80 to 87).

### **Central Government**

The Government has effective control over the general operations of the Council - it is responsible for providing the statutory framework, within which the Council operates, provides a significant amount of its funding in the form of grants, and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills, Housing Benefits).

## **29. CAPITAL EXPENDITURE AND FINANCING**

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it.

|   | <b>31 March<br/>2024<br/>£000's</b> | <b>31 March<br/>2023<br/>£000's</b> |
|---|-------------------------------------|-------------------------------------|
| <b>Opening Capital Financing Requirement</b>          | <b>313,563</b>                      | <b>305,522</b>                      |
| Opening Balance Adjustment                            | (175)                               | -                                   |
| <b>Capital Investment</b>                             |                                     |                                     |
| Property, Plant and Equipment                         | 22,575                              | 15,443                              |
| Investment Properties                                 | 2,430                               | 1,797                               |
| Revenue Expenditure Funded from Capital Under Statute | 1,332                               | 949                                 |
| Private Sector Housing Loans                          | 6                                   | -                                   |
| Intangible Assets                                     | 394                                 | 735                                 |
| Qualis Loans  | 25,900                              | 8,000                               |
| <b>Sources of Finance</b>                             |                                     |                                     |
| Capital Receipts                                      | (2,012)                             | (4,614)                             |
| Government Grants and Other Contributions             | (3,285)                             | (1,377)                             |
| Major Repairs Reserve                                 | (15,136)                            | (11,300)                            |
| Direct Revenue Contributions                          | -                                   | -                                   |
| Minimum Revenue Provision                             | (1,164)                             | (1,125)                             |
| Repayment Capital Loans                               | (1,072)                             | (467)                               |
| <b>Closing Capital Financing Requirement</b>          | <b>343,356</b>                      | <b>313,563</b>                      |

## **30. LEASES**

The Council has leases with third parties under operating leases with rental income from the lease being credited to trading operations.

| <b>Assets Leased to Third Parties</b> | <b>31 March<br/>2024<br/>£000's</b> | <b>31 March<br/>2023<br/>£000's</b> |
|---------------------------------------|-------------------------------------|-------------------------------------|
| <b>Land and Buildings</b>             |                                     |                                     |
| Shops (including shopping park)       | 5,419                               | 5,383                               |
| Industrial Units                      | 1,637                               | 1,362                               |
| Other                                 | 1,425                               | 1,369                               |
| <b>Total Rental Receivable</b>        | <b>8,481</b>                        | <b>8,113</b>                        |

The total of future minimum lease payments due after 1 year are as follows.

|                                 | <b>31 March<br/>2024</b>                                     |   | <b>31 March<br/>2023</b>                                     |   |
|---------------------------------|--|---|--|---|
|                                 | <b>Receipts Due<br/>between 2 and<br/>5 Years<br/>£000's</b> | <b>Total Receipts<br/>Due Thereafter<br/>£000's</b> | <b>Receipts Due<br/>between 2 and<br/>5 Years<br/>£000's</b> | <b>Total<br/>Receipts Due<br/>Thereafter<br/>£000's</b> |
| <b>Land and Buildings</b>       |  |   |  |   |
| Shops (including shopping park) | 15,308   | 9,998   | 16,820   | 11,157  |
| Industrial Units                | 5,403  | 58,471  | 4,211  | 44,263  |
| Other                           | 4,417  | 32,433  | 4,028  | 31,564  |
| <b>Total</b>                    | <b>25,128</b>  | <b>100,902</b>                                      | <b>25,059</b>  | <b>86,984</b>   |

The gross amount of assets held for use in Operating Leases are as follows.

| <b>Gross Amount of Assets Held for Use in Operating Leases</b> | <b>31 March<br/>2024<br/>£000's</b> | <b>31 March<br/>2023<br/>£000's</b> |
|--|-------------------------------------|-------------------------------------|
| <b>Land and Buildings</b>                                      |                                     |                                     |
| Shops  | 96,060                              | 93,479                              |
| Industrial Units   | 43,830                              | 38,114                              |
| Other  | 16,334                              | 16,890                              |
| <b>Total Assets</b>  | <b>156,224</b>                      | <b>148,483</b>                      |

There are no accumulated depreciation charges on the assets held for use in operating leases.

## **31. PENSIONS**

Employees of Epping Forest District Council are admitted to the Essex County Council Pension Fund ("the Fund"), which is administered by Essex County Council under the Regulations governing the Local Government Pension Scheme (LGPS), a defined benefit scheme. The Fund is a funded scheme meaning that the authority and employees pay contributions into a fund calculated at a level intended to balance the pensions liabilities with investment assets.

As part of the terms and conditions of employment of the Council's officers the authority offers retirement benefits. Although these benefits will not actually be payable until employees retire the Council has a commitment to make the payments that need to be disclosed at the time employees earn their future entitlement.

The Council recognises cost of retirement benefits in the Net Cost of Services when they are earned by employees rather than when the benefits are eventually paid as pensions. However, the charge made against Council Tax is based on contributions payable to the fund in respect of 2023/24, so the real cost of retirement benefits is reversed out of the Income and Expenditure Account through the Movement in Reserves Statement.

The transactions below have been made in the CIES during the year.

| <b>Comprehensive Income and Expenditure Statement</b>                 | <b>31 March 2024<br/>£000's</b> | <b>31 March 2023<br/>£000's</b> |
|---|---------------------------------|---------------------------------|
| Service Cost  | 3,241                           | 8,477                           |
| Net Interest Charged  | (1,668)                         | 1,087                           |
| Administration Expenses   | 145                             | 120                             |
| <b>Net Charge made to the CIES</b>                                    | <b>1,718</b>                    | <b>9,684</b>                    |
| <b>Re-Measurements in Other Comprehensive Income</b>                  |                                 |                                 |
| Return on Fund Assets in Excess of Interest                           | 15,156                          | (4,687)                         |
| Other Actuarial Gains / (Losses)                                      | -                               | -                               |
| Changes in Financial Assumptions                                      | 2,517                           | 100,341                         |
| Change in Demographic Assumptions                                     | 2,540                           | -                               |
| Experience Gain / (Loss) on Defined                                   | (569)                           | (20,981)                        |
| Changes in effect of asset ceiling                                    | (52,122)                        | (30,120)                        |
| <b>Re-Measurement of the Net Assets/(Defined Liability)</b>           | <b>(32,478)</b>                 | <b>44,553</b>                   |
| <b>Pension Assets and Liabilities Recognised in the Balance Sheet</b> |                                 |                                 |
| Present Value of the Funded Obligation                                | 179,465                         | 180,747                         |
| Present Value of the Unfunded Obligation                              | 1,785                           | 1,992                           |
| Fair Value of Scheme Assets   | (229,479)                       | (208,651)                       |
| Impact of asset ceiling   | 52,122                          | 30,120                          |
| <b>Net Benefit Liability / (Asset) in the Balance Sheet</b>           | <b>3,893</b>                    | <b>4,208</b>                    |

| <b>Reconciliation of the Fair Value of the Scheme Liabilities</b> | <b>Unfunded Liabilities</b>   |                               | <b>All Funded/Unfunded Liabilities LGS</b> |                               |
|---|-------------------------------|-------------------------------|--|-------------------------------|
|   | <b>31 March 2024<br/>£000</b> | <b>31 March 2023<br/>£000</b> | <b>31 March 2024<br/>£000</b>              | <b>31 March 2023<br/>£000</b> |
| Net Pensions Liability at 1st April                               | (1,992)                       | (2,358)                       | (182,739)                                  | (253,389)                     |
| Current Service Cost  | 0                             | 0                             | (3,038)                                    | (7,883)                       |
| Interest Cost   | (92)                          | (58)                          | (8,496)                                    | (6,511)                       |
| Change in Financial Assumptions                                   | 12                            | 377                           | 2,517                                      | 100,341                       |
| Change in Demographic Assumptions                                 | 35                            | 0                             | 2,540                                      | 0                             |
| Experience Gain   | (6)                           | (203)                         | (569)                                      | (20,981)                      |
| Liabilities Assumed / (Extinguished) on Settlements               | 0                             | 0                             | 1,337                                      | 0                             |
| Estimated Benefits Paid   | 0                             | 0                             | 8,249                                      | 7,358                         |
| Past Service Cost Including Curtailments                          | 0                             | 0                             | (92)                                       | (594)                         |
| Contributions by Scheme Participants                              | 0                             | 0                             | (1,217)                                    | (1,330)                       |
| Unfunded Pension Payments   | 258                           | 250                           | 258  | 250                           |
| <b>Net Pension Liability at 31 March</b>                          | <b>(1,785)</b>                | <b>(1,992)</b>                | <b>(181,250)</b>                           | <b>(182,739)</b>              |

|  | 31 March<br>2024<br>£000 | 31 March<br>2023<br>£000 |
|--|--------------------------|--------------------------|
| <b>Reconciliation of the Fair Value of the Scheme Assets</b> |                          |                          |
| Fair Value of the Plan Assets at 1 April                     | 208,651                  | 209,226                  |
| Interest on Assets   | 10,164                   | 5,424                    |
| Return on Assets less Interest                               | 15,156                   | (4,687)                  |
| Other Actuarial Gains / (Losses)                             | -                        | -                        |
| Administration Expenses                                      | (145)                    | (120)                    |
| Employer Contributions including Unfunded                    | 4,391                    | 5,086                    |
| Contributions by Scheme Participants                         | 1,217                    | 1,330                    |
| Benefits Paid  | (8,507)                  | (7,608)                  |
| Settlement Prices Received / (Paid)                          | (1,448)                  | -                        |
| <b>Fair Value of the Plan Assets at 31 March</b>             | <b>229,479</b>           | <b>208,651</b>           |

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets. The actual gain on assets less interest in the year was £15.2 million (loss on assets less interest £4.7 million 2022/23).

| Scheme History                           | 2023/24<br>£000's | 2022/23<br>£000's | 2021/22<br>£000's | 2020/21<br>£000's | 2019/20<br>£000's |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Present Value of Liabilities             | (179,465)         | (180,747)         | (251,031)         | (256,735)         | (214,582)         |
| Fair Value of Assets                     | 229,479           | 208,651           | 209,226           | 190,210           | 153,616           |
| Present Value of Unfunded Obligation     | (1,785)           | (1,992)           | (2,358)           | (2,583)           | (2,671)           |
| Impact of asset ceiling                  | (52,122)          | (30,120)          | -                 | -                 | -                 |
| <b>Surplus / (Deficit) in the Scheme</b> | <b>(3,893)</b>    | <b>(4,208)</b>    | <b>(44,163)</b>   | <b>(69,108)</b>   | <b>(63,637)</b>   |

The Council's actuary determined that the fair value of its pension plan assets outweighed the present value of the plan obligations at 31st March 2024. Under IAS19 (Employee Benefits), where the Council has an accounting surplus or asset, it should only be recognised to the extent that the Council is able to recover the surplus either through reduced contributions in the future, or through refunds. The present value of such economic benefits is referred to as the "Asset Ceiling". The Council's actuary has calculated the asset ceiling as £2.108 million in 2023/24, which has an impact of £52.122 million in actuarial losses over the life of the pension fund.

The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The total net liability on the Councils Balance sheet in 23/24 was £3.893 million (after the asset ceiling adjustment) compared to a net liability balance of £4.208 million in 2022/23.

The financial position of the Council remains healthy. Changes to the pension fund balances are eliminated through reductions/increases in the contributions made over the remaining working life of employees, as assessed by the scheme actuary.

The total employer contributions expected to be made to the scheme by the Council in the year to 31st March 2025 is £4.238 million. The Service Cost is expected to be £3.274 million for the year to 31st March 2025.

#### **Basis for Estimating Assets and Liabilities**

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about life expectancy rates, salary levels, and inflation rates. The District Council fund liabilities have been assessed by Barnett Waddingham, a firm of actuaries who provide the service for the Essex County Council Pension Fund, being based on the full Actuarial Valuation of the scheme as at 31st March 2022.

The principal assumptions used by the actuary have been as follows.

|  | 2023/24 | 2022/23 |
|--|---------|---------|
| <b>Principal Assumptions</b>                     |         |         |
| <b>Life Expectancy Assumptions</b>               |         |         |
| Longevity at 65 for current pensioners in years: |         |         |
| Men  | 21      | 21      |
| Women  | 23      | 24      |
| Longevity at 65 for future pensioners in years:  |         |         |
| Men  | 22      | 22      |
| Women  | 25      | 25      |
| <b>Other Assumptions</b>                         |         |         |
| Rate of inflation RPI                            | 3.25%   | 3.3%    |
| Rate of inflation CPI                            | 2.90%   | 2.9%    |
| Rate of increase in salaries                     | 3.90%   | 3.9%    |
| Rate of increase in pensions                     | 2.90%   | 2.9%    |
| Rate for discounting scheme liabilities          | 4.90%   | 4.8%    |

The Scheme assets consist of the following categories, by proportion of the total assets held.

| Assets Held         | 31 March 2024  |             | 31 March 2023  |             |
|---------------------|----------------|-------------|----------------|-------------|
|                     | £000's         | %           | £000           | %           |
| Equities            | 127,109        | 55%         | 120,462        | 58%         |
| Government Bonds    | 4,100          | 2%          | 3,058          | 1%          |
| Other Bonds         | -              | 0%          | -              | 0%          |
| Property            | 15,839         | 7%          | 17,128         | 8%          |
| Cash / Liquidity    | 5,661          | 2%          | 6,266          | 3%          |
| Alternative Assets  | 34,889         | 15%         | 33,098         | 16%         |
| Other Managed Funds | 41,881         | 18%         | 28,639         | 14%         |
| <b>Total</b>        | <b>229,479</b> | <b>100%</b> | <b>208,651</b> | <b>100%</b> |

The extent to which the expected future returns on assets are sufficient to cover the estimated net liabilities was considered by the actuaries in the 2022 actuarial review of the Pension Fund. The anticipated shortfall in the funding of the scheme has determined the future level of pension contributions which will be due in between triennial valuations.

| Sensitivity Analysis as at 31 March 2024  | Sensitivity 1b<br>£000's | Sensitivity 1a<br>£000's | Existing Assumptions<br>£000 | Sensitivity 2a<br>£000 | Sensitivity 2b<br>£000's |
|---|--------------------------|--------------------------|------------------------------|------------------------|--------------------------|
| <b>Adjustment to Discount Rate</b>        | <b>+0.5%</b>             | <b>+0.1%</b>             | <b>0.0%</b>                  | <b>-0.1%</b>           | <b>-0.5%</b>             |
| Present Value of Total Obligation         | 168,874                  | 178,656                  | 181,250                      | 183,906                | 195,199                  |
| Projected Service Cost                    | 2,775                    | 3,168                    | 3,274                        | 3,384                  | 3,861                    |
| <b>Adjustment to Long Term Salary</b>     | <b>+0.5%</b>             | <b>+0.1%</b>             | <b>0.0%</b>                  | <b>-0.1%</b>           | <b>-0.5%</b>             |
| Present Value of Total Obligation         | 182,009                  | 181,399                  | 181,250                      | 181,101                | 180,514                  |
| Projected Service Cost                    | 3,285                    | 3,277                    | 3,274                        | 3,272                  | 3,263                    |
| <b>Adjustment to Pension Increases</b>    | <b>+0.5%</b>             | <b>+0.1%</b>             | <b>0.0%</b>                  | <b>-0.1%</b>           | <b>-0.5%</b>             |
| Present Value of Total Obligation         | 194,655                  | 183,805                  | 181,250                      | 178,753                | 169,325                  |
| Projected Service Cost                    | 3,877                    | 3,385                    | 3,274                        | 3,166                  | 2,759                    |
| <b>Adjustment to Mortality Age Rating</b> |                          | <b>+ 1 Year</b>          | <b>None</b>                  | <b>- 1 Year</b>        |                          |
| Present Value of Total Obligation         |                          | 188,642                  | 181,250                      | 174,172                |                          |
| Projected Service Cost                    |                          | 3,403                    | 3,274                        | 3,149                  |                          |

| Sensitivity Analysis as at 31 March 2023  | Sensitivity 1b<br>£000's | Sensitivity 1a<br>£000's | Existing Assumptions<br>£000 | Sensitivity 2a<br>£000 | Sensitivity 2b<br>£000's |
|---|--------------------------|--------------------------|------------------------------|------------------------|--------------------------|
| <b>Adjustment to Discount Rate</b>        | +0.5%                    | +0.1%                    | 0.0%                         | -0.1%                  | -0.5%                    |
| Present Value of Total Obligation         | 170,148                  | 180,100                  | 182,739                      | 185,443                | 196,943                  |
| Projected Service Cost                    | 2,899                    | 3,307                    | 3,417                        | 3,531                  | 4,026                    |
| <b>Adjustment to Long Term Salary</b>     | +0.5%                    | +0.1%                    | 0.0%                         | -0.1%                  | -0.5%                    |
| Present Value of Total Obligation         | 183,548                  | 182,899                  | 182,739                      | 182,580                | 181,956                  |
| Projected Service Cost                    | 3,429                    | 3,419                    | 3,417                        | 3,415                  | 3,406                    |
| <b>Adjustment to Pension Increases</b>    | +0.5%                    | +0.1%                    | 0.0%                         | -0.1%                  | -0.5%                    |
| Present Value of Total Obligation         | 196,339                  | 185,331                  | 182,739                      | 180,208                | 170,654                  |
| Projected Service Cost                    | 4,042                    | 3,532                    | 3,417                        | 3,305                  | 2,883                    |
| <b>Adjustment to Mortality Age Rating</b> |                          | + 1 Year                 | None                         | - 1 Year               |                          |
| Present Value of Total Obligation         |                          | 190,082                  | 182,739                      | 175,710                |                          |
| Projected Service Cost                    |                          | 3,540                    | 3,417                        | 3,297                  |                          |

## 32. NATURE & EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities (both revised in December 2021).

In line with the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risk associated with Financial Instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Investment Strategy in compliance with the Department for Levelling Up, Housing and Communities Guidance on Local Government Investments. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Management Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return or cost.

The Council's activities expose it to a variety of financial risks, the key risks are:

- *Credit Risk* - the possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to the Council.
- *Liquidity Risk* - the possibility that the Council might not have the cash available to make contracted payments on time; and
- *Market Risk* - the possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices.

### Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposure to the Council's customers.

### Credit Risk: Treasury Investments

The council manages credit risk through the Investment Strategy, which requires that deposits are made with the Government (Debt Management Office), other local authorities, and A- (as a minimum) credit-rated Banks, Building Societies, Registered Providers (e.g. Housing Associations) and Money Market Funds.



It should also be noted that although credit ratings remain a key source of information, the Council recognises that they have limitations and investment decisions are based on a range of market intelligence. A limit of £10 million is placed on the amount of money that can be invested with a single counterparty except the UK Government which is unlimited. The Council also sets a total group investment limit (£10 million) for institutions that are part of the same banking group.

The table below summaries the nominal value of the Council's investment portfolio at 31st March 2024, and confirms that all investments were made in line with the Council's approved rating criteria when investment placed.

| 31 March 2024          |                            |                      |                     |                     |                      |                               |               |
|------------------------|----------------------------|----------------------|---------------------|---------------------|----------------------|-------------------------------|---------------|
|                        | Credit Rating Criteria Met | Up to 1 Month £000's | 1 - 3 Months £000's | 4 - 6 Months £000's | 7 - 12 Months £000's | Greater than 12 Months £000's | Total £000's  |
| Banks UK               | A+                         | (7,541)              | -                   | -                   | -                    | -                             | (7,541)       |
| Cash equivalents MMF   | A+                         | 21,500               | -                   | -                   | -                    | -                             | 21,500        |
| Cash Equivalents DMADF | UKGOV                      | 3,000                | -                   | -                   | -                    | -                             | 3,000         |
| Local Government Loans | UKLA                       | 5,000                | 14,000              | -                   | -                    | -                             | 19,000        |
| <b>Total</b>           |                            | <b>21,959</b>        | <b>14,000</b>       | -                   | -                    | -                             | <b>35,959</b> |

| 31 March 2023          |                            |                    |                   |                   |                    |                             |               |
|------------------------|----------------------------|--------------------|-------------------|-------------------|--------------------|-----------------------------|---------------|
|                        | Credit Rating Criteria Met | Up to 1 Month £000 | 1 - 3 Months £000 | 4 - 6 Months £000 | 7 - 12 Months £000 | Greater than 12 Months £000 | Total £000    |
| Banks UK               | A+                         | (208)              | -                 | -                 | -                  | -                           | (208)         |
| Cash equivalents MMF   | A-                         | 10,000             | -                 | -                 | -                  | -                           | 10,000        |
| Cash Equivalents DMADF | UKGOV                      | 3,000              | -                 | -                 | -                  | -                           | 3,000         |
| Local Government Loans | UKLA                       | -                  | -                 | -                 | -                  | -                           | -             |
| <b>Total</b>           |                            | <b>12,792</b>      | -                 | -                 | -                  | -                           | <b>12,792</b> |

### Credit Risk – Debtors

The following analysis summaries the Council's potential maximum exposure to credit risk, based on the experience gathered over the last five financial years on the level of default on trade.

| 31 March 2024   |               |                       |                           |
|-----------------|---------------|-----------------------|---------------------------|
|                 | Amount £000's | Default Risk Judged % | Bad Debt Provision £000's |
| Trade Debtors   | 4,835         | 22.2%                 | 1,073                     |
| Housing Arrears | 959           | 86.1%                 | 826                       |

| 31 March 2023   |               |                       |                           |
|-----------------|---------------|-----------------------|---------------------------|
|                 | Amount £000's | Default Risk Judged % | Bad Debt Provision £000's |
| Trade Debtors   | 4,618         | 21.9%                 | 1,013                     |
| Housing Arrears | 954           | 95.0%                 | 907                       |

The credit risk in relation to counterparty investments is relatively small as the likelihood of default is also small. A risk arises with Sundry Debtors, Housing and Taxation Debtors, because they represent amounts owed to the Council and there will always be a level of default inherent in such debts. A provision for non-payment of debts is provided within the overall Debtors' figure stated in the Accounts.

## Credit Risk - Loans

In furthering the Council's strategic objectives, it provides loans to Qualis.

The amounts recognised on the Balance Sheet, and the Council's total exposure to credit risk from these instruments are presented below.

| Borrower     | Exposure Type                        | 31 March 2024    |                             |                                   |
|--------------|--------------------------------------|------------------|-----------------------------|-----------------------------------|
|              |                                      | Amount<br>£000's | Default Risk<br>Judged<br>% | Expected<br>Credit Loss<br>£000's |
| Qualis Loans | Loan<br>Commitment at<br>market rate | 94,309           | 2.2%                        | 2,042                             |

| Borrower     | Exposure Type                        | 31 March 2023    |                             |                                   |
|--------------|--------------------------------------|------------------|-----------------------------|-----------------------------------|
|              |                                      | Amount<br>£000's | Default Risk<br>Judged<br>% | Expected<br>Credit Loss<br>£000's |
| Qualis Loans | Loan<br>Commitment at<br>market rate | 68,670           | 3.0%                        | 2,308                             |

## Liquidity Risk

The Council has access to borrowing facilities via the Public Works Loan Board (PWLB), commercial banks, bond issues and other local authorities. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. The Council also manages the risk that it will not be exposed to replenishing a significant proportion of its borrowing at a time of unfavourable interest rates.

The Council would only borrow in advance of need where there is a clear business case for doing so and will only do so for the current Capital Programme or to finance future debt maturities.

The maturity analysis of the nominal value of the Council's debt at 31st March 2024 is as follows.

| 31 March 2024               |                         | Cash Flows<br>Principal<br>Only<br>£000's | % of Total<br>Debt<br>Portfolio | Cash<br>Flows<br>including<br>Interest<br>£000's |
|-----------------------------|-------------------------|---|---------------------------------|--|
| <b>Short-Term Borrowing</b> | <b>Less than 1 Year</b> | <b>4,275</b>                              | <b>2%</b>                       | <b>5,113</b>                                     |
| Long-Term Borrowing         | Over 1 but not Over 2   | 4,275                                     | 2%                              | 4,650  |
|                             | Over 2 but not Over 5   | 12,824                                    | 5%                              | 13,950   |
|                             | Over 5 but not Over 10  | 51,374                                    | 20%                             | 51,250   |
|                             | Over 10 but not Over 15 | 41,159                                    | 16%                             | 69,850   |
|                             | Over 15 but not Over 20 | 128,092                                   | 51%                             | 98,239   |
|                             | Over 20 but not Over 25 | 4,436                                     | 2%                              | 4,584  |
|                             | Over 25                 | 6,617                                     | 3%                              | 5,879  |
| <b>Long-Term Borrowing</b>  |                         | <b>248,777</b>                            | <b>98%</b>                      | <b>248,402</b>                                   |

The maturity analysis of the nominal value of the Council's debt at 31st March 2023 was as follows.

| 31 March 2023               |                         | Cash Flows<br>Principal<br>Only<br>£000's | % of Total<br>Debt<br>Portfolio | Cash<br>Flows<br>including<br>Interest<br>£000's |
|-----------------------------|-------------------------|---|---------------------------------|--|
| <b>Short-Term Borrowing</b> | <b>Less than 1 Year</b> | <b>32,276</b>                             | <b>11%</b>                      | <b>41,621</b>                                    |
| Long-Term Borrowing         | Over 1 but not Over 2   | 9,276                                     | 3%                              | 17,158   |
|                             | Over 2 but not Over 5   | 12,829                                    | 5%                              | 35,584   |
|                             | Over 5 but not Over 10  | 51,381                                    | 18%                             | 84,797   |
|                             | Over 10 but not Over 15 | 41,321                                    | 15%                             | 70,232   |
|                             | Over 15 but not Over 20 | 126,906                                   | 45%                             | 139,071  |
|                             | Over 20 but not Over 25 | 3,250                                     | 1%                              | 4,049  |
|                             | Over 25                 | 4,400                                     | 2%                              | 5,017  |
| <b>Long-Term Borrowing</b>  |                         | <b>249,363</b>                            | <b>89%</b>                      | <b>355,908</b>                                   |

### Interest Rate Risk

The Council is exposed to risks arising from movements in interest rates. The Treasury Management Strategy aims to mitigate these risks by setting an upper limit of 25% on external debt that can be subject to variable rates. As at 31 March 2024, 100% of the debt portfolio was held in fixed rate instruments. The one-year impact on income and expenditure of 1% interest rate rise was in relation to EIP (equal instalment of principal) loans.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be as presented in the table below.

|  | 2023-24<br>£000's | 2022-23<br>£000's |
|--|-------------------|-------------------|
| Increase in Interest Payable on Variable Rate Borrowing          | 18                | 210               |
| Increase in Interest Receivable on Variable Rate Investments     | (408)             | (89)              |
| <b>Impact on Surplus or Deficit on the Provision of Services</b> | <b>(390)</b>      | <b>121</b>        |

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. Assumptions are based on the same methodology as used in the Fair Value disclosure note.

### Price Risk

The Council does not invest in equity holdings or in financial instruments whose capital value is subject to market fluctuations. It therefore has no exposure to losses arising through price variations.

### Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

### 33. CAPITAL COMMITMENTS

At 31st March 2024, the Council had entered into a number of contracts for the construction or enhancement of property plant and equipment in future years budgeted to cost £39.851 million. Similar commitments at 31st March 2023 were £10.687 million. The major commitments are:

| <b>Scheme</b>            | <b>Commitment<br/>£'000</b> |
|--------------------------|-----------------------------|
| House Building Programme | 9,315                       |
| Eon Net Zero Project     | 2,867                       |
| Epping Leisure Centre    | 27,669                      |
| <b>Total</b>             | <b>39,851</b>               |

# Housing revenue account income and expenditure statement



|  | Note | 2023/24<br>£000's | 2022/23<br>£000's |
|--|------|-------------------|-------------------|
| <b>Income</b>  |      |                   |                   |
| Dwelling Rents   | 4    | (37,751)          | (35,294)          |
| Non Dwelling Rents   |      | (791)             | (764)             |
| Charges for Services and Facilities  |      | (1,922)           | (1,484)           |
| Contributions Towards Expenditure  |      | (495)             | (427)             |
| <b>Total Income</b>  |      | <b>(40,959)</b>   | <b>(37,969)</b>   |
| <b>Expenditure</b>   |      |                   |                   |
| Repairs and Maintenance  |      | 12,394            | 9,897             |
| Supervision and Management   |      | 11,481            | 11,615            |
| Revaluation of Fixed Assets  |      | 794               | 3,225             |
| Rents, Rates, Taxes and Insurance  |      | 614               | 525               |
| Depreciation and Amortisation  | 9    | 11,154            | 10,490            |
| Debt Management  |      | 20                | 20                |
| Provision for bad and doubtful debt  |      | (20)              | 116               |
| <b>Total Expenditure</b>   |      | <b>36,437</b>     | <b>35,888</b>     |
| <b>Net Cost of Services as Included in the Comprehensive Income and Expenditure Statement</b>          |      | <b>(4,522)</b>    | <b>(2,081)</b>    |
| HRA services share of Corporate Expenses   |      | 259               | 320               |
| <b>Net Cost (Income) of HRA Services</b>   |      | <b>(4,263)</b>    | <b>(1,761)</b>    |
| HRA Share of the Income and Expenditure included in the Comprehensive Income and Expenditure Statement |      | (4,263)           | (1,761)           |
| Capital Grants and Contributions   |      | (1,955)           | (437)             |
| Gain on Sale of HRA Non-Current Assets   |      | (819)             | (2,090)           |
| Interest Payable and similar charges   |      | 5,389             | 5,348             |
| Interest and Investment Income   |      | (524)             | (294)             |
| Changes in Fair Value of Investment Properties   |      | (5)               | 5                 |
| Changes in Fair Value of RTM Properties  |      | (37)              | -                 |
| Pensions Interest / Return on Assets   |      | 282               | 152               |
| <b>(Surplus) / Deficit for the Year on HRA Services</b>  |      | <b>(1,932)</b>    | <b>923</b>        |

## Movement on Housing Revenue Account Statement

The Housing Revenue Account (HRA) Income and Expenditure Statement shows the Council's actual financial performance for the year in managing its Housing Stock, measured in terms of the resources consumed and generated over the last twelve months. However:

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- The payment of a share of housing capital receipts to the Government is treated as a loss in the Income and Expenditure Account, but is met from the Usable Capital Receipts balance rather than Council Tax; and
- Retirement benefits are charged as amounts become payable to pension funds and pensioners rather than as future benefits earned.

The Housing Revenue Account Statement compares the Council's spending against the income that it raised for the year, taking account of the use of reserves built up in the past and contributions to reserves earmarked for the future.

This reconciliation statement summarises the differences between the outturn in the HRA Income and Expenditure Statement and the HRA balance.

| <b>Increase / Decrease in the Housing Revenue Account Balance</b>                                    | <b>Note</b> | <b>2023/24<br/>£000</b> | <b>2022/23<br/>£000</b> |
|--|-------------|-------------------------|-------------------------|
| (Surplus)/ deficit for the year on the Housing Revenue Account Income and Expenditure Statement      |             | (1,932)                 | 923                     |
| Adjustments between accounting basis and funding basis under statute (including to or from reserves) | <b>1</b>    | 1,686                   | (1,311)                 |
| Transfers to Earmarked Reserves  | <b>1</b>    | -                       | -                       |
| <b>(Increase) / decrease in the Housing Revenue Account Balance</b>                                  |             | <b>(246)</b>            | <b>(388)</b>            |
| Housing Revenue Account Surplus Brought Forward  |             | (4,552)                 | (4,164)                 |
| <b>Housing Revenue Account Surplus Carried Forward</b>   |             | <b>(4,798)</b>          | <b>(4,552)</b>          |

## 1. NOTE OF RECONCILING ITEMS FOR THE STATEMENT OF MOVEMENT ON HRA BALANCE

Adjustments between accounting basis and funding basis under the legislative framework.

|  | 2023/24<br>£000's | 2022/23<br>£000's |
|--|-------------------|-------------------|
| <b>Adjustments between accounting basis and funding basis under the legislative framework.</b>   |                   |                   |
| Difference between any other item of income and expenditure determined in accordance with the code and determined in accordance with statutory HRA requirements. | (745)             | (2,979)           |
| Gain / (Loss) on the sale of HRA non-current assets  | 819               | 2,089             |
| HRA share of contributions to or from the pension reserve  | (196)             | (877)             |
| Capital expenditure funded by the HRA  | -                 | -                 |
| Transfer to/from the Major Repairs Reserve   | 11,006            | 10,422            |
| Transfers to/from the Capital Adjustment Account   | (9,198)           | (9,966)           |
| <b>Net additional amount required by statute</b>   | <b>1,686</b>      | <b>(1,311)</b>    |

## 2. HOUSING REVENUE ACCOUNT ASSET VALUATION

The balance sheet values of HRA assets were as follows:

|                             | 31 March<br>2024<br>£000's | 31 March<br>2023<br>£000's |
|-----------------------------|----------------------------|----------------------------|
| Dwellings                   | 803,173                    | 806,892                    |
| Plant, vehicles & equipment | 1,173                      | 1,135                      |
| Other operational property  | 22,188                     | 13,351                     |
| Investment property         | 154                        | 149                        |
| <b>Total</b>                | <b>826,688</b>             | <b>821,527</b>             |

The Dwellings valuation shown in the Balance Sheet represents the value of the Housing Stock to the Council in its existing use as social housing, occupied on the basis of secure tenancies. The corresponding value of those Dwellings if sold on the open market without tenants (i.e. vacant possession) is £2,099,760,050 at 31st March 2024. The difference between the two values represents the economic cost of providing Council Housing at less than open market rent.

## 3. HOUSING STOCK

The Council was responsible for managing on average 6,435 dwellings during 2023/24 (6,442 in 2023/23). Changes in the stock are summarised below. The figures include 54 units for the homeless at Norway House, North Weald.



|                               | 31 March<br>2024 | 31 March<br>2023 |
|-------------------------------|------------------|------------------|
| <b>Stock as at 1 April</b>    | <b>6,442</b>     | <b>6,436</b>     |
| Less:                         |                  |                  |
| Sales                         | (9)              | (16)             |
| Stock Transfers / Conversions | 1                | 1                |
| Other Movements               | 1                | 2                |
| New Properties                | -                | 19               |
| <b>Stock as at 31 March</b>   | <b>6,435</b>     | <b>6,442</b>     |
| Number of:                    |                  |                  |
| Houses and Bungalows          | 3,503            | 3,508            |
| Flats and Maisonettes         | 2,878            | 2,880            |
| Other                         | 54               | 54               |
| <b>Stock as at 31 March</b>   | <b>6,435</b>     | <b>6,442</b>     |

#### 4. GROSS DWELLING RENT INCOME

During 2023/24:

- 1.23% (1.22% in 2022/23) of all lettable dwellings were vacant.
- Average rents were £114.57 per week including affordable rents, an increase of £7.94 or 7.4%, on the previous year.
- On average 53% (33% in 2022/23) of Council tenants received some help through rent rebates in 2023/24.
- Rent arrears increased to £959,233 (£953,975 in 2022/23), which represents 2.4% (2.48% in 2022/23) of gross income.
- The provision for bad and doubtful debts on these arrears amounted to £651,436.42 (£739,609 in 2022/23).
- Amounts written off during the year totalled £59,575 (£54,092 in 2022/23). Dwelling rents are shown after allowing for voids.

#### 5. PENSIONS

The Council recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees rather than when the benefits are eventually paid as pensions. However, the charge made against the HRA is based on the contributions payable to the fund in respect of 2023/24; the real cost of retirement benefits is therefore reversed out of the Housing Revenue Account in the Movement on the HRA balance.

#### 6. HOUSING REVENUE ACCOUNT CAPITAL RECEIPTS

Capital Receipts received from the sale of non-current assets were as follows:

|                                     | 31 March<br>2024<br>£000's | 31 March<br>2023<br>£000's |
|-------------------------------------|----------------------------|----------------------------|
| Sale of Council Houses              | 2,031                      | 3,626                      |
| Disposal of Land and other Property | 23                         | 659                        |
| Other Sales                         | -                          | 51                         |
| <b>Total</b>                        | <b>2,054</b>               | <b>4,336</b>               |

## 7. HOUSING REVENUE ACCOUNT CAPITAL EXPENDITURE

The HRA incurred the following capital expenditure:

| Capital Expenditure             | 31 March<br>2024<br>£000's | 31 March<br>2023<br>£000's |
|---------------------------------|----------------------------|----------------------------|
| Council Dwellings               | 13,406                     | 8,630                      |
| House Building and Developments | 3,289                      | 5,533                      |
| Disabled Adaptations            | 1,107                      | 1,051                      |
| Plant, Vehicles and Equipment   | 174                        | 595                        |
| Environmental Works             | 317                        | 66                         |
| <b>Total Expenditure</b>        | <b>18,293</b>              | <b>15,875</b>              |
| Financed by:                    |                            |                            |
| Major Repairs Reserve           | 15,136                     | 11,300                     |
| Capital Receipts                | 1,052                      | 3,238                      |
| Other Contributions             | 1,955                      | 437                        |
| Borrowing                       | 150                        | 900                        |
| <b>Stock as at 31 March</b>     | <b>18,293</b>              | <b>15,875</b>              |

## 8. MAJOR REPAIRS RESERVE

The Council is required to maintain a Major Repairs Reserve. The Council transfers an amount annually into the reserve to support spending on council dwellings. The reserve is only available for funding repairs of a capital nature or to repay debt. Any sums unspent are carried forward for use in future years. The movement on the reserve is as follows:

|  | 2023/24<br>£000 | 2022/23<br>£000 |
|--|-----------------|-----------------|
| <b>Balance as at 1st April</b>   | <b>(8,486)</b>  | <b>(9,365)</b>  |
| Amount Transferred to the Major Repairs Reserve During the Year  | (11,006)        | (10,422)        |
| Financing in respect of capital expenditure on land, houses and other property within the Authority's HRA. | 15,136          | 11,301          |
| <b>Total Expenditure</b>   | <b>4,130</b>    | <b>879</b>      |
| <b>Balance as at 31st March</b>  | <b>(4,356)</b>  | <b>(8,486)</b>  |

## 9. DEPRECIATION AND IMPAIRMENTS

Depreciation is charged on Housing Revenue Account assets in accordance with IAS 16 with reference to balance sheet values and the average life remaining on the housing stock and its major components. No depreciation is chargeable on the HRA investment assets. The depreciation charge made to the HRA during the year is detailed below.

|                             | <b>31 March<br/>2024<br/>£000's</b> | <b>31 March<br/>2023<br/>£000's</b> |
|-----------------------------|-------------------------------------|-------------------------------------|
| Council Dwellings           | 10,697                              | 10,127                              |
| Plant, vehicles & equipment | 163                                 | 176                                 |
| Land and Buildings          | 24                                  | 26                                  |
| Other assets                | 122                                 | 93                                  |
| <b>Total</b>                | <b>11,006</b>                       | <b>10,422</b>                       |

Revaluation losses of £1.030 million (£4.785 million in 2022/23) have been charged to the HRA during the year. Revaluation gains of £0.240 million (£1.462 million in 2022/23) have also been credited to the HRA to reverse revaluation losses that had been charged in previous years. However, there is no impact on the HRA overall balances as these are reversed out in the Movement in Reserves Statement.

# Collection fund



|  | 2023/24 |                       |                                 | 2022/23                            |                       |                                 |                                    |
|--|---------|-----------------------|---------------------------------|------------------------------------|-----------------------|---------------------------------|------------------------------------|
|  | Note    | Council Tax<br>£000's | Non-Domestic<br>Rates<br>£000's | Collection Fund<br>Total<br>£000's | Council Tax<br>£000's | Non-Domestic<br>Rates<br>£000's | Collection Fund<br>Total<br>£000's |
| <b>Income</b>  |         |                       |                                 |                                    |                       |                                 |                                    |
| Council Tax  | 1       | (112,916)             | -                               | (112,916)                          | (107,564)             | -                               | (107,564)                          |
| Non-Domestic Rates   | 2       | -                     | (33,569)                        | (33,569)                           | -                     | (30,120)                        | (30,120)                           |
| <b>Total Income</b>  |         | <b>(112,916)</b>      | <b>(33,569)</b>                 | <b>(146,485)</b>                   | <b>(107,564)</b>      | <b>(30,120)</b>                 | <b>(137,684)</b>                   |
| <b>Expenditure</b>   |         |                       |                                 |                                    |                       |                                 |                                    |
| <b>Precepts and Demands</b>  |         |                       |                                 |                                    |                       |                                 |                                    |
| Central Government   |         | -                     | 18,299                          | 18,299                             | -                     | 15,771                          | 15,771                             |
| Epping Forest District Council                                     |         | 13,081                | 14,639                          | 27,720                             | 12,526                | 12,617                          | 25,143                             |
| Essex County Council   |         | 79,591                | 3,294                           | 82,885                             | 76,873                | 2,839                           | 79,712                             |
| Essex Police   |         | 12,813                | -                               | 12,813                             | 11,989                | -                               | 11,989                             |
| Essex Fire Authority   |         | 4,406                 | 366                             | 4,772                              | 4,133                 | 316                             | 4,449                              |
| <b>Distribution of Estimated Collection Fund Surplus/(Deficit)</b> |         |                       |                                 |                                    |                       |                                 |                                    |
|  | 3       |                       |                                 |                                    |                       |                                 |                                    |
| Central Government   |         | -                     | 689                             | 689                                | -                     | (5,029)                         | (5,029)                            |
| Epping Forest District Council                                     |         | 94                    | 551                             | 645                                | 165                   | (4,024)                         | (3,859)                            |
| Essex County Council   |         | 577                   | 124                             | 701                                | 997                   | (905)                           | 92                                 |
| Essex Police   |         | 90                    | -                               | 90                                 | 155                   | -                               | 155                                |
| Essex Fire Authority   |         | 31                    | 14                              | 45                                 | 55                    | (101)                           | (46)                               |
| <b>Other</b>   |         |                       |                                 |                                    |                       |                                 |                                    |
| Transitional Protection (NDR)                                      |         | -                     | (4,147)                         | (4,147)                            | -                     | 178                             | 178                                |
| Cost of Collection Allowance (NDR)                                 |         | -                     | 180                             | 180                                | -                     | 176                             | 176                                |
| Provision for Appeals (NDR)  |         | -                     | (1,247)                         | (1,247)                            | -                     | (3,188)                         | (3,188)                            |
| Provision for Non Payment  |         | 868                   | 73                              | 941                                | 3,349                 | 1,556                           | 4,905                              |
| <b>Total Expenditure</b>   |         | <b>111,551</b>        | <b>32,835</b>                   | <b>144,386</b>                     | <b>110,242</b>        | <b>20,206</b>                   | <b>130,448</b>                     |
| <b>Deficit / (Surplus) for the Year</b>                            |         | <b>(1,365)</b>        | <b>(734)</b>                    | <b>(2,099)</b>                     | <b>2,678</b>          | <b>(9,914)</b>                  | <b>(7,236)</b>                     |
| <b>Balance Brought Forward</b>                                     |         | <b>1,334</b>          | <b>(2,586)</b>                  | <b>(1,252)</b>                     | <b>(1,344)</b>        | <b>7,328</b>                    | <b>5,984</b>                       |
| <b>Balance Carried Forward</b>                                     |         | <b>(31)</b>           | <b>(3,320)</b>                  | <b>(3,351)</b>                     | <b>1,334</b>          | <b>(2,586)</b>                  | <b>(1,252)</b>                     |

## 1. COUNCIL TAX

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands, estimating 1st April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Essex County Council, Essex Police, Essex Fire Authority and this Council for the forthcoming year and dividing this by the council tax base (the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts: 54,884 for 2023/24 (54,865 for 2022/23). The basic amount of Council Tax for a Band D property of £2,002.25 for 2023/24 (£1,923.28 for 2022/23) is multiplied by the proportion specified for the band to give an individual amount due.

Total income of £112,916,327 for 2023/24 was receivable from Council Taxpayers (£107,564,536 for 2022/23).

|   | Chargeable Dwellings | Chargeable Dwellings after Discount, Exemptions and Disabled Relief | Ratio to Band D | Band D Equivalents |
|---|----------------------|---|-----------------|--------------------|
| Band A Disabled   | -                    | 5   | 5/9             | 3                  |
| Band A  | 2,061                | 1,671   | 2/3             | 1,114              |
| Band B  | 5,182                | 4,406   | 7/9             | 3,427              |
| Band C  | 11,868               | 10,910  | 8/9             | 9,698              |
| Band D  | 14,200               | 13,480  | 9/9             | 12,967             |
| Band E  | 10,073               | 9,630   | 11/9            | 11,292             |
| Band F  | 7,075                | 6,891   | 13/9            | 9,449              |
| Band G  | 6,245                | 6,142   | 15/9            | 9,667              |
| Band H  | 1,225                | 1,193   | 18/9            | 2,252              |
| <b>Total Band D</b>                                     |                      |   |                 | <b>59,867</b>      |
| Less Band D equivalents entitled to Council Tax Support |                      |   |                 | 3,576              |
| <b>Total Band D Equivalents</b>                         |                      |   |                 | <b>56,290</b>      |
| Less: Adjustment for Collection Rate                    |                      |   |                 | 1,406              |
| <b>Council Tax Base</b>                                 |                      |   |                 | <b>54,884</b>      |

## 2. NON-DOMESTIC RATES

Non-Domestic Rates are organised on a national basis. The Government specifies an amount, 49.9p (small business) and 51.2p (all others) in 2023/24 (49.9p and 51.2p in 2022/23) and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount.

From 1st April 2013 Business Rates Retention was introduced whereby local authorities retain 50% of the Business Rates collected and pay the remainder over to Central government. The amount retained is shared between the Council (40%), Essex County Council (9%) and Essex Fire Authority (1%). In addition, the Government has set a level of Business Rates Funding deemed to be applicable to each area and every Council either receives a top up (where business rates are below this deemed level of funding) or pays a tariff (if business rates collected are above this deemed level of funding). In 2023/24 this Council paid a tariff of £12,773,587 (£10,880,558 in 2022/23). The business rates collected in 23.24 totalled £33,569 million (£30,120 million in 22.23).

If the Council increases its Business Rates base, and therefore its income, it's allowed to retain a proportion of the increased income whilst paying up to 50% to Central Government. This payment is known as a Levy payment.

If a reduction of Business Rates income of more than 7.5% of its funding baseline has occurred, then the Government will make up any difference between this and the actual loss in the form of a Safety Net Payment.

The Council is part of the Essex Business Rates Pool. A pool minimises the potential Levy on Business Rates growth that an individual authority might need to pay Central Government; authorities paying a Tariff to the Government, join a pool with an authority receiving a Top Up. In the case of the Essex Pool, the County Council are receiving a Top Up and the Districts are paying a Tariff, and by pooling their Business Rates can significantly reduce their Levy rates from the 50% they would face alone.

The total Non-Domestic Rateable Value at the year-end was £109,550,893 (£96,480,531 in 2022/23).

### **3. CONTRIBUTIONS TO COLLECTION FUND SURPLUSES AND DEFICITS**

The surplus or deficit on the Collection Fund arising from Council Tax and Business Rates transactions relates to this Council, other major precepting authorities and Central Government. The surplus or deficit on the fund is estimated as at 15th January every year and paid over or recovered from the Council's General Fund and major precepting authorities in the following financial year. The balance on the Fund represents the difference between the estimated surplus or deficit and the actual position.

# Group accounts



## Introduction

In order to present a full picture of the Council's financial position and its exposure to risk, the Group Accounts show the combined position of the Council and its subsidiary companies.

The Qualis group of companies was incorporated in October 2019. The Council has owned 100% of the shares for the whole life of all of the companies. The Qualis group comprises four companies:

- Qualis Group Ltd
- Qualis Commercial Ltd
- Qualis Living Ltd; and
- Qualis Property Solutions Ltd.

With effect from 5th October 2020, Qualis Property Solutions Ltd has provided the main part of the Repairs and Maintenance service for the Council's housing stock.

## Accounting Policies

The Qualis group of companies have a financial year from 1st October to 30th September. These Group Accounts have been prepared using the best estimates provided by the group of activities from 1st April 2023 to 31st March 2024 and of the financial position of the group as at 31st March 2024. It is expected that the financial year end of the Qualis Group Companies will be brought into line with the council's year end by 31st March 2025.

Qualis companies' policy is to classify some expenditure on preparation and planning for future contracts as "Work In Progress" and this expenditure is included in the Group Balance Sheet within Current Assets as Inventories.

The Qualis group of companies initially had a financial year from 1st November to 31st October, but this has now been amended to run from 1st October to 30th September. These Group Accounts have been prepared using the best estimates provided by the group of activities from 1st April 2023 to 31st March 2024 and of the financial position of the group as at 31st March 2024.

Qualis companies' policy is to classify some expenditure on preparation and planning for future contracts as "prepayments" and this expenditure is included in the Group Balance Sheet within Debtors and Prepayments.

### Investment Properties

Investment properties are those which are held solely to earn rentals or for capital appreciation purposes. The definition is not met if the property is used in any way to facilitate the delivery of services or is held for sale.



Investment properties are measured initially at cost and subsequently at fair value, based on the highest and best use value of the asset. Investment properties are not depreciated but are re-valued annually according to market conditions to ensure that they are held at the highest and best use value on the Balance Sheet date. Gains and losses on revaluation are posted to the profit and loss. The same treatment is applied to gains and losses on disposal. These revaluations are then transferred from the profit and loss account in the balance sheet to the revaluation reserve. Rentals received in relation to investment properties are credited to the profit and loss account as other operating income.

#### Basic Financial Assets

Basic financial assets, which include debtors, and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

#### Pension Costs

The companies operate a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

## Group Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation or rents. Authorities raise taxation and rents to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the expenditure and funding analysis and the Movement in Reserves Statement.

|  | 2023/24   |                   |                 | 2022/23         |                   |                 |                 |
|--|-----------|-------------------|-----------------|-----------------|-------------------|-----------------|-----------------|
|  |           | Gross Expenditure | Income          | Net Expenditure | Gross Expenditure | Income          | Net Expenditure |
|  | Note      | £000's            | £000's          | £000's          | £000's            | £000's          | £000's          |
| Chief Executive  |           | 605               | (306)           | 299             | 711               | (321)           | 390             |
| Community & Wellbeing Services                           |           | 3,442             | (2,097)         | 1,345           | 3,864             | (1,762)         | 2,102           |
| Commercial & Technical Services                          |           | 19,751            | (9,490)         | 10,261          | 18,380            | (8,138)         | 10,242          |
| Corporate Services                                       |           | 9,030             | (2,717)         | 6,313           | 10,569            | (3,155)         | 7,414           |
| Customer Services  |           | 26,235            | (24,183)        | 2,052           | 26,859            | (23,965)        | 2,894           |
| Finance & Audit Services                                 |           | 2,186             | (872)           | 1,314           | 2,310             | (821)           | 1,489           |
| Housing & Property Services                              |           | 2,189             | (802)           | 1,387           | 2,197             | (529)           | 1,668           |
| Place  |           | 616               | (403)           | 213             | 472               | (178)           | 294             |
| Planning Development Services                            |           | 4,616             | (2,974)         | 1,642           | 5,642             | (3,455)         | 2,187           |
| Strategy, Delivery & Performance                         |           | 656               | (135)           | 521             | 690               | (5)             | 685             |
| Housing Revenue Account                                  |           | 36,696            | (40,959)        | (4,263)         | 36,208            | (37,969)        | (1,761)         |
| <b>Net Cost of Services</b>                              |           | <b>106,022</b>    | <b>(84,938)</b> | <b>21,084</b>   | <b>107,902</b>    | <b>(80,298)</b> | <b>27,604</b>   |
| Other Operating (Income) /Expenditure                    |           |                   |                 | <b>(80,821)</b> |                   |                 | <b>2,004</b>    |
| Financing and Investment Income and Expenditure          |           |                   |                 | <b>(9,940)</b>  |                   |                 | <b>20,094</b>   |
| Taxation and Non-Specific Grant Income                   |           |                   |                 | <b>(24,538)</b> |                   |                 | <b>(21,402)</b> |
| <b>(Surplus)/Deficit on Provision of Services</b>        |           |                   |                 | <b>(94,215)</b> |                   |                 | <b>28,300</b>   |
| (Surplus) on Revaluation of Property Plant and Equipment |           |                   |                 | <b>(768)</b>    |                   |                 | <b>(27,122)</b> |
| Actuarial (Gains)/Losses on Pension Assets/Liabilities   |           |                   |                 | <b>3,991</b>    |                   |                 | <b>(49,188)</b> |
| <b>Total Comprehensive Income and Expenditure</b>        | <b>G1</b> |                   |                 | <b>(90,992)</b> |                   |                 | <b>(48,010)</b> |

## Group Movement in Reserves Statement

|  | EFDC Single Entity   |                         |                    |                          |                       |                        |                       |                         |                | Qualis          |                 | Group                       |                               |                      |
|--|----------------------|-------------------------|--------------------|--------------------------|-----------------------|------------------------|-----------------------|-------------------------|----------------|-----------------|-----------------|-----------------------------|-------------------------------|----------------------|
|  | General Fund Balance | Housing Revenue Account | Earmarked Reserves | Capital Receipts Reserve | Major Repairs Reserve | Capital Grants Applied | Total Usable Reserves | Total Unusable Reserves | Total Reserves | Qualis Usable   | Qualis Unusable | Group Total Usable Reserves | Group Total Unusable Reserves | Group Total Reserves |
| Movements in 2023/24   | £000's               | £000's                  | £000's             | £000's                   | £000's                | £000's                 | £000's                | £000's                  | £000's         | £000's          | £000's          | £000's                      | £000's                        | £000's               |
| Balance as at 1st April 2023   | 3,219                | 4,552                   | 3,820              | 12,218                   | 8,487                 | 1,709                  | 34,005                | 775,324                 | 809,329        | (10,167)        | 1,677           | 23,838                      | 777,001                       | 800,839              |
| Surplus / (Deficit) on Provision of Services                           | 99,155               | 1,932                   | -                  | -                        | -                     | -                      | 101,087               | -                       | 101,087        | (6,873)         | -               | 94,214                      | -                             | 94,214               |
| Other Comprehensive Income and Expenditure                             | -                    | -                       | -                  | -                        | -                     | -                      | -                     | (1,585)                 | (1,585)        | -               | -               | -                           | (1,585)                       | (1,585)              |
| <b>Total Comprehensive Income and Expenditure</b>                      | <b>99,155</b>        | <b>1,932</b>            | <b>-</b>           | <b>-</b>                 | <b>-</b>              | <b>-</b>               | <b>101,087</b>        | <b>(1,585)</b>          | <b>99,502</b>  | <b>(6,873)</b>  | <b>-</b>        | <b>94,214</b>               | <b>(1,585)</b>                | <b>92,629</b>        |
| Adjustment Between Accounting and Funding Basis Under Regulations      | (97,517)             | (1,686)                 | -                  | 88,300                   | (4,130)               | (81)                   | (15,114)              | 15,114                  | -              | -               | -               | (15,114)                    | 15,114                        | -                    |
| <b>Net Increase / (Decrease) before Transfer to Earmarked Reserves</b> | <b>1,638</b>         | <b>246</b>              | <b>-</b>           | <b>88,300</b>            | <b>(4,130)</b>        | <b>(81)</b>            | <b>85,973</b>         | <b>13,529</b>           | <b>99,502</b>  | <b>(6,873)</b>  | <b>-</b>        | <b>79,100</b>               | <b>13,529</b>                 | <b>92,629</b>        |
| Transfer to Earmarked Reserves   | (857)                | -                       | 857                | -                        | -                     | -                      | -                     | -                       | -              | -               | -               | -                           | -                             | -                    |
| <b>Increase / (Decrease) in Year</b>                                   | <b>781</b>           | <b>246</b>              | <b>857</b>         | <b>88,300</b>            | <b>(4,130)</b>        | <b>(81)</b>            | <b>85,973</b>         | <b>13,529</b>           | <b>99,502</b>  | <b>(6,873)</b>  | <b>-</b>        | <b>79,100</b>               | <b>13,529</b>                 | <b>92,629</b>        |
| Other Adjustments  | -                    | -                       | -                  | -                        | -                     | -                      | -                     | 40                      | 40             | -               | (1,677)         | -                           | (1,637)                       | (1,637)              |
| <b>Balance as at 31st March 2024</b>                                   | <b>4,000</b>         | <b>4,798</b>            | <b>4,677</b>       | <b>100,518</b>           | <b>4,357</b>          | <b>1,628</b>           | <b>119,978</b>        | <b>788,893</b>          | <b>908,871</b> | <b>(17,040)</b> | <b>-</b>        | <b>102,938</b>              | <b>788,893</b>                | <b>891,831</b>       |

|  | EFDC Single Entity   |                         |                    |                          |                       |                        |                       |                         |                | Qualis          |                 | Group                       |                               |                      |
|--|----------------------|-------------------------|--------------------|--------------------------|-----------------------|------------------------|-----------------------|-------------------------|----------------|-----------------|-----------------|-----------------------------|-------------------------------|----------------------|
|  | General Fund Balance | Housing Revenue Account | Earmarked Reserves | Capital Receipts Reserve | Major Repairs Reserve | Capital Grants Applied | Total Usable Reserves | Total Unusable Reserves | Total Reserves | Qualis Usable   | Qualis Unusable | Group Total Usable Reserves | Group Total Unusable Reserves | Group Total Reserves |
| Movements in 2022/23   | £000's               | £000's                  | £000's             | £000's                   | £000's                | £000's                 | £000's                | £000's                  | £000's         | £000's          | £000's          | £000's                      | £000's                        | £000's               |
| Balance as at 1st April 2022   | 4,070                | 4,164                   | 6,628              | 11,910                   | 9,365                 | 1,607                  | 37,744                | 721,122                 | 758,866        | (3,338)         | (2,659)         | 34,406                      | 718,463                       | 752,869              |
| Surplus / (Deficit) on Provision of Services                           | (20,448)             | (923)                   | -                  | -                        | -                     | -                      | (21,371)              | -                       | (21,371)       | (6,930)         | -               | (28,301)                    | -                             | (28,301)             |
| Other Comprehensive Income and   | -                    | -                       | -                  | -                        | -                     | -                      | -                     | 71,874                  | 71,874         | -               | -               | -                           | 71,874                        | 71,874               |
| <b>Total Comprehensive Income and Expenditure</b>                      | <b>(20,448)</b>      | <b>(923)</b>            | <b>-</b>           | <b>-</b>                 | <b>-</b>              | <b>-</b>               | <b>(21,371)</b>       | <b>71,874</b>           | <b>50,503</b>  | <b>(6,930)</b>  | <b>-</b>        | <b>(28,301)</b>             | <b>71,874</b>                 | <b>43,573</b>        |
| Adjustment Between Accounting and Funding Basis Under Regulations      | 16,791               | 1,311                   | -                  | 308                      | (878)                 | 102                    | 17,634                | (17,634)                | -              | -               | -               | 17,634                      | (17,634)                      | -                    |
| <b>Net Increase / (Decrease) before Transfer to Earmarked Reserves</b> | <b>(3,657)</b>       | <b>388</b>              | <b>-</b>           | <b>308</b>               | <b>(878)</b>          | <b>102</b>             | <b>(3,737)</b>        | <b>54,240</b>           | <b>50,503</b>  | <b>(6,930)</b>  | <b>-</b>        | <b>(10,667)</b>             | <b>54,240</b>                 | <b>43,573</b>        |
| Transfer to Earmarked Reserves   | 2,806                | -                       | (2,806)            | -                        | -                     | -                      | -                     | -                       | -              | -               | -               | -                           | -                             | -                    |
| <b>Increase / (Decrease) in Year</b>                                   | <b>(851)</b>         | <b>388</b>              | <b>(2,806)</b>     | <b>308</b>               | <b>(878)</b>          | <b>102</b>             | <b>(3,737)</b>        | <b>54,240</b>           | <b>50,503</b>  | <b>(6,930)</b>  | <b>-</b>        | <b>(10,667)</b>             | <b>54,240</b>                 | <b>43,573</b>        |
| Other Adjustments  | -                    | -                       | (2)                | -                        | -                     | -                      | (2)                   | (38)                    | (40)           | 101             | 4,336           | 99                          | 4,298                         | 4,397                |
| <b>Balance as at 31st March 2023</b>                                   | <b>3,219</b>         | <b>4,552</b>            | <b>3,820</b>       | <b>12,218</b>            | <b>8,487</b>          | <b>1,709</b>           | <b>34,005</b>         | <b>775,324</b>          | <b>809,329</b> | <b>(10,167)</b> | <b>1,677</b>    | <b>23,838</b>               | <b>777,001</b>                | <b>800,839</b>       |

## Group Balance Sheet

|                                      | 31 March 2024 |                  | 31 March 2023    |                  |                  |
|--------------------------------------|---------------|------------------|------------------|------------------|------------------|
|                                      | Note          | £000's           | £000's           | £000's           | £000's           |
| <b>Long Term Assets</b>              |               |                  |                  |                  |                  |
| Property, Plant & Equipment          |               | 887,025          |                  | 879,418          |                  |
| Heritage Assets                      |               | 620              |                  | 620              |                  |
| Investment Properties                |               | 191,947          |                  | 177,286          |                  |
| Intangible Assets                    |               | 1,884            |                  | 1,450            |                  |
| Long Term Debtors                    | <b>G2</b>     | 308              |                  | (44)             |                  |
| Pension Asset                        |               | -                |                  | 1,677            |                  |
| <b>Total Long Term Assets</b>        |               | <b>1,081,784</b> |                  | <b>1,060,407</b> |                  |
| <b>Current Assets</b>                |               |                  |                  |                  |                  |
| Short-term investments               |               | 19,156           |                  | -                |                  |
| Inventories                          | <b>G3</b>     | 39,527           |                  | 29,365           |                  |
| Debtors                              | <b>G4</b>     | 17,494           |                  | 13,575           |                  |
| Cash & Cash Equivalents              | <b>G5</b>     | 18,835           |                  | 15,076           |                  |
|                                      |               |                  | <b>95,012</b>    |                  | <b>58,016</b>    |
| <b>Current Liabilities</b>           |               |                  |                  |                  |                  |
| Creditors                            |               | (26,112)         |                  | (27,900)         |                  |
| Provisions                           |               | (608)            |                  | (1,106)          |                  |
| Short-Term Loans                     |               | (5,090)          |                  | (38,175)         |                  |
|                                      |               |                  | <b>(31,810)</b>  |                  | <b>(67,181)</b>  |
| <b>Long Term Liabilities</b>         |               |                  |                  |                  |                  |
| Long-Term Loans                      |               | (248,402)        |                  | (244,506)        |                  |
| Pensions Liability                   | <b>G6</b>     | (3,893)          |                  | (4,208)          |                  |
| Provision for Deferred tax           |               | (860)            |                  | (1,689)          |                  |
|                                      |               |                  | <b>(253,155)</b> |                  | <b>(250,403)</b> |
| <b>Total Assets Less Liabilities</b> |               |                  | <b>891,831</b>   |                  | <b>800,839</b>   |
| Usable Reserves                      |               | (102,938)        |                  | (23,838)         |                  |
| Unusable Reserves                    |               | (788,893)        |                  | (777,001)        |                  |
|                                      |               |                  | <b>(891,831)</b> |                  | <b>(800,839)</b> |

These Financial Statements replace the unaudited financial statements confirmed by the Strategic Director and Section 151 officer on the 11 October 2024.



**Andrew Small CPFA**  
Section 151 Officer

Dated: 27 February 2025

## Group Cash Flow Statement

|  | 2023/24<br>£000's | 2022/23<br>£000's |
|--|-------------------|-------------------|
|  | <b>Note</b>       |                   |
| Net Surplus/(Deficit) on Provision of Services   | 94,741            | (28,300)          |
| Adjustments to net surplus or deficit on the provision of services for non-cash movements  | (11,153)          | 19,912            |
| Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities | (121,219)         | (14,037)          |
| <b>Net cash flows from Operating Activities</b>  | <b>(37,631)</b>   | <b>(22,425)</b>   |
| Investing Activities   | 45,944            | (12,641)          |
| Financing Activities   | (4,554)           | 26,032            |
| <b>Net Increase or (Decrease) in cash and cash equivalents</b>   | <b>3,759</b>      | <b>(9,034)</b>    |
| Cash and Cash Equivalents at the beginning of the reporting period   | 15,076            | 24,110            |
| <b>Cash and Cash equivalents at the end of the reporting period</b>  | <b>18,835</b>     | <b>15,076</b>     |

### G1. OTHER OPERATING EXPENDITURE

Total comprehensive expenditure for all Qualis companies for 2023/24 was £6.873 million, which included a £5.415 million reduction on the revaluation of investment properties.

## G2. LONG-TERM DEBTORS

|   | 31 March<br>2024 EFDC<br>(Single entity)<br>Note 14<br>£000 | 31 March<br>2024<br>EFDC<br>GROUP<br>£000's | 31 March<br>2023 EFDC<br>(Single entity)<br>Note 14<br>£000 | 31 March<br>2023<br>EFDC<br>GROUP<br>£000's |
|---|---|---|---|---|
| Capital Advances (B3 Living)                  | 344   | 344   | 362   | 362   |
| Rents to Mortgages                            | 1,611   | 1,611                                       | 1,578   | 1,578                                       |
| Home Assist Loans                             | 203   | 203   | 224   | 224   |
| Place Loan                                    | -   | -   | 100   | 100   |
| S278 Bond                                     | 193   | 193   | -   | -   |
| Qualis Loans                                  | 90,529  | -   | 66,489  | -   |
| Provision for Credit losses                   | (2,042)   | (2,042)                                     | (2,308)   | (2,308)                                     |
| <b>Net Carrying Amount at end of the year</b> | <b>90,838</b>   | <b>309</b>                                  | <b>66,445</b>   | <b>(44)</b>                                 |

## G3. INVENTORIES

Inventories in Qualis companies are fixed assets that were reclassified to work-in-progress (WIP)/inventories as the were ready for sale.

## G4. DEBTORS AND PREPAYMENTS

|  | 31 March<br>2024 EFDC<br>(Single entity)<br>Note 16<br>£000 | 31 March<br>2024<br>EFDC<br>GROUP<br>£000's | 31 March<br>2023 EFDC<br>(Single entity)<br>Note 16<br>£000 | 31 March<br>2023<br>EFDC<br>GROUP<br>£000's |
|--|---|---|---|---|
| Government Departments and Other Local Authorities | 3,477   | 3,477                                       | 3,408   | 3,408                                       |
| Council Tax Arrears                                | 2,332   | 2,332                                       | 2,239   | 2,239                                       |
| NDR Arrears  | 1,905   | 1,905                                       | 1,626   | 1,626                                       |
| Housing Rent Arrears                               | 959   | 959   | 954   | 954   |
| Sundry Debtors                                     | 10,620  | 15,660                                      | 10,511  | 11,566                                      |
| Prepayments & Deposits                             | 772   | 772   | 1,341   | 1,341                                       |
| Qualis Loan  | 4,059   | -   | 2,181   | -   |
| Bad Debt provision                                 | (7,611)   | (7,611)                                     | (7,559)   | (7,559)                                     |
| <b>Total</b>                                       | <b>16,513</b>   | <b>17,494</b>                               | <b>14,702</b>   | <b>13,575</b>                               |

## G5. CASH AND CASH EQUIVALENTS

|  | 31 March<br>2024 EFDC<br>(Single<br>entity)<br>Note 17<br>£000 | 31 March<br>2024<br>EFDC<br>GROUP<br>£000's | 31 March<br>2023 EFDC<br>(Single<br>entity)<br>Note 17<br>£000 | 31 March<br>2023<br>EFDC<br>GROUP<br>£000's |
|--|--|---|--|---|
| Cash                                   | -  | -   | 4  | 4   |
| Bank Current Accounts                  | (7,541)  | (5,665)                                     | (208)  | 2,072                                       |
| Investment MMF                         | 21,500   | 21,500                                      | 10,000   | 10,000                                      |
| Investment DMADF                       | 3,000  | 3,000                                       | 3,000  | 3,000                                       |
| <b>Total Cash and Cash Equivalents</b> | <b>16,959</b>  | <b>18,835</b>                               | <b>12,796</b>  | <b>15,076</b>                               |

## G6. PENSIONS

The Net Pension Liability in Qualis subsidiaries was calculated in respect of pension benefits provided by the Local Government Pension Scheme (the LGPS) to employees of Qualis Management (the Employer) as at 31st March 2024.

Further information about the LGPS can be found in Note 31 of the EFDC Single Entity Accounts.

| Pension Assets and Liabilities Recognised in the Balance Sheet | 31 March<br>2024 EFDC<br>(Single entity)<br>Note 31<br>£000's | 31 March<br>2023 EFDC<br>(Single entity)<br>Note 31<br>£000's |
|--|---|---|
| Present Value of Liabilities                                   | (179,465)   | (180,747)   |
| Present Value of the Unfunded Obligation                       | 229,479   | 208,651   |
| Fair Value of Scheme Assets                                    | (1,785)   | (1,992)   |
| Impact of asset ceiling  | (52,122)  | (30,120)  |
| <b>EFDC Net Asset /(Liability) in the Balance Sheet</b>        | <b>(3,893)</b>  | <b>(4,208)</b>  |
| Group - Net Liability in Qualis subsidiaries                   | -   | 1,677   |
| <b>EFDC GROUP Net Asset/ (Liability) in the Balance Sheet</b>  | <b>(3,893)</b>  | <b>(2,531)</b>  |





## Annual Governance Statement 2023/24

### 1. Scope of Responsibility

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

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

The Council has approved and adopted a Local Code of Governance (last reviewed February 2024), which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government and forms part of the Council's Constitution.

This statement explains how the Council has complied with the Code and meets the requirements of Regulation 6(1) of the Accounts and Audit Regulations 2015, which requires all relevant bodies to prepare an annual governance statement (AGS).

### 2. The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values for the direction and control of the Council and its activities through which it accounts to, engages with, and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risks of failure to achieve policies, 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 the risks to the achievement of the Council's policies, aims and objectives. It is also responsible for evaluating the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively, and economically.

The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).

### 3. Review of Effectiveness

The Council is responsible for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of effectiveness is informed by various sources and concludes that the arrangements continue to be regarded as fit for purpose in accordance with the Council's governance framework as set out below.

The tables below summarise the effectiveness of the Council’s Governance Framework for the year ending 31 March 2024 and up to the date of approval of this Statement and the Statement of Accounts which is achieved through the following seven CIPFA/SOLACE principles:

- (i) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- (ii) Ensuring openness and comprehensive stakeholder engagement.
- (iii) Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- (iv) Determining the interventions necessary to optimise the achievement of intended outcomes.
- (v) Developing the Council’s capacity, including the capability of leadership and the individuals within it.
- (vi) Managing risks and performance through robust internal control and strong public financial management; and
- (vii) Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

#### 4. Overall opinion of Epping Forest District Council’s Governance Arrangements

The Corporate Governance Group has undertaken an assessment of the arrangements for governance during 2023/24 including a review of the assurance checklists and statements submitted by managers. It has concluded that arrangements are fit for purpose and working effectively.

This AGS demonstrates that the Council has sound governance arrangements in place which continued to work well in practice for the 2023/24 financial year. However, the Council is not complacent and areas for improvement or development are detailed in Section 5.

|  |  |
|--|--|
| <p><b>Principle A</b></p> <p>Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.</p> | <p>The Council’s Constitution sets out the principles, rules, and protocols for the way in which the Council conducts its business and complies with the provisions of the Local Government Act 2000. It includes the processes by which decisions are made and who is responsible for what. The role of the Head of Paid Service is discharged by the Chief Executive, the Section 151 Officer by the Strategic Director, and the Monitoring Officer by the Legal Services Manager. The Constitution is republished when updates are made. This was most recently carried out in January 2024.</p> <p>Financial Regulations are included within the Constitution and will be reviewed during 2024/25 to ensure they remain fit for purpose.</p> <p>Procurement arrangements demonstrate good practice, compliance with legislation, value for money and public accountability. The Council’s Procurement Rules are periodically reviewed, updated, and disseminated to staff.</p> <p>Codes of Conduct for members and officers are contained within the Constitution to ensure high standards of conduct. Breaches of the members code are investigated by the Monitoring Officer and reported to the Standards Committee.</p> <p>Members and officers must register any interests and declare any gifts or hospitality in the appropriate registers in line with their codes of conduct. The processes for this will be reviewed in 2024/25 to ensure they are robust.</p> <p>The Antifraud and Corruption Strategy and Whistleblowing (Confidential Reporting) policy have been reviewed and updated in February 2024 and promotes a zero-tolerance approach.</p> |
|--|--|

|  |   |
|--|---|
| <p><b>Principle B</b></p> <p>Ensuring openness and comprehensive stakeholder engagement.</p>                               | <p>All Cabinet, Audit and Governance, Planning and Overview &amp; Scrutiny Committee meetings are webcast for transparency. Agendas and minutes of Council meetings are publicly available.</p> <p>The Council's website is regularly updated and contains information about the Council including contact details.</p> <p>The Council has a raft of key partnerships in place including its wholly owned subsidiary Qualis, Community Safety Partnership, North Essex Economic Board, Health and Wellbeing Board, and NHS to name but a few. The Council also shares service with other councils including payroll, Internal Audit, and legal services.</p> <p>The Council's <u>customer complaints policy</u> sets out how to make a complaint. If you believe your concerns have not been appropriately addressed, you can take your case to the Local Government Ombudsman or the Housing Ombudsman who will independently review it.</p> <p>The Tenant's and Leaseholders' Panel is consulted regarding housing policies, most recently on the Condensation, Damp and Mold policy.</p> <p>A dedicated officer ensures Freedom of Information and data access requests are responded to in line with legal requirements, with technical advice and support provided by the Council's Data Protection Officer.</p> |
| <p><b>Principle C</b></p> <p>Defining outcomes in terms of sustainable economic, social, and environmental benefits.</p>   | <p>The <u>Corporate Plan 2023-27</u> sets out the Council's values, behaviours and priorities. It defines the goals to be achieved and is supported by service plans.</p> <p>The <u>Local Plan 2011-2033</u> was adopted by the Council in March 2023 and supports the Council's vision for the district.</p> <p>The Council's Economic Development Strategy, <u>Nurturing Growth 2022-2025</u>, sets out the priorities for the district. The Council is a key partner in the Essex and Hertfordshire Digital Innovation Zone.</p> <p>Demonstrated a collaborative approach to working through the Epping Forest Community Safety Partnership.</p> <p>A <u>Health and Wellbeing Strategy</u> approved by partners.</p> <p>An EFDC Employee and Member Travel Plan which promotes sustainable travel.</p>   |
| <p><b>Principle D</b></p> <p>Determining the interventions necessary to optimise the achievement of intended outcomes.</p> | <p>The <u>Corporate Plan 2023-27</u> is subject to annual review and performance monitoring. Delivery of the Plan will be measured through Objectives and Key Results.</p> <p>Major projects are tracked through monthly Portfolio Steering Group meetings attended by members of the Senior Leadership Team in addition to Programme Management Office staff. Project Management processes are subject to ongoing improvements to work in the best interests of the Council.</p> <p>Key Performance Indicators and action plans for indicators that are out of tolerance are reported to members.</p> <p>Decision making processes receive objective and rigorous analysis including involvement of the Monitoring Officer and Section 151 Officer.</p> <p>Robust budget preparation processes reflect the Council's objectives and the medium-term financial plan have been embedded.</p>   |

|   |   |
|---|---|
| <p><b>Principle E</b></p> <p>Developing the Council's capacity, including the capability of its leadership and the individuals within it.</p> | <p>The People Strategy 2023-27 ensures that the Council recruits and retains staff, develops skills, and ensures those skills are deployed effectively to improve resilience across the organisation.</p> <p>The Council is embarking on back office shared services with Colchester City and Braintree District Councils. This has been endorsed by the Senior leadership teams from across the three authorities.</p> <p>There are established induction and training programmes for both existing and new councilors and staff available through the Litmos eLearning platform and through external training opportunities. Mandatory training is tracked to ensure it is completed.</p> <p>A formal staff Personal Development Review (PDR) process and all staff have access to health and wellbeing support.</p> <p>Statutory Officers have the qualifications, skills, resources and support necessary to perform their roles effectively.</p>   |
| <p><b>Principle F</b></p> <p>Managing risks and performance through robust internal control and strong public financial management</p>        | <p>The Council's Risk Management Policy and Strategy applies best practice to the identification, evaluation, and control of key risks that could impact on the achievement of the Council's objectives and service priorities. The Corporate Risk Register is owned by the Senior Leadership Team and is reported to the Audit and Governance Committee for comment and Cabinet for approval.</p> <p>Strategic risk management is supported by operational and project level risk registers, which are owned by each Service Director or project owner. Agreed actions to manage and reduce risk have been incorporated into the relevant service or project plans.</p> <p>Robust business continuity/emergency planning processes are in place to respond to and continue to provide services in an emergency or event. Business Continuity plans have been completed in the year and exercises undertaken to test these.</p> <p>The Council has an effective health and safety management framework which seeks to ensure compliance with the law. This includes regular training for staff.</p> <p>Counter fraud and anticorruption arrangements are in place, including an established Corporate Fraud Team. The Antifraud and Corruption Strategy and Whistleblowing policy are updated annually.</p> <p>There is a designated Data Protection Officer and arrangements are in place for the safe management of data. Data sharing agreements are in place where the Council shares data with other bodies.</p> |

|  |   |
|--|---|
| <p><b>Principle G</b></p> <p>Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.</p> | <p>The Council has three Scrutiny Committees: Place, Overview and Scrutiny Communities. Their primary role is to hold local decision-makers to account and to help improve local services by reviewing and challenging decisions taken by the Council and its partners; undertaking investigations into services or policy areas which are of interest or concern to people in the district; and making evidence-based recommendations to improve services provided by the Council and partner organisations.</p> <p>The Audit and Governance Committee met four times in the year and includes independent members. Internal audit and external audit programs are presented for member scrutiny and tracked, and clear processes ensure external and internal audit recommendations are acted upon by managers and the Council.</p> <p>The internal audit function is delivered in line with the Public Sector Internal Audit Standards and provides assurance on governance, risk management and controls.</p> <p>Effective arrangements are in place to produce the Annual Governance Statement, including assurance statements from directors. The Local Code of Governance is reviewed and updated annually.</p> <p>The Council is reviewing its Publication Scheme to ensure transparency information is provided in line with the Transparency Code 2015.</p> <p>Shared service arrangements are appropriately governed to ensure accountability in terms of achieving outcomes and managing risks.</p> |
|--|---|

## 5. Significant Governance Issues

This final part of the Annual Governance Statement (AGS) outlines the actions taken, or proposed, to deal with significant governance issues or risks. The Council's Corporate Governance Group, which monitors and reviews the corporate governance framework, has ensured that issues raised in the previous AGS have been addressed as detailed in Table 1.

Other governance issues identified to further strengthen arrangements are detailed in Table 2 below.

**Table 1: Progress on significant governance issues identified in the 2023/24 AGS**

| No. | Significant issue identified in 2022/23 AGS   | Action taken in 2023/24 to address the issue  |
|-----|---|---|
| 1   | <p><b>Economic Issues</b></p> <p>At the time of preparing this (2022/23) AGS, economic volatility – both nationally and globally – continues, although there are some early signs of stability emerging with inflation beginning to settle down (CPI peaked at 11.1% in October 2022), with notable reductions in fuel and energy prices. Interest rates though continue to rise as the Government strives to further dampen inflation. This is having a direct impact on both the Council and Qualis, threatening the viability of a range of capital schemes.</p> <p>The economic situation is also proving challenging for the local community and is increasing the demand for Council services in some areas (e.g. Housing Benefits) as well exerting pressure on core Council funding streams such as Council Tax and Business Rates.</p> | <p>The implications continue to be monitored by SLT. It appears the economic risk is now receding, consumer price index (CPI) was down to 3.2% in March 2024.</p> <p>Implications feature as key considerations in the reports presented to Cabinet and in the development of the MTFP (Medium-Term Financial Plan) for 2024/25 and future years.</p> <p>This includes the Section 151 Officer’s quarterly Qualis Monitoring Report to Cabinet.</p> <p>Frontline services, especially Revenues and Benefits, continue to prioritise and resource the delivery of the various support packages offered by the Government in response to public need (e.g. through various Energy schemes and rebates).</p> <p>The Council has a Cost-of-Living page on its website, which includes useful websites, organisations, and advice to help with rising costs.</p> |
| 2   | <p><b>Statement of Accounts</b></p> <p>The delays with the audit of the Statements are gradually easing, with unqualified (‘clean’) opinions received in December 2024 for both the 2021/22 and 2022/23 Statements in accordance with the national “backstop” deadlines. However, the backstop deadline for the 2023/24 Statements of 28th February 2025 does not allow sufficient time for the incoming auditors to complete a full audit, with a default “disclaimed” opinion now anticipated in order to complete sign off in accordance with the statutory deadline.</p>  | <p>The Finance team is working closely with EY to ensure that the 2023/24 Statements are completed and signed off by the backstop deadline.</p> <p>The priority then shifts to working with EY in the future (on the 2024/25 Statements onwards) to help rebuild assurance as quickly as possible, following the disclaimed opinion in 2023/24</p>  |



| No. | Significant issue identified in 2022/23 AGS  | Action taken in 2023/24 to address the issue   |
|-----|--|--|
| 3   | <p><b>Financial Management Code</b></p> <p>The assessment has carried over from the 2021/22 AGS action plan, although further progress was made in addressing the underlying principles of the Code in 2022/23.</p>  | <p>Many of the good practice features of the Code have been progressively implemented over the last four years.</p> <p>The Code assessment will now be undertaken in 2024/25 to ensure that the Council can demonstrate compliance with the Code. If there are any remaining deficiencies, an action plan will be developed to address these.</p> <p>A template for the review has been identified and resource being identified to undertake the review.</p>  |
| 4   | <p><b>Income Recovery</b></p> <p>The Income Recovery functions require improvement, with the Council experiencing a range of interlinked financial pressures as a consequence of sub-optimal performance (leading to increased revenue costs through additional bad debt provisions and lower returns from funding incentives such as the Essex “Council Tax Sharing Agreement” (CTSA). The Sundry Debtors function has a substantial backlog of outstanding cases (exacerbated by the recent installation of a new IT system) and the Council experienced higher Local Tax arrears than expected at the year end, due to a decline in both Council Tax and Business Rates collection performance in Quarter 4 of 2022/23.</p> | <p>Additional performance measures have been introduced in 2023/24 to monitor and capture the Council’s progress in tackling a backlog in outstanding Sundry Debts more closely. Additional resources are also being engaged within the Revenues function.</p> <p>Income collection and recovery systems (including performance), for both Local Tax and Sundry Debts, is being explored and benchmarked as part of the shared services partnership with Braintree District Council and Colchester City Council.</p> |
| 5   | <p><b>Financial Regulations</b></p> <p>The review has carried over from the 2021/22 AGS action plan, with the delay partly as a consequence of ongoing delays to the introduction of the new Management Structure.</p>   | <p>The review has been scheduled in for 2024/25.</p> <p>The updated Financial Regulations will be systematically rolled out in a structured way to ensure that they are suitably disseminated and clearly embedded within frontline service areas.</p>   |

| No.   | Significant issue identified in 2022/23 AGS   | Action taken in 2023/24 to address the issue   |
|---|---|--|
| <b>Common themes emerging from the 2022/23 Service Assurance Statements were:</b> |   |  |
| 6   | <p><b>Risk Management</b></p> <p>Further work is required to develop and embed risk management processes.</p>   | <p>A revised risk management strategy and policy has been developed and approved by Cabinet in December 2023. Risk management features quarterly at SLT to review strategic risks and an operational risk management group meets quarterly. Service and Directorate risk registers have been developed. Member training on risk management was provided in January 2024.</p> |
| 7   | <p><b>Business Continuity</b></p> <p>A Business Continuity project has been ongoing during 2022/23 which has included providing relevant training to services so that they can develop their business continuity plans.</p> | <p>Business continuity arrangements are being strengthened through the completion of all Business Continuity Plans (corporate and service level).</p> <p>A business continuity exercise by the Wider Leadership Team was undertaken in November 2023, the outcomes of which are being used to help inform the Plans.</p>   |

**Table 2: Areas for improvement or monitoring during 2024/25**

| No. | Issue / Risk area   | Action plan for 2024/25  |
|-----|---|--|
| 1   | <p><b>Terra Verde Services Ltd</b></p> <p>The Council has set up a wholly owned company, Terra Verde Services Ltd (TVS). which will provide the district's waste collection service from November 2024.</p> | <p>The Council will ensure it has the right governance structures in place to provide assurance to both Members and the public that the new company is working in the best interests of the district.</p>                |
| 2   | <p><b>Financial Regulations</b></p> <p>Carried over from last year's AGS action plan.</p>   | <p>Financial Regulations will be reviewed, updated as required, and systematically rolled out in a structured way to ensure that they are suitably disseminated and clearly embedded within frontline service areas.</p> |
| 3   | <p><b>Financial Management Code review</b></p> <p>Carried over from last year's AGS action plan.</p>  | <p>The assessment against the Code, started towards the end of 2023/24, will be concluded during 2024/25. If there are deficiencies, an action plan will be developed to address these.</p>                              |



| No.  | Issue / Risk area  | Action plan for 2024/25   |
|--|--|---|
| 4  | <p><b>Procurement</b></p> <p>The Procurement Act 2023, due to go live on 28 October 2024, represents a big change for all public bodies.</p> <p>The Act consolidates the different regimes currently governing procurement into one Act, thereby creating a simpler and more flexible system. The existing overarching principles have been replaced with these new objectives which authorities must consider in all procurement activities:</p> <ul style="list-style-type: none"> <li>• Value for money</li> <li>• Acting with (and being seen to act with) integrity</li> <li>• Maximising public benefit</li> </ul> <p>Treating suppliers the same (unless otherwise justified)</p> | <p>Work has commenced to review internal processes, update all procurement related policies, procedures, and guidance, and identify training and awareness needs for both Officers and Members.</p>   |
| 5  | <p><b>Transparency Code</b></p> <p>The Local Government Transparency Code 2015 sets out the minimum requirements for local authorities to publish open data for public reuse and in a timely way.</p>  | <p>Work is in hand to ensure the Council is meeting the Code's publication requirements.</p>  |
| <p><b><i>Common themes emerging from the 2023/24 Service Assurance Statements are:</i></b></p> |  |   |
| 6  | <p><b>Declarations of Interest and Gifts &amp; Hospitality</b></p> <p>The arrangements for keeping declarations of interest up to date are unclear and guidance around recording gifts and hospitality could be improved.</p>  | <p>A fundamental review of current processes will be undertaken, and an IT system-based solution developed.</p>   |
| 7  | <p><b>Data, decision-making and performance monitoring</b></p> <p>Improvements to data accuracy are required to adequately support effective decision-making.</p> <p>Performance indicators linked to service objectives need to be developed.</p>   | <p>This will be overseen by the officer Information Governance Group which is chaired by the Council's Senior Information Risk Office (SIRO). This will include development of a corporate data strategy or principles and performance indicators at the service level.</p> <p>Work has already commenced to improve the accuracy and use of data when developing new systems and processes, for example the CX housing system.</p> |

| No. | Issue / Risk area  | Action plan for 2024/25  |
|-----|--|--|
| 8   | <b>Staff training and awareness</b><br>Training in Financial Regulations and Contract Standing Orders was requested by some managers | Financial Regulation training and awareness will be rolled out, following the review of Financial Regulations planned for this year. The Procurement Team will be consulted to ensure this training dovetails with their procurement related training. |

We propose to continue improving matters in the year ahead, to further enhance our governance arrangements. We are satisfied that these steps will address the need for any improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed .....  ..

Date: 17<sup>th</sup> December 2024  
**Jennifer Gould**  
 Interim Head of Paid Service

Signed .....  .....

Date: 17<sup>th</sup> December 2024  
**Councillor Chris Whitbread**  
 Leader of the Council

# Glossary of terms



For the purposes of this Statement of Accounts, the following definitions have been adopted:

## **ACCOUNTING PERIOD**

This is the period covered by the accounts, normally a period of twelve months commencing on 1st April. The end of the accounting period is the Balance Sheet date.

## **ACCOUNTING POLICIES**

The rules and practices adopted by the Council that determine how the transactions and events are reflected in the accounts.

## **ACCRUALS**

Amounts included in the final accounts to recognise income earned and expenditure incurred for both revenue and capital in the financial year, but for which actual payment had not been received or made as at 31st March.

## **AMORTISATION**

A measure of the cost of economic benefits derived from intangible fixed assets that are consumed during the period.

## **ANNUAL GOVERNANCE STATEMENT**

The annual governance statement is a statutory document that explains the processes and procedures in place to enable the council to carry out its functions effectively.

## **ASSET**

An asset is an item having a value to the Council in monetary terms. Assets are categorised as either non-current or current:

- A non-current asset provides benefits to the Council and to the services it provides for a period of more than one year and may be tangible (e.g. a leisure centre), or intangible (e.g. computer software licences); and
- A current asset will be consumed or cease to have material value within the financial year (e.g. cash and stock).

## **AUDIT OF ACCOUNTS**

An independent examination of the Council's financial affairs.

## **BALANCES (OR RESERVES)**

These are usable or unusable reserves. Usable reserves represent accumulated funds from prior years that are available to the Council and can be spent. Some reserves may be earmarked for specific purposes and are for funding future defined initiatives or meeting identified risks or liabilities. Unusable reserves have been established for technical purposes and are not available to spend nor can be used to fund service provision.

## **BALANCE SHEET**

This statement sets out the Council's financial position at the year-end. It shows the balances and reserves at the Council's disposal and its long-term indebtedness, and the non-current and net current assets employed in its operations together with summarised information on the non-current assets held.

## **CAPITAL EXPENDITURE**

This is the expenditure on the acquisition, construction, enhancement, or replacement of a non-current asset such as land, buildings, and computer. It is expenditure that enhances and improves the use of the assets. It isn't expenditure that merely maintains the value of an existing asset.

## **CAPITAL ADJUSTMENT ACCOUNT**

This account records the accumulated amount of set aside capital receipts and minimum revenue provision (the contribution from revenue to cover repayment of the borrowing that has been undertaken to fund capital expenditure) together with capital expenditure financed by way of capital receipts, grants, and revenue contributions. Set against these amounts are adjustments to the revenue account for depreciation and capital expenditure written off to revenue during the year. This, therefore, ensures that only actual expenses are charged to revenue in year and are paid for by council taxpayers.

## **CAPITAL FINANCING**

Funds used to pay for capital expenditure. There are various sources of funding available to finance capital expenditure including borrowing, leasing, revenue contributions, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

## **CAPITAL FINANCING REQUIREMENT**

This measures the change in the underlying need for the council to borrow to finance capital expenditure. Where all capital expenditure is financed when it is incurred by resources generated by the council, e.g. revenue contributions, grants and capital receipts, the Capital Financing Requirement (CFR) will not increase. However, if borrowing is required to finance capital expenditure, then the CFR will increase. The annual minimum revenue provision will be applied to reduce the CFR each year and capital receipts can also be used to reduce the CFR.

## **CAPITAL RECEIPT**

A capital receipt is the proceeds from the disposal of land or other non-current assets. The government regulates the proportion of capital receipts that can be used to finance new capital expenditure. Capital receipts cannot ordinarily be used to finance revenue expenditure.

## **CASH FLOW STATEMENT**

This statement summarises the cash flows of the Council for capital and revenue spending as well as the cash flows used to finance these activities.

## **CIPFA**

This is the Chartered Institute of Public Finance and Accountancy. This organisation produces the Code of Practice that practitioners follow so that all local authorities prepare their accounts in a consistent and comparable way.

## **COLLECTION FUND**

This account reflects the statutory requirement for billing authorities to maintain a separate collection fund which shows the transactions of the billing authority in relation to non-domestic rates and the council tax and illustrates the way in which these have been distributed to other authorities (preceptors) and the General Fund.

## **COMMUNITY ASSETS**

Assets that the local authority intends to hold in perpetuity that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

## **COMPREHENSIVE EXPENDITURE AND INCOME STATEMENT (CIES)**

This is the statement that shows the accounting cost (surplus/deficit) in the year of providing services in accordance with generally accepted accounting practices. It is not the amount funded from taxation. The Council raises taxation to cover the cost of expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

## **CONSISTENCY**

The accounting treatment of like items within an accounting period and from one period to the next is the same.

## **CONTINGENT GAINS**

A contingent gain (or asset) is a possible economic gain arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the authority's control.

## **CONTINGENT LIABILITIES**

A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain events not wholly within the authority's control; or
- A current obligation arising from past events where it is not probable (but not impossible) that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

It is considered that a contingent liability below £100,000 need not be disclosed, as any such amounts would not be significant.

## **CORPORATE AND DEMOCRATIC CORE**

This includes all the activities which local authorities engage in specifically because they are elected, multi-purpose organisations. The costs of these activities are those that are over and above those that would be incurred by a series of independent, single purpose nominated bodies managing the same services. It includes costs relating to the corporate management and democratic representation.

## **COUNCIL TAX**

A local tax on dwellings within the district, set by the billing authority (Epping Forest District Council) and the precepting authorities (the county council, fire and rescue services, the police and town and parish councils). It is calculated by taking the revenue expenditure requirements for each authority divided by the council tax base for the year.

## **CREDITORS**

Amounts owed by the Council for goods and services that it has received before 31st March, but that have not been paid for at that date.

## **DEBTORS**

Amounts owed to the Council for goods and services that it has provided before 31st March, but where the associated income was not received at that date.

## **DEPRECIATION**

This is the measure of the wearing out, consumption or other reduction in the useful economic life of a fixed asset whether arising from use, passage of time or obsolescence through technological or other changes. The useful life is the period over which the Council will derive benefit from the use of a fixed asset.

## **FAIR VALUE**

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the assets.

## **FINANCE LEASE**

This is a lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. Such a transfer of risks and rewards may be presumed to occur if, at the inception of the lease, the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the leased asset.

## **GENERAL FUND**

This is the account where all the costs of providing the Council services (with the exception of the landlord services, the costs of which sit in the HRA and Local Council precepts) are charged to, which are then paid for from Council Tax and government grants.

## **GOING CONCERN**

The concept that the authority will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to curtail significantly the scale of operations.

## **GOVERNMENT GRANTS**

Assistance by government and inter-government agencies and similar bodies, whether local, national, or international, in the form of cash or transfers of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the authority.

## **HOUSING REVENUE ACCOUNT**

The Housing Revenue Account (HRA) reflects a statutory obligation to account separately for local authority housing provision, as defined in particular in Schedule 4 of the Local Government and Housing Act 1989. It shows the major elements of housing revenue expenditure such as maintenance, administration, rent rebates and capital financing costs, and how these are met by rents subsidy and other income.

## **IMPAIRMENT**

This is a reduction in the carrying value of a non-current asset to below its carrying value (due to obsolescence, damage, or an adverse change in the statutory environment).

## **INTANGIBLE ASSETS**

This is expenditure which may properly be defined as being capital expenditure, but which does not result in a physical asset being created. For expenditure to be recognised as an intangible asset it must yield future economic benefits to the council. One of the most common examples would be software licences.

## **INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

International Financial Reporting Standards (IFRS) are a set of accounting standards developed by an independent, not-for-profit organisation called the International Accounting Standards Board (IASB).

## **INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSAS)**

International Public Sector Accounting Standards (IPSAS) are a set of accounting standards issued by the IPSAS Board for use by public sector entities around the world in the preparation of financial statements.

## **INVESTMENTS**

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the authority. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment. Investments that do not meet the above criteria should be classified as current assets.

## **INVESTMENT PROPERTIES**

An interest in land and/or buildings:

- In respect of which construction work and development have been completed; and
- Which are held for their investment potential, any rental income being negotiated at arm's length.

## **LIABILITY**

A liability exists where the Council owes payment to an individual or another organisation:

- A current liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn.
- A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over time.

## **LONG TERM DEBTORS**

These debtors represent the capital income still to be received, e.g. from the sale of an asset or the granting of a mortgage or a loan.

## **MINIMUM REVENUE PROVISION (MRP)**

This is the minimum amount that the Council must charge to the CIES each year to provide for the repayment of General Fund debt.

## **MOVEMENT IN RESERVES STATEMENT**

This financial statement presents the movement in usable and unusable reserves (the Council's total reserve balances).

## **NON-DOMESTIC RATES (NDR) (also known as Business Rates)**

Non-domestic rates, or business rates, collected by the Council are the way that those who occupy non-domestic property contribute towards the cost of local services. Under the business rates retention arrangements introduced from 1st April 2013, local authorities keep a proportion of the business rates paid locally (currently 50%). This money, together with revenue from council taxpayers, fees and charges and certain other sums, is used to pay for the services provided by the Council.

## **NET BOOK VALUE**

The amount at which non-current assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

## **NET CURRENT REPLACEMENT COST**

This is the cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

## **NET REALISABLE VALUE**

The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

## **NON-OPERATIONAL ASSETS**

Non-current assets held by a local authority but not directly occupied, used, or consumed in the delivery of services. Examples of non-operational assets are investment properties, assets that are surplus to requirements pending sale or redevelopment and assets under development or construction.

## **OPERATING LEASES**

Leases other than a finance lease.

## **OPERATIONAL ASSETS**

Non-current assets held and occupied, used, or consumed by the local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility. Operational assets comprise Council dwellings, other land and buildings, vehicles, plant and equipment, infrastructure, and community assets.

## **POST BALANCE SHEET EVENTS**

These are events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the responsible financial officer signs the Statement of Accounts.

## **PRECEPT**

The levy (demand for money) made by precepting authorities (the authorities with the power to instruct another local authority (the billing authority) to collect an amount from council tax on their behalf). Precepts are demanded by the county council, fire and rescue services, the police and parish and town councils.

## **PRIOR YEAR ADJUSTMENTS**

These are material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

## **PROPERTY, PLANT AND EQUIPMENT**

Tangible assets that yield benefits to the local authority and the services it provides for a period of more than one year.

## **PROVISIONS**

Provisions are required for any liabilities of uncertain timing or amount that have been incurred. Provisions are required to be recognised when:

- The local authority has a present obligation (legal or constructive) as a result of a past event;
- It is probable that a transfer of economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

A transfer of economic benefits or other event is regarded as probable if the event is more likely than not to occur. If these conditions are not met, no provision should be recognised.

A constructive obligation is an obligation that derives from an authority's actions where;

- By an established pattern of past practice, published policies or sufficiently specific current statement, the authority has indicated to other parties that it will accept certain responsibilities; and
- As a result, the authority has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

## **PRUDENCE**

This is the concept that revenue is not anticipated until received in the form either of cash or of other assets, or a reliable estimate of the cash realisation can be assessed with reasonable certainty.



## **PRUDENTIAL CODE**

Since 1st April 2004, local authorities have been subject to a self-regulatory “prudential system” of capital controls. This gives authorities the freedom to determine how much of their capital investment they can afford to fund by borrowing. The objectives of the code are to ensure that the local authority’s capital investment plans are affordable, prudent, and sustainable, with Councils being required to set specific prudential indicators.

## **PUBLIC WORKS LOAN BOARD (PWLB)**

A Central Government Agency, which provides loans for one year and above to local authorities at interest rates only slightly higher than those at which the Government can borrow itself. Virtually all borrowing undertaken by local authorities comes from the PWLB.

## **RELATED PARTIES**

Two or more parties are related parties when at any time during the financial period:

- One party has direct or indirect control of the other party; or
- The parties are subject to common control from the same source; or
- One party has influence over the financial and operational policies of the other party, to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or
- The parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

Advice from CIPFA is that related parties to a local authority include Central Government, precepting bodies or bodies levying demands on the Council Tax, members and chief officers of the Council and its pension fund.

## **RELATED PARTY TRANSACTION**

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party, irrespective of whether a charge is made. Examples of related party transactions include:

- The purchase, sale, lease, rental or hire of assets between related parties;
- The provision of a guarantee to a third party in relation to a liability or obligation of a related party;
- The provision of services to a related party, including the provision of pension fund administration services; and
- Transactions with individuals who are related parties of an authority or a pension fund, except those applicable to other members of the community or the pension fund, such as Council Tax, rents, and payments of benefits.

This list is not intended to be comprehensive.

The materiality of related party transactions should be judged not only in terms of their significance to the authority but also in relation to its related party.

## **REMUNERATION**

This is all sums paid to or receivable by an employee and any sums due by way of expenses and allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by the employer are excluded.

## **REVALUATION RESERVE**

This account was created on 31st March 2007. The purpose of which is to hold all revaluations occurring to fixed assets subsequent to that date.

## **REVENUE EXPENDITURE**

These are the day-to-day payments on the running of Council services including salaries, wages, contract payments, supplies, and capital financing costs.

## **REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)**

This is expenditure of a capital nature that does not result in a fixed asset being created. An example of such an item would be expenditure on a former HRA property held on a long lease by a third party. The expenditure is written off in the year that it is incurred.

## **STOCKS**

These are items of raw materials and stores a Council has procured and holds in expectation of future use. Stock comprises the following categories:

- Goods or other assets purchased for resale;
- consumable stores;
- raw materials and components purchased for incorporation into products for sale;
- products and services in intermediate stages of completion;
- long-term contract balances; and
- finished goods.

## **THE CODE**

The Code of Practice on Local Authority Accounting in the United Kingdom known as 'The Code' incorporates guidance in line with IFRS, IPSAS and UK GAAP Accounting Standards. It sets out the proper accounting practice to be adopted for the Statement of Accounts to ensure they 'present fairly' the financial position of the Council. The Code has statutory status via the provision of the Local Government Act 2003. There are also accompanying guidance notes for practitioners.

## **UNAPPORTIONABLE CENTRAL OVERHEADS**

These are overheads for which no user now benefits and should not be apportioned to services.

# Glossary of pension related terms



## **ACTUARIAL GAINS AND LOSSES**

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- Actual events have not coincided with the actuarial assumptions made for the last valuation (known as experience gains and losses); or
- The actuarial assumptions have changed.

## **CURRENT SERVICE COST**

The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

## **CURTAILMENT**

For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include:

- Termination of employees' services earlier than expected, for example as a result of closing a factory or discontinuing a segment of a business; and
- Termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

## **DEFINED BENEFIT SCHEME**

This is a pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

## **DEFINED CONTRIBUTION SCHEME**

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

## **DISCRETIONARY BENEFITS**

Retirement benefits that the employer has no legal, contractual, or constructive obligations to award and which are awarded under the authority's discretionary powers, such as the Local Government (Discretionary Payments) regulations 1996.

## **EXPECTED RATE OF RETURN ON PENSION ASSETS**

For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

## **IAS19**

International Accounting Standard 19 (IAS19) ensures that organisations account for employee retirement benefits when they are committed to pay them, even if the actual payment may be years into the future.

## **INTEREST COST (PENSIONS)**

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

## **INVESTMENTS (PENSIONS FUND)**

The investments of the Pensions Fund will be accounted for in the statements of the fund. However, authorities (other than town and community councils) are also required to disclose, as part of the transitional disclosures relating to retirement benefits, the attributable share of pension scheme assets associated with their underlying obligations.

## **NON-DISTRIBUTED COSTS**

Non-distributed costs are defined as comprising:

- Retirement benefit costs including past service costs, settlements, and curtailments. To note, current service pension costs are included in the total costs of services;
- The costs associated with unused shares of IT facilities; and
- The costs of shares of other long-term unused but unrealisable assets.

## **PAST SERVICE COST**

For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

## **PENSION SCHEME LIABILITY**

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

## **PROJECTED UNIT METHOD - PENSION FUND VALUATION**

This is an accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- The benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependents, allowing where appropriate for future increases; and
- The accrued benefits for members in service on the valuation date. The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not. Guidance on the projected unit method is given in the Guidance Note GN26 issued by the Faculty and Institute of Actuaries.

## **RETIREMENT BENEFITS**

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either:

- An employer's decision to terminate an employee's employment before the normal retirement date; or
- An employee's decision to accept redundancy in exchange for those benefits because these are not given in exchange for services rendered by employees.

## **SCHEME LIABILITIES**

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

## **SETTLEMENT**

An irrecoverable action that relieves the employer (or the defined benefit scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. Settlements include:

- A lump-sum cash payment to scheme members in exchange for their rights to receive specified pension benefits
- The purchase of an irrevocable annuity contract sufficient to cover vested benefits; and
- The transfer of scheme assets and liabilities relating to a group of employees leaving the scheme

## **VESTED RIGHTS**

In relation to a defined benefit scheme, these are:

- For active members, benefits to which they would unconditionally be entitled on leaving the scheme
- For deferred pensioners, their preserved benefits; and
- For pensioners, pensions to which they are entitled.

Vested rights include where appropriate the related benefits for spouses or other dependents.