



# STATEMENT 2024/2025 OF ACCOUNTS

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*Epping Forest District Council*  
[www.eppingforestdc.gov.uk](http://www.eppingforestdc.gov.uk)





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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 sixty 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 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.

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 the 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 ten Stronger Communities KPIs in 2024/25 was as follows:

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

Service Area	KPI Description	Target	Actual
Customer & Communities	First Point Resolution	75%	93%
Customer & Communities	<i>Number of upheld</i> Ombudsman complaints per 100,000 population	1.2	0.74
Customer & Communities	Participation and engagement in Community, and wellbeing activity across all ages and abilities	3,500 hrs	5,187
Customer & Communities	Number of volunteering hours delivered by EF Community Champions	3,000 hrs	5,000
Customer & Communities	Complaints Resolution	100%	91%
Housing and Property	The average re-let time in calendar days	42 days	45
Customer & Communities	Call answer rate	85%	81%
Contracts, Partnerships and Procurement	Number of fly tipping incidents	560	1,016
Housing and Property	Number of households in Temporary Accommodation	N/A	117
Housing and Property	Number of households on housing waiting list	N/A	1,539

First Point Resolution - Customer Services performed well with the 75% target being exceeded in all four quarters.

Number of upheld Ombudsman complaints per 100,000 population - A benchmark figure of 1.2 complaints per quarter has been set by the Office of Local Government, EFDC currently have 0.74 complaints that have been upheld, as an average over the year.

Participation and engagement in Community, and wellbeing activity across all ages and abilities - Have exceeded the targets set with an average of 5,187 against a target of 3,500. This is positive considering the current cost of living crisis.

Number of volunteering hours delivered by EF Community Champions - A guide of 750 hours per quarter has been set for the number of volunteering hours delivered by EF Community Champions this target has been exceeded in each quarter with a total of 5,000 hours volunteered over the year.

Complaints Resolution – 91% The actual complaints resolution position ended the year at 91% against a target of 100%. The Council continues to review the complaints process to achieve further improvement in the indicator in 2024/25.

The average re-let time in calendar days - The average re-let time in calendar days is slightly off target with an average rate of 45 days achieved against the target of 42 days. This was due to a couple of long-term voids in Q4, to improve this a new re-let standard was approved by Cabinet at the end of 2024. The previous standard was unclear and meant too much money and time was spent on landscaping garden areas. Another improvement is a partner agreement is due to be in place by April 25 which will replace current SLAs, giving stronger provisions on performance management for voids allowing more emphasis on reducing the time a property is in void.

Call answer rate - Target not quite met in the first two quarters of the year but has improved in the last two quarters to meet the expected target, however the average target was not met finishing at 81%.

Number of fly tipping incidents - has considerably increased over the year with an average of 785 fly tips per quarter. A successful bid for government funding has been approved for a new multi-agency project in the Epping Forest district to tackle the growing issue of fly-tipping and environmental crime, named Fight the fly-tip. Safer streets funding has also been secured which will enable a comprehensive approach to address fly-tipping and other related anti-social behaviour and criminal activities.

Number of households in Temporary Accommodation - The data set Number of households in Temporary Accommodation does not have a specific target set. There has been a small increase in Q2 followed by a small decline in Q3 and Q4, respectively. In 2023/4 the total number in temporary accommodation was 118 against 117 for 2024/5

Number of households on housing waiting list - The number of households on housing waiting list currently sits at 1539 for the year. There was a steady increase of approx. 50 households per quarter.

## **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 2024/25 was as follows:

- 3 met their target.



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

Service Area	KPI Description	Target 2024/25	Actual
Housing and Property	Rent Arrears	1.60%	1.60%
Planning and Development	Percentage of Planning Applications Determined Within Agreed Timelines (on Major, Non Major applications)	90%	97%
Planning and Development	Percentage of applications overturned on appeal for Non Major applications	<10%	2%
Contracts, Partnerships and Procurement	Household waste sent for reuse, recycling and composting	60%	57%
Planning and Development	Percentage of applications overturned on appeal: Major	<10%	12.90%
Customer and Communities	Club Live membership – (Fitness Membership)	N/A	9,176
Customer and Communities	Club Live membership – (Swimming Membership)	N/A	1,136
Customer and Communities	No. of people on Learn to Swim Programme (Swimming Lessons)	N/A	5,348

Rent Arrears - The Rent Arrears KPI has met its target with an actual of 1.6%. There has subsequently been a large focus on ensuring tenants are paying rent in advance and in accordance with their tenancy agreement.

Percentage of Planning Applications Determined Within Agreed Timelines (on Major, Non-Major applications) - Major Applications 100%/Non-Major Applications 92% There is a renewed focus on officers seeking extensions of time where applicable, case reviews and discussion at team meetings. A recruitment campaign ensued resulting in vacant posts being filled resulting in a full complement of staff adding to the improved performance.

Percentage of applications overturned on appeal for Non-Major applications - Was within target at 2% The percentage of those allowed on appeal is so small because it is a percentage of all non-major planning applications decided whether they are appealed or not. The majority of the Council's decided planning applications are non-major types and made up of householder extensions and small-scale developments.

Household waste sent for reuse, recycling, and composting - Recycling Rates were slightly off target with an average rate of 57% achieved against the 60% target and. New KPI's are being developed as part of the new waste company and will be aligned with the Waste Strategy for Essex.

Percentage of applications overturned on appeal: Major - The Percentage of applications overturned on appeal: Major was above target at 12.9%. An 'at Risk' letter was received from Ministry of Housing, Communities and Local Government and a response was sent in April 2025 setting out why the Council should not be designated. The assessment period for Major Applications overturned on appeal is two years, however the reporting period is nine months following the end of the assessment period to enable appeals to pass through the system and be decided for the majority of decisions on planning applications made during the assessment period. As such, the reported KPIs are in fact Major Applications determined by the authority in Q2 of 2023-24. Corrective actions are in place to improve this KPI target.

Club Live Memberships/Learn to Swim Programme - There are no specific targets set for the three-leisure focused data sets for club memberships but in general numbers have slightly declined for club memberships which is possibly impacted by the cost-of-living crisis. Swimming lessons have remained consistent with 1136 people over the year with a swimming membership.

## 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 2024/25 was as follows:

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

Service Area	KPI Description	Target 2024/25	Outturn 2024/25
Corporate Services	Attrition rate	14%	8.31%
Strategic Projects	Average time taken to process a new Housing Benefit (HB) claim	18 days	5 days
Strategic Projects	Average time taken to process a new Local Council Tax support claim	5 days	2.8 days
Strategic Projects	Average number of days to process change of circumstance to an existing HB Claim	8 days	2.4 days
Corporate Services	Average number of days lost due to sickness absence per employee (working days)	2 days	2.3 days
Finance	Percentage of Council Tax due for the financial year by 31 <sup>st</sup> March 2025	97%	97.00%
Finance	Percentage of Business Rates collected due for the financial year by 31 <sup>st</sup> March 2025	100%	97.40%
Finance	Total value of Sundry Debt o/s over 60 days old.	N/A	£3.63
Corporate Services	Average length of service	N/A	9.74 years

Attrition Rate - The percentage of employees who leave the authority over the year.

Average time taken to process a new Housing Benefit (HB) claim - An SLA of 18 days, this target is being exceeded in all four quarters with an average of 5 days.

Average time taken to process a new Local Council Tax support claim - Target is set at 5 days and is also exceeded in all four quarters with an average of 2.8 days.

Average number of days lost due to sickness absence per employee (working days) - Has a target of 8 days which has been exceeded in all quarters. A target of 8 days absence per year, per employee is set as a target. This is broken down into quarters. Q1 was slightly over target by 0.4 days. Q2 over by 0.69 days. Q3 under target by 0.37 days and Q4 over target at 0.45. Therefore, the average absence per employee, per year is 9.17 days.

Percentage of Council Tax due for the financial year by 31st March 2025 - 2025 has been split into quarterly targets of 24.25% per quarter. Quarter one was above average for collection rates with quarter two doubling and quarter three tripling against the SLA. The yearly collection percentage was 97% against a target of 97%.

Percentage of Business Rates collected due for the financial year by 31st March 2025 - 2025 has been split into quarterly targets of 24.25% per quarter. Quarter one was above average for collection rates with quarter two doubling and quarter three tripling against the SLA. The yearly collection percentage was 97% against a target of 100%.

Total value of Sundry Debt o/s over 60 days old. - There has been a substantial increase in the number of invoices raised over the past 12 months generating a significant increase in the amount of income collected. This has however, led to a slight increase in the total amount outstanding. At the time of the report there

was also a number of large outstanding invoices - that are being addressed, and a significant pending write off. These together account for just over £0.8 million, which is inflating the total outstanding figure.

Average length of service - This data set was requested by the Leader to show the average length of service to help identify any trends or patterns where further investigation may be required.

### 3. FINANCIAL REVIEW 2024/25

The 2024/25 position reflected an underspend against the budget of £1.190m in total. The service underspend was £0.775m with additional funding received in the year totalling £1.135m. This arose from a combination of factors set out in more detail in the management accounts section below.

Turning to the Financial Statements, the Consolidated Income & Expenditure Statement (CIES) on Page 25 shows that the Net Cost of Services for 2024/25 was £34.222 million (compared to £21.084 million in 2023/24); 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 £11.449 million (compared to £99.543 million in 2023/24).

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 2024/25.

General Fund 2024/25	Net Expenditure		Variance
	Budget £000's	Outturn £000's	
Audit	312	314	2
Chief Executive	628	719	91
Contracts, Partnerships & Procurement	260	127	(133)
Corporate Services	4,693	4,329	(364)
Customer & Communities	2,403	2,346	(57)
Finance	2,972	3,477	505
Housing & Property	1,877	2,179	302
ICT & Transformation	4,517	3,394	(1,123)
Planning & Development	1,107	1,315	208
Regulatory Services	3,386	2,806	(580)
Strategic Projects	848	1,138	290
Qualis	(2,953)	(3,826)	(873)
HRA Recharges	(4,542)	(4,537)	5
Financing	363	1,315	952
<b>Totals</b>	<b>15,871</b>	<b>15,096</b>	<b>(775)</b>

In terms of General Fund revenue expenditure – at the Quarter 4 (Q4) stage – there is a total budget underspend of £1.910 million. The service position is an underspend of £0.775 million with projected net expenditure of £15.096 million against an overall budget provision of £15.871 million and the funding position is £1.135 million above the budget.

As presented in Paragraph 2.2, the most significant budget pressures relate to overspends at



directorate level in finance (£0.507m), Housing & Property (£0.307m), Strategic Projects (£0.289m), and Planning & Development (£0.208m).

However, the budget pressures are being outweighed by a range of anticipated underspends, which are described in Paragraph 2.3. This includes underspends at a directorate level in ICT & Transformation (£1.123 million), Corporate Services (£0.364million), Contracts, Partnerships & Procurement (£0.132 million), Customer & Communities (£0.159 million) and Regulatory Services (£0.579 million).

## Housing Revenue Account (HRA) Management Accounts

The table below reflects the Month 12 (year-end) HRA Management Accounts for 2024/25.

<b>Housing Revenue Account 2024/25</b>	<b>Budget £000's</b>	<b>Outturn £000's</b>	<b>Variance £000's</b>
Total Income	(44,265)	(44,911)	(646)
Total Expenditure	36,442	36,269	(173)
<b>Net Cost of Services</b>	<b>(7,823)</b>	<b>(8,642)</b>	<b>(819)</b>
Net Interest (Receivable) / Payable	6,052	5,002	(1,050)
<b>Net Operating Income</b>	<b>(1,771)</b>	<b>(3,640)</b>	<b>(1,869)</b>
Direct Revenue Contribution to Capital	2,576	0	(2,576)
<b>(Surplus)/Deficit for the Year</b>	<b>805</b>	<b>(3,640)</b>	<b>(4,445)</b>

The HRA outturn shows a surplus of £3.640 million which was £4.445 million above a planned deficit of £0.805 million. The most significant variance related to Supervision and Management which underspent by £1.226 million during the year due to reduced utility costs and delays to the Estates Improvement programme. In addition, there was an underspend of £1.000m on Interest Receivable and there was no contribution to capital (budgeted at £2.576m) due to delays in the delivery of the capital programme.

HRA capital spending was significantly lower than the profiled budget for 2024/25, with total spending of £31.355 million, compared to an allocated budget for the year of £55.393 million, leading to an underspend (available for roll forward) of £24.038 million.

The £3.640 million budget surplus generated in the year, has been added to the HRA General Reserve, increasing the balance to £8.438 million at the end of 2024/25 (compared to £4.797 million in 2023/24).

## Collection Fund

The Collection Fund is a ring-fenced account for the management of Council Tax and Business Rates income. The combined position on the Fund was a £1.041 million in year deficit in 2024/25. This was driven by the Business Rates account which finished the year in a £2.326million in year deficit position, while the Council Tax account showed an in-year surplus of £1.285 million. It is noted the key drivers for the deficit position on Business rates were the provision for appeals and the provision for bad debts. Both were reassessed as at 31 March 2025 and have increased by a combined total of £2.423m. Including the brought forward position from 2023/24, there remains an overall a surplus of £2,310 million in the Collection Fund.

The Council also continued to benefit from the Essex Council Tax Sharing Agreement this year (although down from £462,620 in 2023/24 to £348,719 in 2024/25) and the Essex Business Rates Pool (with an estimated Levy saving of £763,266). Thus:

- Council Tax (2024/25 Surplus £1.285 million) – the Epping share of the recorded (in-year) Surplus is £0.154 million. The Surplus was primarily driven by higher than projected Council Tax income offset by the need to make an increased Provision for Non-Payment at year end (increased by £1.220 million from £0.868 million in 2023/24, to £2.088 million in 2024/25) in the light of a change of profile on the Arrears List; and
- Business Rates (2024/25 Deficit £2.326 million) – the Epping share of the recorded (in-year) Deficit is £0.930 million. The key factors that contributed to the deficit on Business Rates was the increase in the provision for appeals following the annual reassessment by specialist valuers in the field. This increased the provision by £2.289 million and will remain under assessment in 2025/26.

The Collection Fund carried an overall Surplus as at 31st March 2025 of 2.310 million (Council Tax £1,316 million Surplus, Business Rates £994 million Surplus).

## Balance Sheet

The Council's Balance Sheet value increased by £11.449 million (1.3%) in 2024/25, resulting in a net position of £920.320 million as at 31st March 2025 (£908.871 million as at 31st March 2024). Notable differences (excluding the Pensions balance) include the following:

- Property, Plant & Equipment (up £51.081 million) – property values have again proved resilient this year despite continued economic turbulence. The overall value of PPE has increased by 5.8%; the only items of note are -a rise in the value of Assets Under Construction (up £25.620 million), which reflects the progression of Housing Developments in the district and the new Epping Leisure Centre. There are further additions of Council Dwellings following the completion of schemes that were in progress in the prior year (£13.841 million), Land and Buildings (£20.978 million which predominantly relates to the purchase of the Cottis Lane car park) and Vehicles, Plant and Equipment (£15.582 million). This is offset by disposals of Vehicles, Plant and Equipment of £15.578 million. The position reflects the leasing of Council owned waste vehicles to Terra Verde Services Ltd.
- Investment Properties (up £13.860 million) – the value of Investment Properties increased by 8.9% this year and builds on the positive movement in the property market experienced in the previous 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.
- Long-Term Debtors (down £16.001 million) – the fall in long-term debtors primarily relates to a decrease in the principal outstanding on loans made to Qualis (long-term balance outstanding has reduced from £90.529 million at 31 March 2024 to £77.544 million as at 31st March 2025). In addition there is an assessed expected lifetime credit loss of £4.997m against the loans which reflects the challenging environment Qualis continue to work within.
- Short-Term Investments (down £19.156 million) – there are no Short-Term Investments held at the end of the financial year. The Council is now strategically applying the excess cash held from the sale of the North Weald site to enable a reduction in wider borrowing and so achieve a greater revenue savings on interest costs.
- Debtors (up £1.747 million) – the increase in Debtors has mainly been due to an increase in group loans of £1.460 million. The bulk of this relates to prepayments made to the group company Terra Verde Services which was commenced trading in the financial year.
- Cash & Cash Equivalents (down £3.436 million) – The position reflects a reduction in the overall cash balance held at the year-end (total balance £13.523 million).
- Creditors (up £4.961 million) – There are three main reasons for the increase as at the end of the financial year:
  - Sundry creditors have increased by £4.500 million. The most significant change relates to capital creditors and capital grants received in advance which account for £4.083 million of the change.
  - Following changes in lease accounting under IFRS16 in 2024/25 the position includes a short-

term lease liability of £2.164 million.

- Accruals and deferred income have fallen by £2.349 million.

- Short-Term Loans (up £0.725 million) – overall levels, although slightly increased in 2024/25, again reflect the ongoing impact of the North Weald Airfield capital receipt. The increased availability of Cash in 2023/24 allowed the repayment of a number of Short-Term Loans from internal resources. There has been a small requirement in 2024/25 which is reflected in the increase; and
- Long-Term Loans (up £11.321 million) – the net increase represents a small (4.6%) 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 from £119.978 million to £120.097million over the year. This followed a significant increase in the prior year when 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 £4.000 million and ended the year at £4.000 million. Within the year the balance increased reflecting the overall budget underspend of £1.910 million (noted within the Management Accounts summary above. The increase enabled an equivalent contribution to earmarked reserves, while maintaining the General Fund balance at £4.0 million. This enabled the allocation of a further £0.500 million towards additional reserves earmarked for the mitigation of capital investment risk and the further funding of corporate priorities through increased contributions to the Transformation Revenue Reserve. The £4.0 million remains the Council's adopted minimum contingency level.

Earmarked Reserves increased from £4.678 million to £7.932 million over the year. The dominant factors are the Capital Investment Risk Reserve, and the Transformation Revenue Reserve as noted above, which ended with closing balances of £1.5 million and £3.287 million, respectively.

### **Unusable Reserves**

The Council is required to maintain substantial Unusable Reserves, primarily for technical accounting purposes. The overall balance marginally increased from £788.893 million to £800.223 million over the year.

Despite the overall relatively stable balance, there are three major variances to report compared to 2023/24. There are increases to capital valuations of the Council's assets totalling £23.732 million – these are split between the Revaluation Reserve (increase of £16.172 million) and the Capital Adjustment Account (increase of £7.560 million). In addition, the Deferred Capital Receipts Reserve decreased by £11.973 million in the year. This reflects the decrease 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).

### **Capital**

The table below summarises the Capital Expenditure outturn for 2024/25.

Description	2023/24 £000's	2024/25 £000's
General Fund	36,869	31,355
Housing Revenue Account (HRA)	18,293	23,509
<b>Total Capital Programme</b>	<b>55,162</b>	<b>54,864</b>

## **General Fund Capital**

Expenditure on the General Fund Capital Programme increased by £31.355 million this year. The key projects were:

- **Qualis Loans** – A further £10.1m of capital loans were granted to Qualis in 2024/25. This was less than the £19.9m planned due to some reassessment of planned schemes following viability assessments. 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).
- **Epping Leisure Centre** – The construction of the new Epping Leisure Centre continued in 2024/25 with further Capital expenditure of £15.112 million.

There was further significant spend on the Nort Weald Depot (£1.396m), the new control tower at North Weald airfield (£1.467m) and ongoing adaptations funded by the Disabled Facilities Grant (£0.947m).

## **HRA Capital**

There was also an increase in spending on the HRA Capital Programme this year, with further expenditure of £23.509m.

The most significant items of expenditure funded acquisitions by Qualis (£7.388m), Housebuilding (£1.416m), as well as planned capital works on Kitchens and Bathrooms (£4.224m) Heating £2.272m and Net Zero carbon works (£2.033m).

## **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.

On 9 January 2024, Terra Verde Services (TVS) was incorporated and is a further wholly owned subsidiary of the Council. The company commenced trading on 4 November 2024. The company delivers two key environmental services - recycling and waste collections and street cleansing. The company have prepared accounts from incorporation until 31 March 2025, and these have been consolidated in the group accounts.

The Group Accounts – which can be found on pages 84 to 91 – present a full picture of the Council's financial position and its exposure to risk. This now includes the results of both the Qualis companies and TVS.

## **4. PRINCIPAL RISKS AND UNCERTAINTIES**

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

Risk management practices are incorporated within the Council's decision-making process.

Annually, the Head of Internal Audit gives their opinion of assurance and for 2024/2025 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 are given the opportunity to provide independent challenge and suggest changes.

The key risks from the Council's Corporate Risk Register as at March 2025 are detailed in the table below:

Top Risks Identified		
Risk	Impact	Mitigation
<b>HRA001 -</b> Increase in demand from homeless	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. Senior officers authorise all placements.</li> <li>2. The Council entered into a block booking arrangements with a local provider to manage costs.</li> <li>3. Building the Council's own property stock.</li> <li>4. New provision from other social housing providers.</li> <li>5. Taskforce of key staff put in place to improve collection rates of charges.</li> <li>6. Procured disabled units to meet specific demand.</li> <li>7. Additional funding has been provided by government.</li> <li>8. Strategy in place for new build programme to meet growing demand.</li> </ol>
<b>HRA002 -</b> Council house build programme	Inability to deliver new affordable housing through our own pipeline, the strategic partnership, or other ventures.	<ol style="list-style-type: none"> <li>1. Programme-wide risk management schedule is in place.</li> <li>2. Project management of all schemes to ensure effective delivery of time, budget, and quality.</li> <li>3. Carry out 360 Reviews with contractors to review performance.</li> <li>4. Deliver schemes in line with RIBA development stages 1- 7.</li> <li>5. Involve Planning staff at early stages and throughout.</li> <li>6. Carry out robust feasibility studies.</li> <li>7. Review of HRA business plan including development schemes underway. Close monitoring of expenditure required.</li> </ol>
<b>CORSER002 -</b>	Failure to ensure robust plans are in place for critical services and regularly tested could result in an event occurring	<ol style="list-style-type: none"> <li>1. There is a well-established Major Incident Management (MIM) process for ICT issues to be managed.</li> </ol>



Business Continuity Arrangements	having adverse impact on service delivery.	<p>2. Majority of office-based employees can work from home.</p> <p>3. The Council has alternative locations it can work from.</p> <p>4. Corporate Business Continuity framework in place.</p> <p>5. Service Business Continuity Plans (BCP) and Business Impact Assessments (BIAs) in place for majority of Council.</p> <p>6. Training for Executive Leadership Team (ELT)/Senior Leadership Team (SLT) to support strategic decision making during an incident.</p> <p>7. WLT workshop undertaken Dec 2024.</p> <p>8. BCP Steering Group formed Jan 2025.</p>
<b>ICT001</b> - Cyber security	If EFDC are subject to a serious cyber incident, the impact to our services and communities could be extensive.	<p>1. Data backed up off-site.</p> <p>2. Documented and tested incident management procedures in place.</p> <p>3. Mandatory cyber security training is supported by staff communications where ICT identify any increase phishing attempts.</p> <p>4. People Team notifies ICT of all leavers to ensure access rights are promptly disabled.</p> <p>5. Single sign-on and/or multi-factor authentication applied wherever possible.</p> <p>6. Mystery Phishing campaigns.</p> <p>7. Updated Information Security, Security Breach, ICT Remote Access, and ICT Security policies in place.</p> <p>8. Public Sector Network compliance, with penetration testing completed.</p> <p>9. Network firewalls in place to protect network; device firewalls and anti-virus software deployed.</p>
<b>SUS001</b> - 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.	<p>1 Policy controls: Climate Change Action Plan, Local Plan - environmental policies, Sustainability Guidance vols 1-3 covering major and minor development and extensions/refurbishments, Interim Air Pollution Mitigation Strategy, Air Quality Action Plan.</p> <p>2 Other controls:</p>

		<ul style="list-style-type: none"> <li>• Climate Change Steering Group</li> <li>• Fleet conversion to Electric Vehicles (EV).</li> <li>• EV charge points at offices and on EFDC public land.</li> <li>• Carbon Literacy training.</li> <li>• Net zero training is given to planning officers.</li> <li>• Tree Policy approved by Cabinet.</li> <li>• The Cabinet approved July 2024 retrofit strategy up to 2030.</li> <li>• Asset management strategy in place including energy investment.</li> </ul>
<b>COMP001</b> - Compliance with social housing regulation	Failure to demonstrate compliance with statutory Health & Safety (H&S) requirements could result in a Regulatory Notice and/or heavy fines. Failure to meet Consumer Standards in the Social Housing (Regulation) Act (2023) could result in reputational damage.	<ol style="list-style-type: none"> <li>1. Comprehensive suite of policies in place.</li> <li>2. Specialist compliance IT solution has started to be implemented.</li> <li>3. Weekly oversight of compliance by ELT.</li> <li>4. Chief Operating Officer is agreed lead on Health and Safety for Housing (as required by the Regulator).</li> <li>5. The Director for Housing &amp; Property is lead for Consumer Standards. As required by the Regulator.</li> <li>6. HRA Business Plan is in place.</li> <li>7. Tenancy satisfaction survey has been completed.</li> <li>8. New complaints policy and training has been rolled out.</li> <li>9. Damp &amp; mould tracker in place.</li> </ol>
<b>CORSER001</b> - Data Information Breach	Risk of data held by the Council ends up in inappropriate hands.	<ol style="list-style-type: none"> <li>1. The Council continues to have a designated Senior Information Risk Owner (SIRO), Data Protection Officer, (DPO) and Freedom of Information (FOI) Officer.</li> <li>2. SIRO and Head of Internal Audit meet quarterly.</li> <li>3. E-Learning training in place and part of the onboarding process.</li> </ol>
<b>FIN001</b> - Delivering a Balanced Budget and Sustainable Medium-	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	<ol style="list-style-type: none"> <li>1. The active monitoring and reporting on internal and external factors affecting the MTFP, including the 2026/27 Budget through the established Financial Planning Framework.</li> </ol>

Term Financial Plan (MFTP)	result in the bankruptcy of the Council.	2. Regular communication of financial position and future prospects to Members (through the Cabinet and Scrutiny process) and senior management
<b>FIN002</b> - Ensuring the 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).</li> <li>4. Monitoring and reporting on monthly Cash Flow Statement from Qualis.</li> </ol>
<b>FIN003</b> - Maintaining and improving 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.</li> <li>3. Membership of Essex Procurement Partnership.</li> <li>4. Subscribed to Housemark benchmarking to utilise data to inform annual actions.</li> <li>5. Joined ECC procurement hub.</li> </ol>
<b>PEOPLE001</b> - Future proofing the workforce	Experiencing significant workforce issues around not having the right skills, behaviours, productivity, and capacity in place to deliver services to our residents and deliver the Corporate Plan 2023-27.	<ol style="list-style-type: none"> <li>1. People Strategy 2024/27 in place that recognises the importance of attraction &amp; retention, employee development, supports our new ways of working and engagement with employees and trade unions, and wellbeing support.</li> <li>2. A successful Apprentice Scheme which maximises expenditure of the Apprenticeship Levy.</li> <li>3. Well established and embedded hybrid/flexible ways of working.</li> <li>4. Leadership development programmes and career pathways.</li> <li>5. A dedicated L&amp;D (Learning and OD Development) budget and team.</li> </ol>

		<p>6. Partnership working/shared services other authorities and public services which offers potential career, specialist, and personal development.</p> <p>7. Officers involved in a range of Essex wide groups/LGA/EELGA discussing attraction and recruitment to wider Essex.</p> <p>8. Wellbeing benefits and support in place.</p>
<b>PLA005 -</b> Quality of Majors	Inability to achieve national KPI's with respect of Quality of Decisions on Major Applications.	<p>1. The quality of decisions made by the authority on applications for non- major development – currently over 10% at 11.46%.</p> <p>2. Case Management.</p> <p>3. Monitoring of Quality of Appeal Decisions.</p> <p>4. Weekly PFH meetings.</p> <p>Members being updated through Officer/Member Group meetings.</p> <p>5. Additional resourcing for defending appeals, including external professional input.</p> <p>6. New planning Committees are now up and running.</p>

## 5. THE ACCOUNTING STATEMENTS EXPLAINED

The Statement of Accounts shows the financial performance for 2024/25 and the financial position as at 31st March 2025. 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 2024/25* ("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.
- Approve the Statement of Accounts.

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

Date to be Confirmed.

## 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.
- Complied with the Code of Practice.

The Section 151 Officer has also:

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

I certify that the accounts set out on pages 3 to 116 give a true and fair view of the financial position of the Council as at 31st March 2025 and the income and expenditure for the year then ended.

**Owen Sparks**  
**Interim Strategic Director and Section 151 Officer**

30 June 2025



This will be included once the Audit has taken place.

DRAFT

# Comprehensive income and expenditure statement



	2024/25			2023/24			
		Gross Expenditure	Income	Net Expenditure	Gross Expenditure	Income	Net Expenditure
	Note	£000's	£000's	£000's	£000's	£000's	£000's
Audit		312	(89)	223	300	(84)	216
Chief Executive Office		904	(452)	452	605	(306)	299
Contracts,Partnerships & Procurement		28,994	(6,083)	22,911	14,773	(7,122)	7,651
Corporate Services		5,152	(1,738)	3,414	4,997	(1,411)	3,586
Customer & Communities		3,330	(2,196)	1,134	3,444	(1,456)	1,988
Finance		3,733	(1,830)	1,903	3,305	(1,780)	1,525
Housing		3,219	(2,273)	946	3,500	(2,122)	1,378
Ict & Transformation		4,429	(839)	3,590	4,065	(839)	3,226
Planning & Development		4,884	(3,507)	1,377	4,616	(2,974)	1,642
Regulatory Services		4,986	(2,451)	2,535	4,978	(2,368)	2,610
Strategic Projects		24,112	(23,192)	920	24,743	(23,517)	1,226
Housing Revenue Account		40,087	(45,270)	(5,183)	36,696	(40,959)	(4,263)
Net Cost of Services		124,142	(89,920)	34,222	106,022	(84,938)	21,084
Other Operating (Income) /Expenditure	9			17,073			(83,522)
Financing and Investment Income and Expenditure	10			(17,255)			(14,112)
Taxation and Non-Specific Grant Income	11			(24,794)			(24,538)
(Surplus)/Deficit on Provision of Services				9,246			(101,088)
(Surplus) on Revaluation of Property Plant and Equipment	12			(21,199)			(768)
Actuarial (Gains)/Losses on Pension Assets/Liabilities				504			2,313
Total Comprehensive Income and Expenditure				(11,449)			(99,543)

# Movement in reserves statement



	General Fund Balance	Housing Revenue Account	Earmarked Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	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 2024/25</b>									
Balance as at 1st April 2024	4,000	4,798	4,677	100,518	4,357	1,628	119,978	788,893	908,871
Surplus / (Deficit) on Provision of Services	(12,349)	3,103	-	-	-	-	(9,246)	-	(9,246)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	20,695	20,695
<b>Total Comprehensive Income and Expenditure</b>	<b>(12,349)</b>	<b>3,103</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,246)</b>	<b>20,695</b>	<b>11,449</b>
Adjustment Between Accounting and Funding Basis Under Regulations	15,327	537	-	(5,100)	(1,658)	258	9,364	(9,364)	-
<b>Net Increase / (Decrease) before Transfer to Earmarked Reserves</b>	<b>2,978</b>	<b>3,640</b>	<b>-</b>	<b>(5,100)</b>	<b>(1,658)</b>	<b>258</b>	<b>118</b>	<b>11,331</b>	<b>11,449</b>
Transfer to Earmarked Reserves	(2,978)	-	3,254	-	-	(276)	-	-	-
<b>Increase / (Decrease) in Year</b>	<b>-</b>	<b>3,640</b>	<b>3,254</b>	<b>(5,100)</b>	<b>(1,658)</b>	<b>(18)</b>	<b>118</b>	<b>11,331</b>	<b>11,449</b>
<b>Balance as at 31st March 2025</b>	<b>4,000</b>	<b>8,438</b>	<b>7,931</b>	<b>95,418</b>	<b>2,699</b>	<b>1,610</b>	<b>120,096</b>	<b>800,224</b>	<b>920,320</b>

	General Fund Balance	Housing Revenue Account	Earmarked Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	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	-
Total	-	-	-	-	-	-	-	-	-
<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>

# Balance sheet



	Note	31 March 2025		31 March 2024	
		£000's	£000's	£000's	£000's
<b>Long Term Assets</b>					
Property, Plant & Equipment	12	938,012		886,931	
Heritage Assets		620		620	
Investment Properties	13	170,084		156,224	
Intangible Assets		2,141		1,884	
Long Term Debtors	14	74,836		90,837	
<b>Total Long Term Assets</b>			<b>1,185,693</b>		<b>1,136,496</b>
<b>Current Assets</b>					
Short-term investments		-		19,156	
Inventories		245		97	
Debtors	16	18,260		16,513	
Cash & Cash Equivalents	17	13,523		16,959	
			<b>32,028</b>		<b>52,725</b>
<b>Current Liabilities</b>					
Creditors	18	(27,318)		(22,357)	
Provisions	19	(1,024)		(608)	
Short-Term Loans		(5,815)		(5,090)	
			<b>(34,157)</b>		<b>(28,055)</b>
<b>Long Term Liabilities</b>					
Long-Term Loans	15	(259,723)		(248,402)	
Pensions Liability	31	(3,521)		(3,893)	
			<b>(263,244)</b>		<b>(252,295)</b>
<b>Total Assets Less Liabilities</b>			<b>920,320</b>		<b>908,871</b>
Usable Reserves		(120,096)		(119,978)	
Unusable Reserves	20	(800,224)		(788,893)	
			<b>(920,320)</b>		<b>(908,871)</b>



# Cash flow statement



		2024/25 £000's	2023/24 £000's
	Note		
Net Surplus/(Deficit) on Provision of Services		(9,246)	101,088
Adjustments to net surplus or deficit on the provision of services for non-cash movements	21	32,560	(534)
Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities	21	(17,706)	(121,219)
<b>Net cash flows from Operating Activities</b>		<b>5,608</b>	<b>(20,665)</b>
Investing Activities	22	(6,686)	52,864
Financing Activities	23	(2,358)	(28,036)
<b>Net Increase or (Decrease) in cash and cash equivalents</b>		<b>(3,436)</b>	<b>4,163</b>
Cash and Cash Equivalents at the beginning of the reporting period		16,959	12,796
<b>Cash and Cash equivalents at the end of the reporting period</b>	17	<b>13,523</b>	<b>16,959</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 2024/25 financial year and its position at the year-end of 31st March 2025. 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 2024/25 (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 it is 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.
- 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**

A lease is a contract that conveys the right to control the use of an identified asset for a period of time, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements



with nil consideration, peppercorn, or nominal payments.

### **The Council as Lessee:**

All leases are classified as finance leases, and are included on the balance sheet, unless they meet one of the following exemptions:

- for low-value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items, and
- the lease is for a short term, defined as less than 365 days at inception or at implementation, (including extension options that the authority is reasonably certain to exercise and any termination options that the authority is reasonably certain not to exercise).

Exempt lease payments are charged directly to revenue service expenditure in the Comprehensive Income and Expenditure Statement, whereas the accounting for finance leases are as follows:

### **Initial measurement**

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The Council initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments.
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date.
- amounts expected to be payable under a residual value guarantee.
- the exercise price under a purchase option that the authority is reasonably certain to exercise.
- lease payments in an optional renewal period if the authority is reasonably certain to exercise an extension option.
- penalties for early termination of a lease unless the authority is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received. However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

### **Subsequent Measurement**

The right-of-use asset is subsequently measured using the fair value model. The Council considers the cost model to be a reasonable proxy except for assets held under non-commercial leases. Typically, these are leases for nil consideration of a peppercorn and are valued using market prices or rentals for equivalent land and properties.

Right-of use assets held under index-linked leases are adjusted for changes in the relevant index. The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption. The lease liability is subsequently measured at amortised cost, using the effective interest method. The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate.
- there is a change in the estimate of the amount expected to be payable under a residual value guarantee.

- the authority changes its assessment of whether it will exercise a purchase, extension, or termination option.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

#### Lease Expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Depreciation and impairments are not charges 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.

#### **The Council as Lessor:**

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.

#### **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.

#### **Operating Leases**

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease or where this is initiated by a service to the individual service, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct

costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

### **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 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.
- 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 standards introduced by the 2025/26 Code where disclosures are required include:



IAS 21 The Effects of Changes in Foreign Exchange Rate – this is expected to have no implications for the Council based on current transactions.

IFRS 17 Insurance Contracts is not expected to have implications for the Council. This has significant implications for the providers of insurance. As a policy holder, the Council is not expected to be subject to the implications of the proposed changes. This will need to be reassessed in future periods following the implementation of Local Government Reorganisation should the successor body be a provider of insurance services.

The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. This will impact the Council and includes setting out three revaluation processes for operational property, plant, and equipment. Furthermore, it requires indexing for tangible non-investment assets and a requirement to value intangible assets at Historical Cost. The three valuation processes will include for operational property, plant and equipment, valuations once every five years or on a five-year rolling basis and supported by indexation in intervening years. Alternatively, a desktop valuation in year three can be applied in rare cases where no index is available.

### **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 on the Balance Sheet is (£3.521 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 global events – “Brexit,” “Coronavirus,” the “War in Ukraine” and most recently the “Israel-Hamas War” and the potential for further escalation of hostilities between Israel and Iran. These events have impacted the economic environment with direct impacts on the UK. Consequently, consideration has been given to the potential financial impact on the assumptions and estimates made in the Statement of Accounts. The economic impacts are most directly felt by the Council through changing inflation rates and interest rates. In 2024/25 the annual CPI rate was 2.35% and the average interest rate was 4.94%. While significantly lower than in previous periods (and peak CPI was 11.1% in October 2022), there continue to be impacts on key financial elements such as government

borrowing and the cost of key services. In the capital programme these impacts can be significant as the cost base and the borrowing cost are key elements of project viability and the increase in financial risk is impacting on capital projects delivered both directly and through subsidiary entities.

The economy continues to prove 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 2025, the Commercial Property portfolio has increased since the prior year by £13.830 million.

## 5. EVENTS AFTER THE BALANCE SHEET DATE

The draft 2024/25 Statement of Accounts were authorised (**uncertified**) for issue on 30<sup>th</sup> June 2025 by Owen Sparks (Interim Strategic Director & Section 151 Officer).

Where events taking place before this date provided information about conditions existing at 31st March 2025, 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 2025 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).

2023/24			2024/25		
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
218	2	216	225	2	223
311	12	299	461	9	452
6,592	(1,059)	7,651	7,776	(15,135)	22,911
3,695	109	3,586	3,459	45	3,414
1,985	(4)	1,989	1,763	629	1,134
1,973	448	1,525	2,381	478	1,903
1,071	(306)	1,377	1,773	827	946
2,819	(407)	3,226	3,145	(445)	3,590
1,721	79	1,642	1,422	45	1,377
2,425	(185)	2,610	2,690	155	2,535
1,274	48	1,226	989	69	920
(16,117)	(11,854)	(4,263)	(8,704)	(3,521)	(5,183)
<b>7,967</b>	<b>(13,117)</b>	<b>21,084</b>	<b>17,380</b>	<b>(16,842)</b>	<b>34,222</b>
		<b>Net Cost of Service</b>			
(9,852)	112,320	(122,172)	(23,998)	978	(24,976)
<b>(1,885)</b>	<b>99,203</b>	<b>(101,088)</b>	<b>(6,618)</b>	<b>(15,864)</b>	<b>9,246</b>
		<b>(Surplus) / Deficit</b>			
(11,592)		Opening General Fund and HRA Balance	(13,477)		
-		Other Transfers from Capital Funds	(276)		
<b>(13,477)</b>		<b>Closing General Fund &amp; HRA Balance at 31st March</b> <b>(For a split of this balance between the General Fund, HRA and Earmarked Reserves - see the Movement in Reserves Statement)</b>	<b>(20,371)</b>		

## Adjustments between Funding & Accounting Basis

	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total
<b>2024/25</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Audit	-	2	-	2
Chief Executive Office	-	9	-	9
Contracts, Partnerships & Procurement	(15,156)	17	4	(15,135)
Corporate Services	-	48	(3)	45
Customer & Communities	486	147	(4)	629
Finance	-	458	20	478
Housing	819	12	(4)	827
Ict & Transformation	(474)	26	3	(445)
Planning & Development	-	48	(3)	45
Regulatory Services	84	51	20	155
Strategic Projects	-	72	(3)	69
Housing Revenue Account	(3,570)	57	(8)	(3,521)
<b>Net Cost of Service</b>	<b>(17,811)</b>	<b>947</b>	<b>22</b>	<b>(16,842)</b>
<b>Other Income and Expenditure from the Expenditure and Funding Analysis</b>	4,822	(71)	(3,773)	978
<b>Difference between General Fund (Surplus)/Deficit and Comprehensive Income and Expenditure</b>	(12,989)	876	(3,751)	(15,864)

	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total
2023/24	£000's	£000's	£000's	£000's
Audit	-	2	-	2
Chief Executive Office	-	11	1	12
Contracts, Partnerships & Procurement	(1,085)	23	3	(1,059)
Corporate Services	-	104	5	109
Customer & Communities	(51)	40	7	(4)
Finance	-	465	(17)	448
Housing	(332)	20	6	(306)
Ict & Transformation	(438)	33	(2)	(407)
Planning & Development	-	54	25	79
Regulatory Services	(269)	59	25	(185)
Strategic Projects	-	51	(3)	48
Housing Revenue Account	(11,948)	86	8	(11,854)
<b>Net Cost of Service</b>	<b>(14,123)</b>	<b>948</b>	<b>58</b>	<b>(13,117)</b>
<b>Other Income and Expenditure from the Expenditure and Funding Analysis</b>	109,985	1,681	654	112,320
<b>Difference between General Fund (Surplus) / Deficit and Comprehensive Income and Expenditure</b>	<b>95,862</b>	<b>2,629</b>	<b>712</b>	<b>99,203</b>

### Income & Expenditure Analysed by Nature

	Audit	Chief Executive Office	Contracts, Partnerships & Procurement	Corporate Services	Customer & Communities	Finance	Housing	Ict & Transformation	Planning & Development	Regulatory Services	Strategic Projects	Housing Revenue Account	Total
2024/25	£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
Fees, Charges & Other Service Income	(89)	(452)	(6,083)	(1,699)	(1,236)	(1,804)	(1,464)	(839)	(2,875)	(1,243)	(1,285)	(45,252)	(64,321)
Government Grants	-	-	-	(39)	(960)	(26)	(809)	-	(632)	(1,208)	(21,907)	(18)	(25,599)
<b>Total Income</b>	<b>(89)</b>	<b>(452)</b>	<b>(6,083)</b>	<b>(1,738)</b>	<b>(2,196)</b>	<b>(1,830)</b>	<b>(2,273)</b>	<b>(839)</b>	<b>(3,507)</b>	<b>(2,451)</b>	<b>(23,192)</b>	<b>(45,270)</b>	<b>(89,920)</b>
Employee Expenses	117	824	1,349	3,445	1,975	1,796	1,315	2,183	3,332	3,145	2,409	5,299	27,189
Other Service Expenses	195	80	12,489	1,707	1,370	2,027	2,723	1,772	1,552	720	160	20,270	45,065
Asset Charges	-	-	15,156	-	(15)	(90)	(819)	474	-	1,121	-	14,518	30,345
Benefit Payments	-	-	-	-	-	-	-	-	-	-	21,543	-	21,543
<b>Total Expenditure</b>	<b>312</b>	<b>904</b>	<b>28,994</b>	<b>5,152</b>	<b>3,330</b>	<b>3,733</b>	<b>3,219</b>	<b>4,429</b>	<b>4,884</b>	<b>4,986</b>	<b>24,112</b>	<b>40,087</b>	<b>124,142</b>
<b>Net Cost of Service</b>	<b>223</b>	<b>452</b>	<b>22,911</b>	<b>3,414</b>	<b>1,134</b>	<b>1,903</b>	<b>946</b>	<b>3,590</b>	<b>1,377</b>	<b>2,535</b>	<b>920</b>	<b>(5,183)</b>	<b>34,222</b>

	Audit	Chief Executive Office	Contracts, Partnerships & Procurement	Corporate Services	Customer & Communities	Finance	Housing	ICT & Transformation	Planning & Development	Regulatory Services	Strategic Projects	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	£000's
Fees, Charges & Other Service Income	(84)	(306)	(7,122)	(1,311)	(1,031)	(1,754)	(1,190)	(839)	(2,543)	(1,309)	(998)	(40,940)	(59,427)
Government Grants	-	-	-	(100)	(425)	(26)	(932)	-	(431)	(1,059)	(22,519)	(19)	(25,511)
<b>Total Income</b>	<b>(84)</b>	<b>(306)</b>	<b>(7,122)</b>	<b>(1,411)</b>	<b>(1,456)</b>	<b>(1,780)</b>	<b>(2,122)</b>	<b>(839)</b>	<b>(2,974)</b>	<b>(2,368)</b>	<b>(23,517)</b>	<b>(40,959)</b>	<b>(84,938)</b>
Employee Expenses	117	547	1,480	3,417	2,179	1,421	1,275	1,857	3,249	2,901	2,690	4,972	26,105
Other Service Expenses	183	58	12,207	1,580	1,022	1,884	1,893	1,770	1,367	752	437	19,780	42,933
Asset Charges	-	-	1,086	-	243	-	332	438	-	1,325	-	11,944	15,368
Benefit Payments	-	-	-	-	-	-	-	-	-	-	21,616	-	21,616
<b>Total Expenditure</b>	<b>300</b>	<b>605</b>	<b>14,773</b>	<b>4,997</b>	<b>3,444</b>	<b>3,305</b>	<b>3,500</b>	<b>4,065</b>	<b>4,616</b>	<b>4,978</b>	<b>24,743</b>	<b>36,696</b>	<b>106,022</b>
<b>Net Cost of Service</b>	<b>216</b>	<b>299</b>	<b>7,651</b>	<b>3,586</b>	<b>1,988</b>	<b>1,525</b>	<b>1,378</b>	<b>3,226</b>	<b>1,642</b>	<b>2,610</b>	<b>1,226</b>	<b>(4,263)</b>	<b>21,084</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
2024/25	£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	(2,111)	(10,947)	-	-	-	13,058
Upward/(Downward) revaluation of non-current assets	(11,914)	(3,362)	-	-	-	15,276
Movements in the fair value of Investment Properties	13,276	-	-	-	-	(13,276)
Amortisation of intangible assets	(191)	(209)	-	-	-	400
Capital Grants and contributions applied	2,639	1,082	-	-	(258)	(3,463)
Revenue expenditure funded from Capital under statute	(1,918)	-	-	-	-	1,918
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(14,514)	(2,587)	-	-	-	17,101
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	(2,950)	24	-	-	-	2,926
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	2,117	-	17,702	-	-	(19,819)
<b>Adjustments Primarily Involving the Capital Grants Unapplied</b>						
Transferred from Capital Grants Unapplied	-	-	-	-	-	-
<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	50	4,491	(4,541)	-	-	-
Transfer from Deferred Capital Receipts on receipt of cash	-	-	(21,891)	-	-	21,891
Used to finance new Capital Expenditure	-	-	13,968	-	-	(13,968)
Contribution towards administrative costs of non-current asset disposals	-	(24)	24	-	-	-
Contribution to finance the payments to the Government Capital Receipts pool	162	-	(162)	-	-	-
<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	-	-	-	-	-	-
<b>Adjustments relating to the Major Repairs Reserve</b>						
Depreciation transferred from HRA	-	10,947	-	(10,947)	-	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	12,605	-	(12,605)
<b>Adjustments involving the Pensions Reserve</b>						
Reversal of items relating to retirement benefits debited/credited to the CIES.	819	57	-	-	-	(876)
<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.	(778)	-	-	-	-	778
<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.	(14)	(9)	-	-	-	23
<b>Total Adjustments</b>	<b>(15,327)</b>	<b>(537)</b>	<b>5,100</b>	<b>1,658</b>	<b>(258)</b>	<b>9,364</b>



	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 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	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 Account</b>						
Transferred from Capital Grants Receipt in Advance	-	-	-	-	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>

## 8. MOVEMENTS IN EARMARKED RESERVES

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

	Balance 31st March 2023	Transfers Out	Transfers In	Balance 31st March 2024	Transfers Out	Transfers In	Balance 31st March 2025
General Fund	£000's	£000's	£000's	£000's	£000's	£000's	£000's
All Weather Pitch	137	-	14	151	-	14	165
Building Control	80	(80)	-	-	-	-	-
Capital Investment Risk Reserve	-	-	1,000	1,000	-	500	1,500
Collection Fund Deficit Reserve	-	-	-	-	-	362	362
Community Projects	435	(517)	486	404	(444)	658	618
Deferred Revenue Income	605	(605)	-	-	-	-	-
Digital Innovation Zone	127	(85)	90	132	(102)	90	120
District Development Fund	224	(9)	-	215	(99)	59	175
Garden Town	410	(606)	602	406	(296)	75	185
Homelessness	256	(51)	310	515	(301)	299	513
Insurance Reserve	150	-	-	150	-	-	150
Invest to Save Reserve	114	-	-	114	(203)	89	-
Museum Fund	110	-	-	110	-	-	110
New Burdens	112	(100)	-	12	(12)	-	-
North Weald Inland Port	617	(482)	100	235	(235)	-	-
Staff Benefits	31	(17)	13	27	-	-	27
Prosperity Fund	33	(119)	120	34	(485)	451	-
S106 Revenue Contributions	40	(28)	18	30	(57)	300	273
Transformation Revenue Reserve ("Fit for the Future")	-	-	808	808	(735)	3,214	3,287
Other Ongoing Projects	343	(183)	175	335	(93)	205	447
<b>Total Earmarked Reserves</b>	<b>3,824</b>	<b>(2,882)</b>	<b>3,736</b>	<b>4,678</b>	<b>(3,062)</b>	<b>6,316</b>	<b>7,932</b>

## 9. OTHER OPERATING EXPENDITURE

	31 March 2025 £000's	31 March 2024 £000's
Parish Council Precepts	4,566	4,182
Payments to the Government Housing Pool	(162)	(18)
(Gains) / losses on the disposal of non-current assets	12,669	(87,686)
<b>Total</b>	<b>17,073</b>	<b>(83,522)</b>

## 10. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	31 March 2025 £000's	31 March 2024 £000's
Total Net Surplus from Investment Property	(8,935)	(8,256)
Interest payable and similar charges	11,684	9,386
Pensions interest cost	95	(1,668)
Interest receivable and similar income	(6,762)	(5,702)
Changes in Fair Value of Investment Properties	(13,276)	(7,883)
(Gains)/Losses on disposal of Investment Properties	(85)	48
Changes in Value of Deferred Capital Receipts	24	(37)
<b>Total</b>	<b>(17,255)</b>	<b>(14,112)</b>

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

	31 March 2025 £000's	31 March 2024 £000's
Council Tax Income	(14,437)	(13,931)
Non Domestic Rate Income	(13,997)	(15,558)
Non Domestic Rate Section 31 Grants	(5,832)	(5,256)
Non Domestic Rate Tariff Payment and Levy	12,957	13,493
Non-ring fenced Government Grants	(1,441)	(1,330)
Capital Grants and Other Contributions	(1,411)	(1,956)
Recognition of Donated assets	(633)	-
<b>Total</b>	<b>(24,794)</b>	<b>(24,538)</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.

2024/25	Council Dwellings & Garages £000's	Other Land & Buildings £000's	Vehicles, Plant & Equipment £000's	Community Assets £000's	Surplus Assets £000's	Assets Under Construction £000's	Total £000's
<b>Gross Book Value 1st April 2024</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>
Right of Use Assets Recognised/Derecognised upon transition (IFRS16) at 01 April 2024	-	1,066	(970)	-	-	-	96
Additions	13,841	19,912	15,012	-	-	25,620	74,385
Disposals / Impairments	(2,466)	(54)	(14,038)	-	-	(1,104)	(17,662)
Reclassified in Year	11,915	(225)	-	-	371	(12,036)	25
Revaluation Applied to the CIES	(3,378)	(11,899)	-	-	-	-	(15,277)
Revaluation Credited to the Revaluation Reserve	15,902	4,700	-	-	407	190	21,199
Accumulated Depreciation & Impairment Written Off on Revaluation	(10,604)	(918)	-	-	-	-	(11,522)
<b>Gross Book Value 31st March 2025</b>	<b>828,383</b>	<b>63,365</b>	<b>11,673</b>	<b>1,143</b>	<b>1,505</b>	<b>34,370</b>	<b>940,439</b>
<b>Accumulated Depreciation 1st April 2024</b>	<b>-</b>	<b>(257)</b>	<b>(6,912)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,169)</b>
Right of Use Assets Recognised/Derecognised upon transition (IFRS16) at 01 April 2024	-	-	873	-	-	-	873
Reclassified	2	8	-	-	(2)	-	8
Depreciation in Year	(10,638)	(1,366)	(888)	-	-	-	(12,892)
Depreciation on Disposed Assets	32	-	162	-	-	-	194
Accumulated Depreciation & Impairment Written Off on Revaluation	10,604	918	-	-	-	-	11,522
<b>Depreciation 31st March 2025</b>	<b>-</b>	<b>(697)</b>	<b>(6,765)</b>	<b>-</b>	<b>(2)</b>	<b>-</b>	<b>(7,464)</b>
<b>Net Book Value 31st March 2025</b>	<b>828,383</b>	<b>62,668</b>	<b>4,908</b>	<b>1,143</b>	<b>1,503</b>	<b>34,370</b>	<b>932,975</b>

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

### Right Of Use Assets

The table below shows those classes of assets within Property, Plant and equipment that contain Right of Use Assets per IFRS16, and their respective net book values.

	31 March 2025 £000's	31 March 2024 £000's
<b>Net Book Value at 1st April 2024</b>	-	-
Other Land & Buildings	878	-
Vehicles, Plant & Equipment	516	-
<b>Net Book Value at 31st March 2025</b>	<b>1,394</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 2024/25 for operational and investment property. HRA stock was valued at 31 March 2025 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 £000's	Other Land & Buildings £000's	Vehicles, Plant & Equipment £000's	Community Assets £000's	Surplus Assets £000's	Assets Under Construction £000's	Total £000's
<b>Carried Historical Cost</b>	-	-	11,673	1,143	-	34,370	<b>47,186</b>
<b>Valued at Current Value as from:</b>							
31st March 2025	828,383	46,378	-	-	1,505	-	<b>876,266</b>
31st March 2024	-	3,412	-	-	-	-	<b>3,412</b>
31st March 2023	-	10,852	-	-	-	-	<b>10,852</b>
31st March 2022	-	2,128	-	-	-	-	<b>2,128</b>
31st March 2021	-	595	-	-	-	-	<b>595</b>
<b>Total Cost or Valuation</b>	<b>828,383</b>	<b>63,365</b>	<b>11,673</b>	<b>1,143</b>	<b>1,505</b>	<b>34,370</b>	<b>940,439</b>

### Infrastructure Assets

	31 March 2025 £000's	31 March 2024 £000's
<b>Net Book Value 1st April 2024</b>	4,905	4,827
Additions	297	238
De-Recognition/Disposals	-	-
Depreciation	(165)	(160)
Depreciation on disposed assets	-	-
<b>Net Book Value 31st March 2025</b>	<b>5,037</b>	<b>4,905</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 2025

	31 March 2025 £000's	31 March 2024 £000's
Infrastructure assets	5,037	4,905
Other Property Plant and Equipment assets	932,975	882,026
<b>Total Property Plant and Equipment assets</b>	<b>938,012</b>	<b>886,931</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 2025 £000's	31 March 2024 £000's
Rental Income from Investment Property	11,351	10,266
Direct Operating Expenses Arising from Investment Property	(2,416)	(2,010)
<b>Net Gain / (Loss)</b>	<b>8,935</b>	<b>8,256</b>

The following table summarises the movement in fair value of investment properties over the year. Capital growth performance varies considerably across the main commercial property sectors - industrial and retail currently outperforming the all-property average, in which areas the majority of the Council's portfolio lies. This has led to an increase in the fair value of the portfolio of £13.276 million, almost 8.5%. 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 2025 by Jason Sharman MRICS, RICS Registered Valuer and Partner of Carter Jonas LLP.

<b>Properties Categorised within Level 3</b>	31 March 2025 £000's	31 March 2024 £000's
Balance as at 31 March	156,224	148,483
<b>Balance as at 01 April</b>	<b>156,224</b>	<b>148,483</b>
Reclassified in year	(33)	(150)
Acquisition	-	1,676
Repurchased leases	682	755
Enhancements to existing properties	(65)	(2,423)
Net Gains / (Losses) from fair value adjustments	13,276	7,883
<b>Balance at end of the year</b>	<b>170,084</b>	<b>156,224</b>

#### 14. LONG TERM DEBTORS

	31 March 2025 £000's	31 March 2024 £000's
Capital Advances (B3 Living)	290	344
Rents to Mortgages	1,634	1,611
Home Assist Loans	154	203
S278 Bond	211	193
Qualis Loans	77,544	90,529
Provision for Credit losses	(4,997)	(2,042)
<b>Net Carrying Amount at end of the year</b>	<b>74,836</b>	<b>90,838</b>



The Council is required by accounting standards to make a provision for potential losses in respect of Qualis loans. A total provision of £4.997 million was required for 2024/25 (£2.3042 million in 2023/24); this comprises £4.943 million in respect of capital loans and £0.054 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 2025 £000's	31 March 2024 £000's	31 March 2025 £000's	31 March 2024 £000's
<b>Financial liabilities</b>				
Borrowing	(247,752)	(248,402)	(5,815)	(5,090)
Finance Lease Liabilities	(11,971)	-	(2,164)	-
Trade Creditors	-	-	(5)	(5)
<b>Total financial liabilities</b>	<b>(259,723)</b>	<b>(248,402)</b>	<b>(7,984)</b>	<b>(5,095)</b>
<b>Financial assets</b>				
Short-term investments	-	-	-	19,156
Debtors	2,289	2,350	4,330	3,762
Cash	-	-	1,023	(7,541)
Cash equivalents MMF	-	-	8,000	21,500
Cash equivalents DMADF	-	-	4,500	3,000
Qualis loans	77,544	90,529	3,592	4,060
<b>Total financial assets</b>	<b>79,834</b>	<b>92,879</b>	<b>21,445</b>	<b>43,937</b>

The short-term borrowing includes £0.415 million representing accrued interest on principal repayments due within 12 months on long-term borrowing (2023/24 £0.440 million).

The Council had no short-term loans with local authorities at the end of 2025 (2023/24 £19.156 million plus accrued interest of £0.156 million categorised as short-term investments).

Short-term Qualis loans include £0.181 million representing accrued interest on principal repayments due within 12 months on long-term loans (2023/24: £0.280 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 2025 £000's	31 March 2024 £000's	31 March 2025 £000's	31 March 2024 £000's
Interest expense	11,684	9,386	-	-
Fee expense	-	-	-	-
<b>Total expense in Surplus or Deficit on the Provision of Services</b>	<b>11,684</b>	<b>9,386</b>	<b>-</b>	<b>-</b>
Interest Income	-	-	(6,762)	(5,702)
Fee income	-	-	-	-
<b>Total income in Surplus or Deficit on the Provision of Services</b>	<b>-</b>	<b>-</b>	<b>(6,762)</b>	<b>(5,702)</b>
<b>Net (Gain) / Loss for the year</b>	<b>11,684</b>	<b>9,386</b>	<b>(6,762)</b>	<b>(5,702)</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 2025			31 March 2024		
	Gross Assets (Liabilities) £000's	(Liabilities) assets set off £000's	Net position on balance sheet £000's	Gross Assets (liabilities) £000's	(Liabilities) assets set off £000's	Net position on balance sheet £000's
Bank Overdrafts		(1,259)	-		(9,230)	-
Bank Accounts in Credit	2,282		-	1,689		-
<b>Total Financial Assets</b>	<b>2,282</b>	<b>(1,259)</b>	<b>1,023</b>	<b>1,689</b>	<b>(9,230)</b>	<b>(7,541)</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 2025, 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.
- 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 2025 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 £10.1 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.

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**

	Fair Value Level	31 March 2025		31 March 2024	
		Carrying Amount £000's	Fair Value £000's	Carrying Amount £000's	Fair Value £000's
<b>Financial Liabilities held at Amortised Cost</b>					
Long-Term Borrowing	2	(247,752)	(211,079)	(248,402)	(211,597)
Short-Term Borrowing		(5,815)	(5,815)	(5,090)	(5,090)
Finance Lease Liabilities		(14,135)	(14,135)	-	-
Trade Creditors		(5)	(5)	(5)	(5)
<b>Total Financial Liabilities</b>		<b>(267,707)</b>	<b>(231,034)</b>	<b>(253,497)</b>	<b>(216,692)</b>
<b>Financial Assets</b>					
Short-term investments		-	-	19,156	19,325
Qualis Loans	2	81,137	39,477	94,589	69,838
Cash and Cash equivalents					
Bank and Cash		1,023	1,023	(7,541)	(7,541)
Cash and Cash equivalents					
MMF	1	8,000	8,001	21,500	21,503
Cash and Cash equivalents					
DMADF		4,500	4,516	3,000	3,009
Long-Term Debtors	2	2,289	2,235	2,350	2,266
Short-Term Debtors		4,330	4,330	3,762	3,762
<b>Total Financial Assets</b>		<b>101,279</b>	<b>59,582</b>	<b>136,816</b>	<b>112,162</b>

Impact of 1% increase on discount rate for fair values	31 March 2025		31 March 2024	
	Effect on Fair Values £000's	Effect on Income & Expenditure £000's	Effect on Fair Values £000's	Effect on Income & Expenditure £000's
PWLB	(19,475)	19	(19,455)	18
Qualis Loans	(1,419)	-	(3,615)	-
<b>Total</b>	<b>(20,894)</b>	<b>19</b>	<b>(23,070)</b>	<b>18</b>

## 16. DEBTORS AND PREPAYMENTS

	31 March 2025 £000's	31 March 2024 £000's
Government Departments and Other Local Authorities	3,753	3,477
Council Tax Arrears	2,465	2,332
NDR Arrears	1,948	1,905
Housing Rent Arrears	1,091	959
Sundry Debtors	11,139	10,620
Prepayments & Deposits	2,127	772
Qualis Loan	3,592	4,059
Bad Debt Provision	(7,855)	(7,611)
<b>Total</b>	<b>18,260</b>	<b>16,513</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 2025 £000's	31 March 2024 £000's
Bank Current Accounts	1,023	(7,541)
Investment MMF	8,000	21,500
Investment DMADF	4,500	3,000
<b>Total Cash and Cash Equivalents</b>	<b>13,523</b>	<b>16,959</b>

## 18. CREDITORS

	31 March 2025 £000's	31 March 2024 £000's
Government Departments and Other Local Authorities	(5,676)	(5,839)
Council Tax	(300)	(261)
Non Domestic Rates	(837)	(399)
Housing Rents	(980)	(648)
Sundry Creditors	(13,006)	(8,506)
Accruals and Deferred Income	(3,567)	(5,916)
Short Term Leases	(2,164)	-
Covid Grants	(788)	(788)
<b>Total Creditors</b>	<b>(27,318)</b>	<b>(22,357)</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 2024/25 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 2025 £000's	31 March 2024 £000's
<b><u>Business Rates Appeals</u></b>		
Opening Balance 1st April	608	1,106
Amounts Used in Year	(190)	(463)
Additional Provision Provided	606	(35)
<b>Closing Balance</b>	<b>1,024</b>	<b>608</b>

## 20. UNUSABLE RESERVES

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

	31 March 2025 £000's	31 March 2024 £000's
Revaluation Reserve	305,938	289,766
Capital Adjustment Account	418,452	410,891
Pension Reserve	(3,521)	(3,893)
Deferred Capital Receipts Reserve	79,049	91,021
Collection Fund Adjustment Account	553	1,331
Accumulated Absences Account	(247)	(224)
<b>Total Unusable Reserves</b>	<b>800,224</b>	<b>788,892</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 2025 £000's	31 March 2024 £000's
<b>Balance as at 01 April</b>	<b>289,766</b>	<b>293,620</b>
Opening Balance Adjustment		
Upward Revaluation of Assets	30,829	10,042
Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services.	(9,629)	(9,314)
<b>Surplus or deficit on revaluation of non-current assets not posted to the surplus or deficit on the provision of services</b>	<b>21,200</b>	<b>728</b>
Difference between fair value depreciation and historical cost depreciation	(3,929)	(3,897)
Accumulated Gains on assets sold or scrapped	(1,099)	(685)
<b>Amount written off to the capital adjustment account</b>	<b>(5,028)</b>	<b>(4,582)</b>
<b>Balance as at 31st March</b>	<b>305,938</b>	<b>289,766</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.

<b>Capital Adjustment Account</b>	<b>31 March 2025 £000's</b>	<b>31 March 2024 £000's</b>
<b>Balance as at 01 April</b>	<b>410,891</b>	<b>420,978</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	(13,058)	(12,973)
Revaluation Gains / (Losses) on Property, Plant and Equipment	(15,276)	(455)
Revenue Expenditure Funded from Capital under Statute	(1,918)	(1,332)
Amounts for non-current assets written off on disposal or sale as part of gain / loss on disposal to the CIES	(17,101)	(4,472)
Amortisation of Intangible Assets	(400)	(306)
	(47,753)	(19,538)
Adjusting Amounts Written Out of the Revaluation Reserve	5,028	4,582
<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>368,166</b>	<b>406,022</b>
Capital Financing Applied in the Year		
Use of the Capital Receipts Reserve to Finance New Capital Expenditure HRA	9,572	1,052
Use of the Capital Receipts Reserve to Finance New Capital Expenditure General Fund	4,396	960
Use of the Major Repairs Reserve to Finance New Capital Expenditure	12,605	15,136
Capital Grants Credited to the CIES that have been applied to Capital Financing	3,463	3,204
Application of grants to capital financing from the Capital Grants Unapplied account.	-	81
Financing New Capital Loans	(10,101)	(25,906)
Statutory Provision for the Financing of Capital Investments Charged against the General Fund and HRA Balances	(2,744)	224
Capital Expenditure Charged against the General Fund and HRA Balances	-	-
	17,191	(5,249)
Movement in the Market Value of Investment Properties debited or credited to the CIES	13,276	7,883
Statutory Provision for the financing of capital investment charged against the General Fund and HRA balances	2,117	1,164
Repayment of Capital Loan	17,702	1,071
<b>Balance as at 31st March</b>	<b>418,452</b>	<b>410,891</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.



<b>Pension Reserve</b>	<b>31 March 2025 £000's</b>	<b>31 March 2024 £000's</b>
<b>Balance as at 01 April</b>	<b>(3,893)</b>	<b>(4,208)</b>
Remeasurements of the net defined liability / (asset)	(504)	(871)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(3,533)	(3,205)
Employers pensions contributions and direct payments to pensioners payable in the year	4,409	4,391
<b>Balance as at 31 March</b>	<b>(3,521)</b>	<b>(3,893)</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.

<b>Deferred Capital Receipts</b>	<b>31 March 2025 £000's</b>	<b>31 March 2024 £000's</b>
<b>Balance as at 01 April</b>	<b>91,021</b>	<b>64,341</b>
Statutory Provision for the Financing of Capital Investments and Loans Charged against the General Fund and HRA Balances	10,101	28,281
Impairment Charges in Relation to advances charged to the CIES	(182)	30
Transfer to Capital Receipts Reserve upon receipt of cash	(21,891)	(1,631)
<b>Balance as at 31 March</b>	<b>79,049</b>	<b>91,021</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.

<b>Collection Fund Adjustment Account</b>	<b>31 March 2025 £000's</b>	<b>31 March 2024 £000's</b>
<b>Balance as at 01 April</b>	<b>1,331</b>	<b>879</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	(778)	452
<b>Balance as at 31 March</b>	<b>553</b>	<b>1,331</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 2025 £000's	31 March 2024 £000's
Balance as at 1st April	224	287
Settlement or cancellation of accrual made at the end of the preceding year	(224)	(287)
Amounts accrued at the end of the current year	247	224
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	23	(63)
<b>Balance as at 31st March</b>	<b>247</b>	<b>224</b>

## 21. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items.

	31 March 2025 £000's	31 March 2024 £000's
Interest Received	6,918	5,546
Interest Charge for the Year	(11,709)	(9,988)
Other Lease Income	(3)	-
Other Lease Payments	163	-
<b>Total</b>	<b>(4,631)</b>	<b>(4,442)</b>

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

	31 March 2025 £000's	31 March 2024 £000's
Depreciation	13,058	12,973
Amortisation	401	306
Impairment and upward/downward revaluations	15,277	455
Increase / (decrease) in creditors	963	(8,549)
(Increase) / decrease in debtors	(2,677)	1,085
(Increase) / decrease in inventories	(149)	(1)
Increase/(decrease) in impairment for bad debts	2,955	(266)
Pension Liability	(876)	(2,628)
Carrying amount of Non-Current Assets sold	17,101	4,472
Other Non-Cash Items Charged to the Net Surplus or deficit on the Provision of Services	(13,493)	(8,381)
<b>Total</b>	<b>32,560</b>	<b>(534)</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 2025 £000's	31 March 2024 £000's
Any other items for which the cash effects are investing or financing cash flows	(3,087)	(3,234)
Proceeds from the sale of property and equipment, investment property and intangible assets	(14,619)	(117,985)
<b>Total</b>	<b>(17,706)</b>	<b>(121,219)</b>

## 22. CASH FLOW STATEMENT - INVESTING ACTIVITIES

	31 March 2025 £000's	31 March 2024 £000's
Purchase of Property, Plant and Equipment, Investment Property	(57,813)	(24,435)
Purchase of Short-term and Long-term Investments	(15,000)	(19,000)
Other Payments for Investing Activities	(18)	(193)
Proceeds from Sale of Property, Plant and Equipment, and Investment Property	26,409	91,335
Proceeds from Short-term and Long-term Investments	34,000	-
Other Receipts from Investing Activities	5,736	5,157
<b>Total</b>	<b>(6,686)</b>	<b>52,864</b>

## 23. CASH FLOW STATEMENT - FINANCING ACTIVITIES

	31 March 2025 £000's	31 March 2024 £000's
Cash receipts of short and long term borrowing	5,000	46,800
Repayments of short and long-term borrowing	(4,900)	(75,387)
Cash payments for the reduction of outstanding liabilities relating to leases	(903)	-
Other payments for financing activities	(1,555)	551
<b>Total</b>	<b>(2,358)</b>	<b>(28,036)</b>

## 24. MEMBER ALLOWANCES

Member Allowances	31 March 2025 £000's	31 March 2024 £000's
Allowances	346	352
Expenses	-	-
<b>Total Member Allowances</b>	<b>346</b>	<b>352</b>

## 25. OFFICER REMUNERATION

	2024/25				
	Salary (including fees and allowances)	Benefits in Kind	Pension Contributions	Redundancy	Total Remuneration including Pension
	£'s	£'s	£'s	£'s	£'s
Chief Executive - Georgina Blakemore	142,750	656	34,261	-	177,667
Strategic Director - Chief Operating Officer	123,153	4,887	27,190	-	155,230
Strategic Director & Section 151 Officer	134,230	-	29,665	-	163,894
Service Director - Planning & Development	88,182	-	19,488	-	107,670
Service Director - Regulatory Services	88,182	-	19,488	-	107,670
Service Director - Strategic Projects	88,182	-	19,488	-	107,670
Service Director - Contracts Partnerships and Procurement	88,182	247	19,488	-	107,917
Service Director - Corporate Services	89,849	-	-	-	89,849
Project Director - Housing Revenue Account	-	-	-	-	-
Project Director - ICT & Transformation	104,092	-	22,355	-	126,447
Project Director - Customer & Communities	169,696	-	18,845	-	188,540
Harlow & Gilston Garden Town Director	77,663	-	-	-	77,663
<b>Total</b>	<b>1,194,160</b>	<b>5,790</b>	<b>210,268</b>	<b>-</b>	<b>1,410,218</b>

	2023/24				
	Salary (including fees and allowances)	Benefits in Kind	Pension Contributions	Redundancy	Total Remuneration including 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 - 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>

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% (22.1% in 2023/24).

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 three 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. The 2024/25 fixed pay award was a further £1,290.

	31 March 2025 No of Employees	31 March 2024 No of Employees
<b>Remuneration Band</b>		
£50,000 - £54,999	39	46
£55,000 - £59,999	11	16
£60,000 - £64,999	22	10
£65,000 - £69,999	6	5
£70,000 - £74,999	1	2
£75,000 - £79,999	1	2
£80,000 - £84,999	1	4
£85,000 - £89,999	5	3
£90,000 - £94,999	-	-
£95,000 - £99,999	1	-
£100,000 - £104,999	1	-
£105,000 - £109,999	-	1
£110,000 - £114,999	-	-
£115,000 - £119,999	-	1
£120,000 - £124,999	1	1
£125,000 - £129,999	-	-
£130,000 - £134,999	1	-
£135,000 - £139,999	-	-
£140,000 - £144,999	1	-
£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>91</b>	<b>92</b>

The table above includes those officers listed in the tables above. Employee contracts terminated in 2024/25, are summarised in the table below.

	2024/25			
	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>£000's</b>			
<b>Exit Package Cost Band (including special payments)</b>				
£0 - £20,000	-	2	2	4
£20,001 - £40,000	1	2	3	107
£40,001 - £60,000	-	-	-	-
£60,001 - £80,000	-	-	-	-
£80,001 - £100,000	-	1	1	90
above £100,000	-	-	-	-
<b>Total Cost Included in Bandings and in the CIES</b>	<b>1</b>	<b>5</b>	<b>6</b>	<b>201</b>

	2023/24			Total Cost of Exit Packages in Each Band
	No of Compulsory Redundancies	No of Other Departures	Total No of Exit Packages	
<b>Termination Benefits</b>				<b>£'000s</b>
<b>Exit Package Cost Band (including special payments)</b>				
£0 - £20,000	5	1	6	27
£20,001 - £40,000	3	1	4	119
£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</b>

## 26. EXTERNAL AUDIT FEES

The following fees have been paid for services carried out by public sector appointed auditors for 2024/25.

<b>External Audit Fees</b>	<b>31 March 2025 £000's</b>	<b>31 March 2024 £000's</b>
External Audit Services 2024/25	202	185
External Audit Services - Prior Period Fee Variations	16	88
Certification of Grant Claims & Returns	30	30
Other Services	3	3
<b>Total External Audit Fees</b>	<b>251</b>	<b>306</b>

## 27. GRANTS AND CONTRIBUTIONS

<b>Credited to Taxation and Non-Specific Grant Income</b>	<b>31 March 2025 £000's</b>	<b>31 March 2024 £000's</b>
<b>Non-ringfenced Government Grants</b>		
New Homes Bonus	6	78
Funding Guarantee	1,376	924
Service Grant	23	135
Other	36	194
<b>Total non-ring fenced Government Grants</b>	<b>1,441</b>	<b>1,330</b>
<b>Capital Grants and Other Contributions</b>		
Department for Business, Energy and Industrial Strategy	1	15
Department for Levelling Up Housing & Communities	157	419
Department of Energy Security and Net Zero	867	152
Government Grants	64	-
England Sport Council	300	-
Other Contributions	22	1,369
<b>Total Capital Grants and Other Contributions</b>	<b>1,411</b>	<b>1,955</b>

Credited to Services	31 March 2025 £000's	31 March 2024 £000's
Active Essex Foundation	-	6
Arts Council	7	40
Biffa Municipal	-	809
Broxbourne Borough Council	10	10
Buckhurst Hill Parish Council	23	-
Cambridgeshire & Peterborough Combined Council	3	-
Department for Business, Energy and Industrial Strategy	1	315
Department for Levelling Up Housing & Communities	3,136	3,028
Department for Work and Pensions	21,379	22,054
Department of Energy Security and Net Zero	-	26
East Herts District Council	181	108
Epping Forest North Pc Network	16	45
Essex Association of Local Councils	3	4
Essex County Council	884	2,397
Essex Police, Fire & Crime Commissioner	261	274
Gatherwell	7	-
Geoplace	-	3
Harlow Borough Council	216	108
Hertfordshire County Council	191	118
HMLR	-	33
Homes England (MHCLG)	212	450
Nhs Hertfordshire & West Essex Icb	562	111
Other	577	853
The National Lottery Community Fund	85	41
Town and Parish Councils	18	36
UK Health Security Agency	-	75
Uttlesford District Council	10	10
West Essex CCG	-	-
<b>Total Grants and Contributions</b>	<b>27,782</b>	<b>30,953</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; and
- Qualis Property Solutions Limited.
- Terra Verde Services Ltd

The Qualis companies were incorporated in October 2019. The Council has issued ten loans to the Qualis Group in 2024-25 with a combined value of £10.100 million, bringing the overall total of loans issued to the Group to £110.678 million up to, and including, 31st March 2025. The loans were issued at commercial rates of interest with a fixed repayment schedule. A total of £29.721 million (excluding interest) had been repaid by 31st March 2025, of which £23.453 million was repaid in 2024/25.

Qualis Property Solutions Limited has provided the Housing Repairs service to the Council since October 2020; the Council paid £28.805 million for this service in 2024/25 (£13.260 million Revenue, plus £15.545 million Capital) (£16.675 million 2023/24, comprising £11.341 million Revenue, plus £5.234 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 £0.393 million under the new arrangements, with a further £0.165 million in commission payments.

Qualis Property Solutions Limited has also provided the Grounds Maintenance Service to the Council since May 2023; the Council paid £1.258 million for this service in 2024/25.

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 84 to 91).

Terra Verde Services Ltd was incorporated on 9 January 2024 and commenced trading in November 2024. The company is wholly owned by the Council and provides high quality recycling and waste collection and street cleansing services to its customers cost effectively and efficiently. The Council paid the company £3.269 million in 2024/25.

### **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.



	31 March 2025 £000's	31 March 2024 £000's
<b>Opening Capital Financing Requirement</b>	<b>343,356</b>	<b>313,563</b>
Opening Balance Adjustment	-	(175)
<b>Capital Investment</b>		
Property, Plant and Equipment	76,318	22,575
Investment Properties	681	2,430
Revenue Expenditure Funded from Capital Under Statute	1,917	1,332
Private Sector Housing Loans	1	6
Intangible Assets	664	394
Qualis Loans	10,100	25,900
<b>Sources of Finance</b>		
Capital Receipts	(33,364)	(2,012)
Government Grants and Other Contributions	(3,463)	(3,285)
Major Repairs Reserve	(12,605)	(15,136)
Direct Revenue Contributions	-	-
Minimum Revenue Provision	(2,117)	(1,164)
Repayment Capital Loans	(17,702)	(1,072)
<b>Closing Capital Financing Requirement</b>	<b>363,786</b>	<b>343,356</b>

### 30. LEASES

In 2024/25, the Council applied IFRS 16 Leases as required by the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the new requirements is that for arrangements previously accounted for as operating leases (i.e. without recognising the leased vehicles, plant, equipment, property and land as an asset and future rents as a liability) a right-of-use asset and a lease liability are to be brought onto the Balance Sheet at 1 April 2024.

IFRS 16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year figures. However, some practical expedients have been applied as required or permitted by the Code:

- Lease liabilities are measured at the present value of the remaining lease payments at 1 April 2024, discounted by the authority's incremental borrowing rate at that date.
- the weighted average of the incremental borrowing rates used to discount liabilities was 5.01%.
- leases for items of low value and leases that expire on or before 31 March 2025 are exempt from the new arrangements.

#### Council as Lessee

The Council's lease contracts comprise leases of operational land and buildings, plant and equipment and motor vehicles. Most are individually immaterial; however, material leases include:

The Council entered into a lease with Specialist Fleet Services for Waste Management Vehicles. These have been subsequently subleased to the Council's Local Authority Trading Company (Terra Verde Services). The contract commenced in Nov 2024 for a term of eight years with no extension options. Rentals are fixed for the eight-year period. The value of these assets as at 31 March 2025 was £13.2million.

The Council also entered into two leases for the provision of temporary accommodation: A contract at a hotel in the district commenced in April 2024 for a term of two years with no extension options, the value of the asset at 31 March 2025 was £0.155 million; A contract at an Arts Facility in the district commenced in January 2025 for a term of two years with no extension option. The value of the asset at 31 March 2025 was £0.276 million. Rentals are fixed over the duration of the contracts.

The Council has entered into a lease for the provision of five portable public conveniences at various locations in the council area. The most recent renewal of the lease commenced in December 2024 for a term of 5 years with an auto renewal extension after 1 year from the end of the lease. The combined value of these assets at 31 March 2025 was £0.504 million. Rentals are fixed over the duration of the contract.

### **Right Of use Assets**

#### **Movement of Right of Use Assets**

This table shows the change in the value of the right of use assets held under Leases by the Authority:

	Other Land & Buildings £000's	Vehicles, Plant & Equipment £000's	Total £000's
<b>Gross Book Value 1st April 2024 on adoption of IFRS16</b>	943	(1,492)	<b>(549)</b>
Additions	305	14,375	<b>14,680</b>
Revaluations	(94)	0	<b>(94)</b>
Depreciation and amortisation	(222)	819	<b>597</b>
Disposals	(54)	(13,186)	<b>(13,240)</b>
<b>Net Book Value 31st March 2025</b>	<b>878</b>	<b>516</b>	<b>1,394</b>

### **Transactions Under Leases**

The authority incurred the following expenses and cash flows in relation to leases:

	2024/25 £000s
<b>Comprehensive income and expenditure statement</b>	
Interest expense on lease liabilities	254
Expense relating to short-term leases	130
Expense relating to exempt leases of low-value items	33
Income from subletting right-of-use assets	(3)
	<b>414</b>
<b>Cash flow statement</b>	
Minimum lease payments	<b>2,646</b>

### **Maturity analysis of lease liabilities**

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments):

	31 March 2025 £000s
Less than one year	2,739
One to five years	8,547
More than five years	4,997
<b>Total Undiscounted Liabilities</b>	<b>16,283</b>

### **Council as Lessor**

The authority leases out property and equipment under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres
- for economic development purposes to provide suitable affordable accommodation for local businesses.

### **Maturity analysis of lease Receivables**

The lease receivables are due to be collected over the following time bands (measured at the undiscounted amounts of expected cash receipts)

	31 March 2025 £000's	31 March 2024 £000's
Less than one year	9,319	8,481
One to five years	23,887	25,128
More than five years	104,871	100,902
<b>Total Undiscounted Receivables</b>	<b>138,077</b>	<b>134,510</b>

## **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 2024/25, 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 2025 £000's</b>	<b>31 March 2024 £000's</b>
Service Cost	3,300	3,241
Net Interest Charged	95	(181)
Administration Expenses	138	145
<b>Net Charge made to the CIES</b>	<b>3,533</b>	<b>3,205</b>
<b>Re-Measurements in Other Comprehensive Income</b>		
Return on Fund Assets in Excess of Interest	444	15,156
Other Actuarial Gains / (Losses)	-	-
Changes in Financial Assumptions	22,838	2,517
Change in Demographic Assumptions	475	2,540
Experience Gain / (Loss) on Defined Benefit	431	(569)
Changes in effect of asset ceiling	(24,692)	(20,515)
<b>Re-Measurement of the Net Assets/(Defined Liability)</b>	<b>(504)</b>	<b>(871)</b>
<b>Pension Assets and Liabilities Recognised in the Balance Sheet</b>		
Present Value of the Funded Obligation	160,532	179,465
Present Value of the Unfunded Obligation	1,530	1,785
Fair Value of Scheme Assets	(237,909)	(229,479)
Impact of asset ceiling	79,368	52,122
<b>Net Benefit Liability / (Asset) in the Balance Sheet</b>	<b>3,521</b>	<b>3,893</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 2025 £000</b>	<b>31 March 2024 £000</b>	<b>31 March 2025 £000</b>	<b>31 March 2024 £000</b>
Net Pensions Liability at 1st April	(1,785)	(1,992)	(181,250)	(182,739)
Current Service Cost	-	0	(3,093)	(3,038)
Interest Cost	(82)	(92)	(8,709)	(8,496)
Change in Financial Assumptions	82	12	22,838	2,517
Change in Demographic Assumptions	6	35	475	2,540
Experience Gain	4	(6)	431	(569)
Liabilities Assumed / (Extinguished) on Settlements	-	-	170	1,337
Estimated Benefits Paid	-	-	8,221	8,249
Past Service Cost Including Curtailments	-	-	(186)	(92)
Contributions by Scheme Participants	-	-	(1,204)	(1,217)
Unfunded Pension Payments	245	258	245	258
<b>Net Pension Liability at 31 March</b>	<b>(1,530)</b>	<b>(1,785)</b>	<b>(162,062)</b>	<b>(181,250)</b>

<b>Reconciliation of the Fair Value of the Scheme Assets</b>	<b>31 March 2025 £000</b>	<b>31 March 2024 £000</b>
Fair Value of the Plan Assets at 1 April	229,479	208,651
Interest on Assets	11,168	10,164
Return on Assets less Interest	444	15,156
Other Actuarial Gains / (Losses)	-	-
Administration Expenses	(138)	(145)
Employer Contributions including Unfunded	4,409	4,391
Contributions by Scheme Participants	1,204	1,217
Benefits Paid	(8,466)	(8,507)
Settlement Prices Received / (Paid)	(191)	(1,448)
<b>Fair Value of the Plan Assets at 31 March</b>	<b>237,909</b>	<b>229,479</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 £0.44 million (£15.2 million 2023/24).

<b>Scheme History</b>	<b>2024/25 £000's</b>	<b>2023/24 £000's</b>	<b>2022/23 £000's</b>	<b>2021/22 £000's</b>	<b>2020/21 £000's</b>
Present Value of Liabilities	(160,532)	(179,465)	(180,747)	(251,031)	(256,735)
Fair Value of Assets	237,909	229,479	208,651	209,226	190,210
Present Value of Unfunded Obligation	(1,530)	(1,785)	(1,992)	(2,358)	(2,583)
Impact of asset ceiling	(79,368)	(52,122)	(30,120)	-	-
<b>Surplus / (Deficit) in the Scheme</b>	<b>(3,521)</b>	<b>(3,893)</b>	<b>(4,208)</b>	<b>(44,163)</b>	<b>(69,108)</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 2025. 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 impact of the asset ceiling as £79.368 million in 2024/25, (£52.122 million in 23/24) 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 2024/25 was £3.521 million (after the asset ceiling adjustment) compared to a net liability balance of £3.893 million in 2023/24.

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 2026 is £4.223 million. The Service Cost is expected to be £2.405 million for the year to 31st March 2026.

### **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.

<b>Principal Assumptions</b>	<b>2024/25</b>	<b>2023/24</b>
<b>Life Expectancy Assumptions</b>		
Longevity at 65 for current pensioners in years:		
Men	21	21
Women	23	23
Longevity at 65 for future pensioners in years:		
Men	22	22
Women	25	25
<b>Other Assumptions</b>		
Rate of inflation RPI	3.20%	3.25%
Rate of inflation CPI	2.90%	2.90%
Rate of increase in salaries	3.90%	3.90%
Rate of increase in pensions	2.90%	2.90%
Rate for discounting scheme liabilities	5.80%	4.90%

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

<b>Assets Held</b>	<b>31 March 2025</b>		<b>31 March 2024</b>	
	<b>£000's</b>	<b>%</b>	<b>£000</b>	<b>%</b>
Equities	130,624	55%	127,109	55%
Government Bonds	3,606	2%	4,100	2%
Property	19,204	8%	15,839	7%
Cash / Liquidity	4,640	2%	5,661	2%
Alternative Assets	35,860	15%	34,889	15%
Other Managed Funds	43,975	18%	41,881	18%
<b>Total</b>	<b>237,909</b>	<b>100%</b>	<b>229,479</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 1b	Sensitivity 1a	Existing Assumptions	Sensitivity 2a	Sensitivity 2b
Sensitivity Analysis as at 31 March 2025	£000's	£000's	£000	£000	£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	151,849	159,928	162,062	162,245	173,490
Projected Service Cost	2,028	2,325	2,405	2,487	2,843
<b>Adjustment to Long Term Salary Increase</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	162,703	162,189	162,062	161,936	161,441
Projected Service Cost	2,405	2,405	2,405	2,405	2,405
<b>Adjustment to Pension Increases and Deferred</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	173,130	164,178	162,062	159,992	152,150
Projected Service Cost	2,861	2,491	2,405	2,322	2,011
<b>Adjustment to Mortality Age Rating Assumptions</b>		<b>+ 1 Year</b>	<b>None</b>	<b>- 1 Year</b>	
Present Value of Total Obligation		168,356	162,062	156,033	
Projected Service Cost		2,497	2,405	2,315	

	Sensitivity 1b	Sensitivity 1a	Existing Assumptions	Sensitivity 2a	Sensitivity 2b
Sensitivity Analysis as at 31 March 2024	£000's	£000's	£000	£000	£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 Increase</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 and Deferred</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 Assumptions</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	

## 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 Ministry of Housing, Communities and Local Government 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 2025, and confirms that all investments were made in line with the Council's approved rating criteria when investment placed.

31 March 2025							
	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+	1,023	-	-	-	-	1,023
Cash equivalents MMF	A+	8,000	-	-	-	-	8,000
Cash Equivalents DMADF	UKGOV	4,500	-	-	-	-	4,500
<b>Total</b>		<b>13,523</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,523</b>

31 March 2024							
	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+	(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>-</b>	<b>-</b>	<b>-</b>	<b>35,959</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 2025			
	Amount £000's	Default Risk Judged %	Bad Debt Provision £000's
Trade Debtors	5,374	19.4%	1,044
Housing Arrears	1,091	56.3%	614

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

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.

31 March 2025				
Borrower	Exposure Type	Amount £000's	Default Risk Judged %	Expected Credit Loss £000's
Qualis Loans	Loan Commitment at market rate	80,956	0.0%	4,997

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

### **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 2025 is as follows.

31 March 2025		Cash Flows Principal Only £000's	% of Total Debt Portfolio	Cash Flows including Interest £000's
<b>Short-Term Borrowing</b>	<b>Less than 1 Year</b>	<b>4,900</b>	<b>2%</b>	<b>13,538</b>
Long-Term Borrowing	Over 1 but not Over 2	4,900	2%	13,349
	Over 2 but not Over 5	14,700	6%	38,910
	Over 5 but not Over 10	20,494	9%	84,150
	Over 10 but not Over 15	99,196	39%	124,751
	Over 15 but not Over 20	99,070	38%	73,715
	Over 20 but not Over 25	4,414	2%	5,905
	Over 25	5,478	2%	6,482
<b>Long-Term Borrowing</b>		<b>248,252</b>	<b>98%</b>	<b>347,262</b>

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

31 March 2024		Cash Flows Principal Only £000's	% of Total Debt Portfolio	Cash Flows including Interest £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>

### **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 2025, 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.

	2024-25 £000's	2023-24 £000's
Increase in Interest Payable on Variable Rate Borrowing	19	18
Increase in Interest Receivable on Variable Rate Investments	(103)	(408)
<b>Impact on Surplus or Deficit on the Provision of Services</b>	<b>(84)</b>	<b>(390)</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 2025, 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 £28.339 million. Similar commitments at 31st March 2024 were £39.851 million. The major commitments are:

<b>Scheme</b>	<b>Commitment £'000</b>
House Building Programme	5,443
Epping Leisure Centre	10,799
Broadway Regeneration Project	4,009
Waste Operations Hub	5,462
Airfield Control Tower	2,626
<b>Total</b>	<b>28,339</b>

# Housing revenue account income and expenditure statement



	Note	2024/25 £000's	2023/24 £000's
<b>Income</b>			
Dwelling Rents		(41,583)	(37,751)
Non Dwelling Rents		(833)	(791)
Charges for Services and Facilities		(2,360)	(1,922)
Contributions Towards Expenditure		(493)	(495)
<b>Total Income</b>		<b>(45,269)</b>	<b>(40,959)</b>
<b>Expenditure</b>			
Repairs and Maintenance		12,047	12,394
Supervision and Management		12,427	11,481
Revaluation of Fixed Assets		3,313	794
Rents, Rates, Taxes and Insurance		605	614
Depreciation and Amortisation	7	11,157	11,154
Debt Management		27	20
Provision for bad and doubtful debt		201	(20)
<b>Total Expenditure</b>		<b>39,777</b>	<b>36,437</b>
<b>Net Cost of Services as Included in the Comprehensive Income and Expenditure Statement</b>		<b>(5,492)</b>	<b>(4,522)</b>
HRA services share of Corporate Expenses		310	259
<b>Net Cost (Income) of HRA Services</b>		<b>(5,182)</b>	<b>(4,263)</b>
HRA Share of the Income and Expenditure included in the Comprehensive Income and Expenditure Statement		(5,182)	(4,263)
Capital Grants and Contributions		(1,082)	(1,955)
Gain on Sale of HRA Non-Current Assets		(1,795)	(819)
Gain on Sale of HRA Investment Properties		(85)	-
Interest Payable and similar charges		5,403	5,389
Interest and Investment Income		(401)	(524)
Changes in Fair Value of Investment Properties		-	(5)
Changes in Fair Value of RTM Properties		24	(37)
Pensions Interest / Return on Assets		15	282
<b>(Surplus) / Deficit for the Year on HRA Services</b>		<b>(3,103)</b>	<b>(1,932)</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>2024/25 £000</b>	<b>2023/24 £000</b>
(Surplus)/ deficit for the year on the Housing Revenue Account Income and Expenditure Statement		(3,103)	(1,932)
Adjustments between accounting basis and funding basis under statute (including to or from reserves)	<b>1</b>	(537)	1,686
Transfers to Earmarked Reserves		-	-
<b>(Increase) / decrease in the Housing Revenue Account Balance</b>		<b>(3,640)</b>	<b>(246)</b>
Housing Revenue Account Surplus Brought Forward		(4,798)	(4,552)
<b>Housing Revenue Account Surplus Carried Forward</b>		<b>(8,438)</b>	<b>(4,798)</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.

	2024/25 £000's	2023/24 £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.	(3,261)	(745)
Gain / (Loss) on the sale of HRA non-current assets	1,795	819
HRA share of contributions to or from the pension reserve	56	(196)
Capital expenditure funded by the HRA	-	-
Transfer to/from the Major Repairs Reserve	10,948	11,006
Transfers to/from the Capital Adjustment Account	(10,075)	(9,198)
<b>Net additional amount required by statute</b>	<b>(537)</b>	<b>1,686</b>

## 2. HOUSING REVENUE ACCOUNT ASSET VALUATION

The balance sheet values of HRA assets were as follows:

	31 March 2025 £000's	31 March 2024 £000's
Dwellings	828,383	803,173
Plant, vehicles & equipment	1,743	1,173
Other operational property	18,818	22,188
Investment property	89	154
<b>Total</b>	<b>849,033</b>	<b>826,688</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 £2,164,815,100 at 31st March 2025. 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 6,431 dwellings during 2024/25 (6,435 in 2023/24). Changes in the stock are summarised below.

	31 March 2025	31 March 2024
<b>Stock as at 1 April</b>	<b>6,435</b>	<b>6,442</b>
Less:		
Sales	(19)	(9)
Stock Transfers / Conversions	1	1
Other Movements	(1)	1
New Properties	15	-
<b>Stock as at 31 March</b>	<b>6,431</b>	<b>6,435</b>
Number of:		
Houses and Bungalows	3,490	3,503
Flats and Maisonettes	2,888	2,878
Other	53	54
<b>Stock as at 31 March</b>	<b>6,431</b>	<b>6,435</b>

#### 4. RENT ARREARS AND PROVISION

	31 March 2025 £000's	31 March 2024 £000's
Rent Arrears	1,091	959
Bad Debt Provision	(784)	(651)
<b>Total</b>	<b>307</b>	<b>308</b>

#### 5. HOUSING REVENUE ACCOUNT CAPITAL RECEIPTS

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

	31 March 2025 £000's	31 March 2024 £000's
Sale of Council Houses	4,341	2,031
Disposal of Land and other Property	150	23
Other Sales	-	-
<b>Total</b>	<b>4,491</b>	<b>2,054</b>

## 6. HOUSING REVENUE ACCOUNT CAPITAL EXPENDITURE

The HRA incurred the following capital expenditure:

<b>Capital Expenditure</b>	<b>31 March 2025 £000's</b>	<b>31 March 2024 £000's</b>
Council Dwellings	12,755	13,406
House Building and Developments	8,804	3,289
Disabled Adaptations	951	1,107
Plant, Vehicles and Equipment	719	174
Environmental Works	280	317
<b>Total Expenditure</b>	<b>23,509</b>	<b>18,293</b>
Financed by:		
Major Repairs Reserve	12,605	15,136
Capital Receipts	9,572	1,052
Other Contributions	1,082	1,955
Borrowing	250	150
<b>Stock as at 31 March</b>	<b>23,509</b>	<b>18,293</b>

## 7. 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>Depreciation</b>	<b>31 March 2025 £000's</b>	<b>31 March 2024 £000's</b>
Council Dwellings	10,638	10,697
Plant, vehicles & equipment	109	163
Land and Buildings	74	24
Other assets	126	122
<b>Total</b>	<b>10,947</b>	<b>11,006</b>

Revaluation losses of £4.191 million (£1.030 million in 2023/24) have been charged to the HRA during the year. Revaluation gains of £0.830 million (£0.240 million in 2023/24) 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



	2024/25			2023/24			
		Council Tax	Non-Domestic Rates	Collection Fund Total	Council Tax	Non-Domestic Rates	Collection Fund Total
	Note	£000's	£000's	£000's	£000's	£000's	£000's
Income							
Council Tax	1	(118,582)	-	(118,582)	(112,916)	-	(112,916)
Non-Domestic Rates	2	-	(36,417)	(36,417)	-	(33,569)	(33,569)
Total Income		(118,582)	(36,417)	(154,999)	(112,916)	(33,569)	(146,485)
Expenditure							
Precepts and Demands							
Central Government		-	18,949	18,949	-	18,299	18,299
Epping Forest District Council		13,854	15,159	29,013	13,081	14,639	27,720
Essex County Council		84,679	3,411	88,090	79,591	3,294	82,885
Essex Police		13,705	-	13,705	12,813	-	12,813
Essex Fire Authority		4,595	379	4,974	4,406	366	4,772
Distribution of Estimated Collection Fund Surplus/(Deficit)	3						
Central Government		-	381	381	-	689	689
Epping Forest District Council		(90)	305	215	94	551	645
Essex County Council		(548)	68	(480)	577	124	701
Essex Police		(88)	8	(80)	90	-	90
Essex Fire Authority		(30)	-	(30)	31	14	45
Other							
Transitional Protection (NDR)		-	(1,346)	(1,346)	-	(4,147)	(4,147)
Cost of Collection Allowance (NDR)		-	180	180	-	180	180
Provision for Appeals (NDR)		-	1,042	1,042	-	(1,247)	(1,247)
Provision for Non Payment		1,220	207	1,427	868	73	941
Total Expenditure		117,297	38,743	156,040	111,551	32,835	144,386
Deficit / (Surplus) for the Year		(1,285)	2,326	1,041	(1,365)	(734)	(2,099)
Balance Brought Forward		(31)	(3,320)	(3,351)	1,334	(2,586)	(1,252)
Balance Carried Forward		(1,316)	(994)	(2,310)	(31)	(3,320)	(3,351)

## 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: 55,717 for 2024/25 (54,884 for 2023/24). The basic amount of Council Tax for a Band D property of £2,100.67 for 2024/25 (£2,002.25 for 2023/24) is multiplied by the proportion specified for the band to give an individual amount due.

Total income of £118,581,641 for 2024/25 was receivable from Council Taxpayers (£112,916,327 for 2023/24).

	Chargeable Dwellings	Chargeable Dwellings after Discount, Exemptions and Disabled Relief	Ratio to Band D	Band D Equivalents
Band A Disabled	-	4	5/9	2
Band A	1,825	705	6/9	1,058
Band B	5,008	4,247	7/9	3,303
Band C	11,655	10,585	8/9	9,409
Band D	13,980	13,041	9/9	13,041
Band E	10,008	9,416	11/9	11,509
Band F	6,980	6,695	13/9	9,671
Band G	6,194	5,965	15/9	9,942
Band H	1,230	1,161	18/9	2,321
<b>Total Band D</b>				<b>60,256</b>
Less Band D equivalents entitled to Council Tax Support				3,512
<b>Total Band D Equivalents</b>				<b>56,744</b>
Less: Adjustment for Collection Rate				1,127
<b>Council Tax Base</b>				<b>55,617</b>

## 2. NON-DOMESTIC RATES

Non-Domestic Rates are organised on a national basis. The Government specifies an amount, 49.9p (small business) and 54.6p (all others) in 2024/25 (49.9p and 51.2p in 2023/24) 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 2024/25 this Council paid a tariff of £12,956,668 (£12,773,587 in 2023/24). The business rates collected in 2024/25 totalled £36,417 million (£33.569 million in 2023/24).

If the Council increases its Business Rates base, and therefore its income, it is 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 £109,555,893 (£109,550,893 in 2023/24).

### **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 three active companies:

- Qualis Group Ltd
- Qualis Commercial 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.

Terra Verde Services Ltd was incorporated on 9 January 2024 and commenced trading in November 2024. The company is 100% by the Council and provides high quality recycling and waste collection and street cleansing services to its customers cost effectively and efficiently.

## Accounting Policies

The Qualis group of companies prepared financial statements for the period from 1 October 2023 to 31 March 2025. These Group Accounts have been prepared using the best estimates provided by the group of activities from 1st April 2024 to 31st March 2025 and of the financial position of the group as at 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.

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.

Terra Verde Services was incorporated on 9 January 2024 and prepares financial statements from 1 April 2024 to 31 March 2025. The company commenced formal trading in November 2024 and the draft financial statements have been incorporated into the group financial statements.

### 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 capital adjustment account. 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.

	2024/25			2023/24			
		Gross Expenditure	Income	Net Expenditure	Gross Expenditure	Income	Net Expenditure
	Note	£000's	£000's	£000's	£000's	£000's	£000's
Audit		312	(89)	223	300	(84)	216
Chief Executive Office		904	(452)	452	605	(306)	299
Contracts,Partnerships & Procurement		28,994	(6,083)	22,911	14,773	(7,122)	7,651
Corporate Services		5,152	(1,738)	3,414	4,997	(1,411)	3,586
Customer & Communities		3,330	(2,196)	1,134	3,444	(1,456)	1,988
Finance		3,733	(1,830)	1,903	3,305	(1,780)	1,525
Housing		3,219	(2,273)	946	3,500	(2,122)	1,378
Ict & Transformation		4,429	(839)	3,590	4,065	(839)	3,226
Planning & Development		4,884	(3,507)	1,377	4,616	(2,974)	1,642
Regulatory Services		4,986	(2,451)	2,535	4,978	(2,368)	2,610
Strategic Projects		24,112	(23,192)	920	24,743	(23,517)	1,226
Housing Revenue Account		40,087	(45,270)	(5,183)	36,696	(40,959)	(4,263)
Net Cost of Services		124,142	(89,920)	34,222	106,022	(84,938)	21,084
Other Operating (Income) /Expenditure				25,263			(80,821)
Financing and Investment Income and Expenditure				(16,536)			(9,940)
Taxation and Non-Specific Grant Income				(39,313)			(24,538)
Tax Expense				106			-
(Surplus)/Deficit on Provision of Services				3,742			(94,215)
(Surplus) on Revaluation of Property Plant and Equipment				(21,199)			(768)
Actuarial (Gains)/Losses on Pension Assets/Liabilities				504			3,991
Total Comprehensive Income and Expenditure	G1			(16,953)			(90,992)

## Group Movement in Reserves Statement

	EFDC Single Entity									Qualis		TVS		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	TVS Usable	TVS Unusable	Group Total Usable Reserves	Group Total Unusable Reserves	Group Total Reserves
	£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	£000's	£000's
<b>Movements in 2024/2025</b>																
Balance as at 1st April 2024	4,000	4,798	4,677	100,518	4,357	1,628	119,978	788,893	908,871	(17,040)	-	-	-	102,938	788,893	891,831
Surplus / (Deficit) on Provision of Services	(12,349)	3,103	-	-	-	-	(9,246)	-	(9,246)	(7,704)	-	13,208	-	(3,742)	-	(3,742)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	20,695	20,695	-	-	-	-	-	20,695	20,695
<b>Total Comprehensive Income and Expenditure</b>	<b>(12,349)</b>	<b>3,103</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,246)</b>	<b>20,695</b>	<b>11,449</b>	<b>(7,704)</b>	<b>-</b>	<b>13,208</b>	<b>-</b>	<b>(3,742)</b>	<b>20,695</b>	<b>16,953</b>
Adjustment Between Accounting and Funding Basis Under Regulations	15,327	537	-	(5,100)	(1,658)	258	9,364	(9,364)	-	-	-	-	-	9,364	(9,364)	-
<b>Net Increase / (Decrease) before Transfer to Earmarked Reserves</b>	<b>2,978</b>	<b>3,640</b>	<b>-</b>	<b>(5,100)</b>	<b>(1,658)</b>	<b>258</b>	<b>118</b>	<b>11,331</b>	<b>11,449</b>	<b>(7,704)</b>	<b>-</b>	<b>13,208</b>	<b>-</b>	<b>5,622</b>	<b>11,331</b>	<b>16,953</b>
Transfer to Earmarked Reserves	(2,978)	-	3,254	-	-	(276)	-	-	-	-	-	-	-	-	-	-
<b>Increase / (Decrease) in Year</b>	<b>-</b>	<b>3,640</b>	<b>3,254</b>	<b>(5,100)</b>	<b>(1,658)</b>	<b>(18)</b>	<b>118</b>	<b>11,331</b>	<b>11,449</b>	<b>(7,704)</b>	<b>-</b>	<b>13,208</b>	<b>-</b>	<b>5,622</b>	<b>11,331</b>	<b>16,953</b>
Other Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31st March 2025</b>	<b>4,000</b>	<b>8,438</b>	<b>7,931</b>	<b>95,418</b>	<b>2,699</b>	<b>1,610</b>	<b>120,096</b>	<b>800,224</b>	<b>920,320</b>	<b>(24,744)</b>	<b>-</b>	<b>13,208</b>	<b>-</b>	<b>108,560</b>	<b>800,224</b>	<b>908,784</b>

	EFDC Single Entity									Qualis		TVS		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	TVS Usable	TVS Unusable	Group Total Usable Reserves	Group Total Unusable Reserves	Group Total Reserves
	£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	£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	(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>-</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>-</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>-</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>-</b>	<b>-</b>	<b>102,938</b>	<b>788,893</b>	<b>891,831</b>

## Group Balance Sheet

	Note	31 March 2025		31 March 2024	
		£000's	£000's	£000's	£000's
<b>Long Term Assets</b>					
Property, Plant & Equipment		944,541		887,025	
Heritage Assets		620		620	
Investment Properties		193,534		191,947	
Intangible Assets		2,141		1,884	
Long Term Debtors	<b>G2</b>	(2,708)		308	
<b>Total Long Term Assets</b>			<b>1,138,128</b>		<b>1,081,784</b>
<b>Current Assets</b>					
Short-term investments		-		19,156	
Inventories		37,651		39,527	
Debtors	<b>G3</b>	15,598		17,494	
Cash & Cash Equivalents	<b>G4</b>	20,275		18,835	
			<b>73,524</b>		<b>95,012</b>
<b>Current Liabilities</b>					
Creditors		(31,925)		(26,112)	
Provisions		(1,024)		(608)	
Short-Term Loans		(5,815)		(5,090)	
			<b>(38,764)</b>		<b>(31,810)</b>
<b>Long Term Liabilities</b>					
Long-Term Loans		(259,723)		(248,402)	
Pensions Liability	<b>G5</b>	(3,521)		(3,893)	
Provision for Deferred tax		(860)		(860)	
			<b>(264,104)</b>		<b>(253,155)</b>
<b>Total Assets Less Liabilities</b>			<b>908,784</b>		<b>891,831</b>
Usable Reserves		(94,041)		(102,938)	
Unusable Reserves		(814,743)		(788,893)	
			<b>(908,784)</b>		<b>(891,831)</b>



## Group Cash Flow Statement

	2024/25 £000's	2023/24 £000's
Net Surplus/(Deficit) on Provision of Services	(12,396)	94,741
Adjustments to net surplus or deficit on the provision of services for non-cash movements	60,182	(11,153)
Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(37,102)	(121,219)
<b>Net cash flows from Operating Activities</b>	<b>10,684</b>	<b>(37,631)</b>
Investing Activities	8,518	45,944
Financing Activities	(17,762)	(4,554)
<b>Net Increase or (Decrease) in cash and cash equivalents</b>	<b>1,440</b>	<b>3,759</b>
Cash and Cash Equivalents at the beginning of the reporting period	18,835	15,076
<b>Cash and Cash equivalents at the end of the reporting period</b>	<b>20,275</b>	<b>18,835</b>

### G1. OTHER OPERATING EXPENDITURE

In 2024/25, total comprehensive expenditure for all Qualis companies was £7.704 million and total comprehensive income of £13.208m for Terra Verde Ltd.

### G2. LONG-TERM DEBTORS

	31 March 2025 EFDC (Single entity) Note 14 £000	31 March 2025 EFDC GROUP £000's	31 March 2024 EFDC (Single entity) Note 14 £000	31 March 2024 EFDC GROUP £000's
Capital Advances (B3 Living)	290	290	344	344
Rents to Mortgages	1,634	1,634	1,611	1,611
Home Assist Loans	154	154	203	203
S278 Bond	211	211	193	193
Qualis Loans	77,544	-	90,529	-
Provision for Credit losses	(4,997)	(4,997)	(2,042)	(2,042)
<b>Net Carrying Amount at end of the year</b>	<b>74,836</b>	<b>(2,708)</b>	<b>90,838</b>	<b>309</b>

### G3. DEBTORS AND PREPAYMENTS

	31 March 2025 EFDC (Single entity) Note 16 £000	31 March 2025 EFDC GROUP £000's	31 March 2024 EFDC (Single entity) Note 16 £000	31 March 2024 EFDC GROUP £000's
Government Departments and Other Local	3,753	3,753	3,477	3,477
Council Tax Arrears	2,465	2,465	2,332	2,332
NDR Arrears	1,948	1,948	1,905	1,905
Housing Rent Arrears	1,091	1,091	959	959
Sundry Debtors	11,139	12,069	10,620	15,660
Prepayments & Deposits	2,127	2,127	772	772
Qualis Loan	3,592	-	4,059	-
Bad Debt provision	(7,855)	(7,855)	(7,611)	(7,611)
<b>Total</b>	<b>18,260</b>	<b>15,598</b>	<b>16,513</b>	<b>17,494</b>

### G4. CASH AND CASH EQUIVALENTS

	31 March 2025 EFDC (Single entity) Note 17 £000	31 March 2025 EFDC GROUP £000's	31 March 2024 EFDC (Single entity) Note 17 £000	31 March 2024 EFDC GROUP £000's
Bank Current Accounts	1,023	7,775	(7,541)	(5,665)
Investment MMF	8,000	8,000	21,500	21,500
Investment DMADF	4,500	4,500	3,000	3,000
<b>Total Cash and Cash Equivalents</b>	<b>13,523</b>	<b>20,275</b>	<b>16,959</b>	<b>18,835</b>

## G5. 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 2025.

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

<b>Pension Assets and Liabilities Recognised in the Balance Sheet</b>	<b>31 March 2025 EFDC (Single entity) Note 31 £000's</b>	<b>31 March 2024 EFDC (Single entity) Note 31 £000's</b>
Present Value of Liabilities	160,532	179,465
Present Value of the Unfunded Obligation	1,530	1,785
Fair Value of Scheme Assets	(237,909)	(229,479)
Impact of asset ceiling	79,368	52,122
<b>EFDC Net Benefit Liability / (Asset) in the Balance Sheet</b>	<b>3,521</b>	<b>3,893</b>
Group - Net Liability in Qualis subsidiaries	-	-
<b>EFDC GROUP Net Benefit Liability / (Asset) in the Balance Sheet</b>	<b>3,521</b>	<b>3,893</b>

# Annual governance statement



## Annual Governance Statement 2024/25

### 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 November 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 2025 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 2024/25 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 2024/25 financial year. This is supported by the Head of Internal Audit's annual opinion which for 2024/25 concluded that the Council has adequate and effective governance, risk management arrangements and control processes. 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 Strategic Legal Advisor. The Constitution is republished when updates are made. This was most recently carried out in May 2025.</p> <p>Financial Regulations are included within the Constitution and will be reviewed during 2025/26 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 during 2024/25 were reviewed, updated, and disseminated to staff because of the new Procurement Act which went live on 24 February 2025.</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. There was no need for the Standards Committee to meet during 2024/25.</p> <p>Members and officers must register any interests and declare any gifts</p>
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	<p>or hospitality in the appropriate registers in line with their codes of conduct. The process for officers was reviewed in 2024/25 and a new system-based process is being rolled out early 2025/26.</p> <p>The Antifraud and Corruption Strategy was reviewed and updated in November 2024 and promotes a zero-tolerance approach. This is supported by the Whistleblowing (Confidential Reporting) policy which was updated in February 2025.</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 subsidiaries, Qualis and Terra Verde Services (TVS), Community Safety Partnership, North Essex Economic Board, Health and Wellbeing Board, and NHS to name but a few. The Council also shares services with other councils including payroll and Internal Audit.</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. Complaints are monitored by the Senior Leadership Team monthly.</p> <p>The Tenant's and Leaseholders' Panel is regularly consulted regarding housing policies, most recently on the Condensation, Damp and Mould 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. A refresh was started towards the end of 2024/25.</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</p>	<p>The <u>Corporate Plan 2023-27</u> is subject to annual review and performance monitoring. Delivery of the Plan is measured through Objectives and Key Results and a suite of Corporate and Service KPIs.</p> <p>Major projects are tracked through Senior Leadership Team and smaller projects through the monthly Portfolio Steering Group meetings. Project Management processes are subject to ongoing improvements to</p>

intended outcomes.	<p>work in the best interests of the Council. Our priority projects are also discussed at O&amp;S on a quarterly basis.</p> <p>Key Performance Indicators and action plans for indicators that are out of tolerance are reported to members. KPIs are reported quarterly to the Overview &amp; Scrutiny Committee who review all KPI results and raise any areas for review and/or recommendations to Cabinet.</p> <p>Decision making processes receive objective and rigorous analysis including involvement of the Monitoring Officer and the Section 151 Officer.</p> <p>Robust budget preparation processes reflect the Council's objectives, and the medium-term financial plan has 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. The People Strategy will be reviewed over the coming months to take account of the revised Corporate Plan and LGR.</p> <p>A suite of KPIs has been developed including Corporate and service KPIs. Corporate KPIs are reviewed by O&amp;S and any out of tolerance are referred to SLT for review and corrective actions. Service KPIs are managed within Service Areas and are scrutinised by the Leadership Team every 6 weeks for support/actions and improvements.</p> <p>As a result of Local Government Reorganisation and Devolution the project to share back-office services with Colchester City and Braintree District Councils has been stopped.</p> <p>There are established induction and training programmes for both existing and new Councillors and staff available through the Litmos eLearning platform and through internal and external training opportunities. Mandatory training is tracked to ensure it is completed.</p> <p>A formal staff Personal Development Review (PDR) process which is being realigned through our Workforce Planning process. All our employees have access to health and wellbeing support via Perkbox and the intranet.</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. These are under review and an</p>



	<p>officer working group has been set up to understand better critical services and IT requirements.</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, which reports regularly to the Audit and Governance Committee. 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: Communities, Place and Overview and Scrutiny. 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 five times in the year and includes two 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 work of the Council's external auditor – including the annual Audit Results Report and other reports in relation to financial and other aspects of the Council's governance. At its 22 January 2025 meeting the Audit and Governance Committee approved the Statement of Accounts for 2020/21, 2021/22 and 2022/23 subject to any minor amendments agreed with the Chair of the Audit &amp; Governance Committee and the Assistant Director, Finance (Section 151 Officer). At its 20 March 2025 meeting the Committee approved the 2023/24 Statement of Accounts again subject to any minor amendments as agreed with the Committee Chair and Section 151 Officer. All four sets of accounts have now been signed off and the Council has now caught up with the Government's backstop date requirements.</p> <p>The internal audit function for 2024/25 was delivered in line with the Public Sector Internal Audit Standards and provides assurance on governance, risk management and controls. On 1 April 2025 this was replaced by the Global Internal Audit Standards as applicable to the UK Public Sector. Internal Audit is a shared service with Broxbourne Borough Council being the host authority.</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>



## 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 2024/25 AGS.**

No.	Significant issue identified in 2023/24 AGS	Action taken in 2024/25 to address the issue
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>	<p>TVS was incorporated on 9 January 2024 and has a Memorandum and Articles of Association.</p> <p>The TVS Board is in place and includes a Non-Executive Director. The Board's first meeting was on 15 May 2024.</p> <p>Members approved the TVS business plan at the 15 July 2024 Cabinet. The company went live on 04 November 2024.</p> <p>An internal audit on the governance arrangements is planned for 2025/26.</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</b></p> <p>Carried over from last year's AGS action plan.</p>	<p>The assessment against the Code and an action plan will be developed to address any deficiencies. This will be completed during 2025/26.</p>
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> </ul>	<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> <p>The Procurement Act 2023 entered into force on 24 February 2025.</p>

	<ul style="list-style-type: none"> <li>Maximising public benefit</li> </ul> <p>Treating suppliers the same (unless otherwise justified).</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>	Work is in hand to ensure the Council is meeting the Code's publication requirements the review has been scheduled in for 2024/25.

No.	Significant issue identified in 2023/24 AGS	Action taken in 2024/25 to address the issue
<b><i>Common themes emerging from the 2023/24 Service Assurance Statements were:</i></b>		
6	<p><b>Officer 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>	A fundamental review of current processes is being undertaken, and an IT system-based solution is being sought and will be implemented beginning 2025/26. The Declaration of Interest form is under review.
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 is being overseen by the officer Information Governance Group which is chaired by the Council's Senior Information Risk Office (SIRO). A number of initiatives are in progress:</p> <ul style="list-style-type: none"> <li>There is currently a council wide data cleansing exercise.</li> <li>Members have agreed a new suite of key performance indicators (KPIs). The 2025/26 service plans are being developed and will incorporate their own KPIs. It is envisaged these will be reported to the Senior Leadership Team (SLT).</li> </ul> <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>
8	<p><b>Staff training and awareness</b></p> <p>Training in Financial Regulations and Contract Standing Orders was requested by some managers.</p>	Financial Regulation training and awareness will be rolled out, following the review of Financial Regulations. The Procurement Team will be consulted to ensure this training dovetails with their procurement related training

**Table 2: Areas for improvement or monitoring during 2025/26.**

No.	Issue / Risk area	Action plan for 2025/26
1	<p><b>Local Government Reorganisation</b></p> <p>Epping Forest District Council is mindful of the risks and opportunities that LGR poses for the Council and the District (including residents, businesses, and community groups).</p> <p>Officers are consulting with Members and working jointly with all the other Essex local authorities to develop proposals for a new local government structure in Greater Essex. Final proposals have to be presented to Government by 26 September 2025. The joint working includes risk assessment of the various options for the new structure, considering finance, service delivery, local democracy, and public support.</p> <p>In the meantime, SLT and Cabinet are taking into account in policy and decision-making, the transition to a new local government structure that will mean the end of the District Council's existence. A robust communications strategy for both residents and staff is in place.</p> <p>Once the Government has chosen the favoured option, the transition will be planned, with a primary focus of securing seamless continuity of service delivery.</p>	<p>Epping Forest District Council needs to be mindful of the risks and opportunities that LGR poses for the Council and the District (including its residents, businesses, and community groups). And will achieve this in the first instance through its risk management framework, working with central government and the other Essex authorities and having a robust communication strategy.</p>
2	<p><b>Financial Regulations</b></p> <p>Carried over from last year's AGS action plan.</p>	<p>As part of the wider Constitution and Procurement Rules review planned for 2025/26, Financial Regulations will also be reviewed, updated as required, and disseminated across the Council.</p>
3	<p><b>Financial Management Code review</b></p> <p>Carried over from last year's AGS action plan.</p>	<p>Resourcing constraints has prevented movement on this. However, during 2024/25 an informal high-level review was undertaken by Internal Audit to ensure the Council's adherence to the key principles of the Code. There were no significant areas of non-compliance, but opportunities to make improvements.</p> <p>A more detailed (and documented) analysis is required. From this an action plan will be created to ensure these are implemented</p>

		within agreed timescales and shared with SLT and the Audit and Governance Committee.
<b>4</b>	<b>Transparency Code</b>  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.	Work is in hand to ensure the Council is meeting the Code's publication requirements. This will be led and monitored through the Corporate Governance Group
<b>Common themes emerging from the 2024/25 Service Assurance Statements are:</b>		
<b>5</b>	<b>Performance Monitoring</b>  Although the Council has a comprehensive set of corporate performance indicators there were pockets where assistance is required to develop existing systems to their full potential.	This has already been identified as an area for improvement. A suite of KPIs has been developed including Corporate and service KPIs. Corporate KPIs are reviewed by O&S and any out of tolerance are referred to SLT for review and corrective actions. Service KPIs are managed within Service Areas and are scrutinised by Leadership Team every 6 weeks for support/actions and improvements.
<b>6</b>	<b>Make better use of Artificial Intelligence (AI)</b>  There is an opportunity for the Council to make better use of AI and AI to help improve/streamline Council services.	<p>The Council is developing an AI policy. Which needs to be supported by guidance and an awareness campaign to start to upskill staff to actively encourage them to make use of AI tools and data visualisation platforms and business intelligence services in order to think 'outside of the box' and to exploit technology when looking at service provision. And to be aware of the risks and opportunities associated with this.</p> <p>This will begin with a skills and knowledge review to understand what expertise the Council already has and to identify some easy wins in the use of AI (for example summarising minutes and reports).</p>
<b>7</b>	<b>Emergency cover and succession planning</b>  Short staffed/lean teams are creating some difficulties. Some cross-training is required to cover staff absences. Succession planning is not fully developed in all Teams.	<p>This has been identified as an area of risk due to LGR. Teams are encouraged to develop an action plan to identify where additional staff/training is required.</p> <p>Corporately this will be picked up as part of LGR workforce planning workstream.</p>

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 .....

Signed .....

Date:

**Andrew Small**  
**Acting Chief Executive**

Date:

**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 is not 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 another 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.
- The parties are subject to common control from the same source.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- For pensioners, pensions to which they are entitled.

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