



**BRENTWOOD  
BOROUGH COUNCIL**

**DRAFT STATEMENT OF ACCOUNTS  
2024/25**

## Contents

	<b>Page</b>
Narrative Report	1
Statement of Responsibilities	16
<u>Group Accounts</u>	17
Group Movement in Reserves Statement	18
Group Comprehensive Income & Expenditure Statement	20
Group Balance Sheet	21
Group Cash Flow Statement	23
Notes to the Group Accounts	24
<u>Brentwood</u>	
Movement in Reserves Statement	27
Comprehensive Income & Expenditure Statement	28
Balance Sheet	29
Cash Flow Statement	31
Notes to the Accounts - Index	32
Notes to the Accounts	33-89
<u>Supplementary Financial Statements</u>	
Housing Revenue Account - Income & Expenditure Statement	90
Movement on the Housing Revenue Account	91
Notes to the Housing Revenue Account	92
Collection Fund	96
Notes to the Collection Fund	97
<u>Other Statements</u>	
Glossary	99
Annual Governance Statement	106

# NARRATIVE REPORT

---

## Introduction

The Narrative Report provides a concise guide to the most significant matters reported in the Statement of Accounts for the year ended 31 March 2025, identifying how the Council used its financial and non-financial resources to deliver its service objectives.

## Brentwood Borough

The Borough of Brentwood is situated in the southwest of Essex, 18 miles from London and covers 15,321 hectares. The population is 77,021 based on a 2019 mid-year estimate. The majority of the population is located in the two large towns of Brentwood and Shenfield and their surrounding neighbourhoods.

All of the Borough's countryside lies within the Metropolitan Green Belt of London, equating to 89% of the Borough. It has significant built and natural heritage, with over 500 listed buildings, 12 scheduled ancient monuments, accessible countryside and parks and many local wildlife sites.

The Borough has excellent road and rail connections. The M25, A12 and A127 trunk roads flow through the Borough and there are convenient, fast rail links to London and East Anglia. These rail links were further enhanced by the arrival of the Elizabeth Line at Brentwood and Shenfield stations providing new direct links through Central London to Heathrow Airport and Reading. Stansted, City and Southend Airports are all 30 to 40 minutes' drive away.

The Borough's housing stock is 80% owner occupied. The majority of this has been renovated and there are therefore few areas of poor-quality housing in the Borough. There is a need, as nationally, for significantly more low-cost affordable housing.

## The Council

The electorate of Brentwood is represented by 39 councillors, including the Mayor, covering 15 electoral wards across the Borough. The political make up at 31 March 2025 was: 19 Conservative, 17 Liberal Democrat and 3 Labour councillors. Brentwood Borough Council is responsible for delivering a range of services to the residents of the Borough.

The Council has a 'committee style' of governance, where decisions are made in committees comprising councillors from all political parties.

The Council's Corporate Leadership Team comprises the Chief Executive, three Strategic Directors and eight Directors. This is a shared leadership team with Rochford District Council. A Corporate Management Team, comprised of service managers, supports the Corporate Leadership Team to deliver the Council's services and corporate priorities and deliver the Corporate Plan 2024 to 2028.

The Corporate Strategy identifies four priority themes:

- a) A Place to Call Home
- b) Cleaner, Greener & Safer
- c) A Thriving & Growing Economy
- d) A leading Local Authority

Underpinned by a solid foundation of good governance and sound financial management.

## NARRATIVE REPORT

---

The Council's key resources and assets are:

- a workforce of 240 full-time equivalent staff as at 31 March 2025
- council assets to the value of £405m and investment assets within the borough totalled £24.4m.
- a housing stock of 2,435 dwellings with a value of £299.6m as at 31 March 2025, generating rental income of £14.3m during 2024/25.
- annual income from fees & charges and investment income of £34.26m.
- Council Tax Base for 2024/25 of 34,140 with Band D council tax set at £210.70 yielding £7.2 million in council tax.

The Council's wholly owned subsidiary, Seven Arches Investments Limited (SAIL), contributed £6.021m to the annual operating income of the Council, representing investment property income, rental income from properties managed on behalf of the Council, interest on loans advanced from the Council and income from a service level agreement with the Council for the provision of managerial and professional services.

In 2024/25 the Council sold Childerditch Industrial Park for £86.55m, which resulted in a significant increase in the amount of cash held by the Council. As part of the sale, the Council did pay a lease surrender premium to its subsidiary, SAIL and incurred legal and agency costs.

### Challenges for the Future

#### *Brentwood Borough*

The Borough is prosperous with, for example, average income levels and high educational attainment. The challenge is to ensure that this continues. Higher than average house prices mean that there is a high demand for affordable housing, especially for residents working in the borough. Employers attracted to the borough face higher business premises rentals and wages. These factors place restrictions on local employment growth. With 87% of the borough classed as green belt suitable sites for development leading to employment are restricted in number.

#### *Local Government Reorganisation*

The budget for 2025/26 and the MTFs to 2029/30 as set out below take no account of the impact of local government reorganisation as currently being discussed with government. The proposed reorganisation brings significant challenges that must be managed appropriately to avoid any adverse impact on the residents of the borough. These challenges include:

**Financial Constraints:** Transitioning to new structures can be costly, and achieving financial sustainability often takes years. The financial implications of merging budgets, harmonising council tax, and ensuring robust financial planning must be managed effectively.

**Current Workforce:** The uncertainty that is an inherent part of the process can erode the morale of current employees. They will be concerned about their job security, career development and changes to their roles which could lead to people leaving the sector. Clear communication, support from Human Resources and Management are critical to the maintenance of morale during the transition period.

## NARRATIVE REPORT

---

**Capacity and Capability:** Establishing new governance arrangements and building effective leadership teams are essential. The right capacity and capability to manage the transition and deliver improved services is essential.

**Public Engagement:** Gaining public trust and ensuring transparent communication throughout the process is vital. Engaging with residents and stakeholders will help foster support and smooth the transition.

**Long-term Planning:** Immediate transition needs must be balanced with long-term strategic planning, particularly in areas like housing and economic development.

Navigating these challenges requires careful planning, strong leadership, and collaboration between local and central government.

### Achievements during 2024/25

The Corporate Plan 2024-28 sets out three themes for delivery against which a number of deliverables were identified for 2024/25. Our progress to date is set out below:

#### **A Place to Call Home**

**Develop a long-term strategy to deliver more affordable housing, whilst also creating greater housing choice and types of developments to meet the needs of our local community, young families and older residents who may wish to downsize.**

The revised downsizing policy has been approved by committee. The website has been updated to promote the downsizing incentive scheme, and further communications will be planned to support residents who may wish to consider downsizing and require support to do so.

**Review the Brentwood Borough Local Development Plan to ensure it continues to meet the future development needs of the Borough, with particular consideration given to parking, infrastructure, open spaces and social housing provision.**

An updated Local Development Scheme (LDS) was approved on the 12 February 2025 setting out the timetable for preparing the Local Plan Review. The LDP member working groups have been held to provide updates on work as it progresses. The Essex Parking Standards were adopted on the 3 March 2025 which provides updated guidance for parking provision in the Borough.

**Ensure Council-owned properties and estates are well managed and maintained, with tenants and leaseholders supported to have an active voice in decision making about their homes.**

HRA Finance business plan is in place. Compliance dashboard up and running and now includes damp and mould. Building Safety Cases have been completed and submitted where required. Tenancy audits have commenced, and a resident engagement plan is in place. Deliverables for 25-26 are currently being set via Service Plan.

**Tackle the wider determinants of health by embedding health considerations into policy development and related interventions, across the whole Council. We will work with all our partners, including Essex County Council and the voluntary and charitable sector, to ensure that health is at the forefront of our work so that residents can live good healthy lives and thereby help to relieve the burden on our healthcare services.**

Developing a Health in All Policy approach, including ongoing Health Impact Assessments for large planning developments. Continue to work with Brentwood and Basildon Alliance, Essex County Council and Voluntary, Faith and Community Sector organisations to support our local residents. A Health in Brentwood presentation went to the Housing Health and Community Committee in March and there is ongoing work with Brentwood Health and Wellbeing Board and their subgroups of Start Well, Find Your Active and Ageing Well workstreams. A new Equality and Diversity Impact Assessment template is being developed for new policies and strategies. Everyone Active has been appointed to manage the Brentwood Centre and Hartswood Pavilion, Splash Pad and Outdoor Adventure play in King George's Playing Fields as part of a new 15year Joint Leisure contract.

## NARRATIVE REPORT

---

A new element within this contract is the Active Communities programme of activities which will be delivered in community settings outside of the leisure facilities.

**Introduce a Brentwood Locality Grant Scheme to expand support for local groups and organisations to target small community projects that will improve health and wellbeing, including mental health.**

The development of the grant criteria, expected outcomes and the process for allocating and awarding funding is in progress for the Brentwood Locality Grant Scheme launch in June/July 2025.

**Cleaner, Greener & Safer**

**Implement agreed actions arising from our Climate Emergency Declaration and continue to develop and deliver our route map to achieving Net Zero Carbon Emissions for council operations by 2030.**

Asset Decarbonisation Plan has been produced for owned and managed BBC buildings has approved the creation of a Climate Action Fund of £250k for decarbonisation studies and extra capital to achieve full decarbonisation of BBC assets: Other key deliverables Carbon Literacy Training role out to CMT/CLT, Supporting ECC on a Funding bid to National Lottery for Healthy Streets role out (modelled on the work carried out in Rochford to reduce road traffic around primary schools at pick up and drop off times).

In 2023 almost 70% (722 tonnes CO<sub>2</sub>e) of the council's carbon footprint was from the burning of diesel for its waste collection service. In March 2024 the council started to pilot the use of hydrotreated vegetable oil (HVO). HVO is a direct replacement for regular diesel and being plant based, and a certified industrial waste product achieves carbon savings of 99%.

BBC is the first council in Essex to transition its entire vehicle fleet (waste & open spaces) away from mineral diesel to electric using the bridging fuel hydrotreated vegetable oil (HVO). Given the significance of transport emissions with respect to the carbon footprint of the council savings from this measure alone will cut emissions by over 700tCO<sub>2</sub>e.

An Electric Vehicle Charge-Point Strategy has been produced and approved just needs to be published and the Council has added an additional 22 electric vehicle charging stations are at two key sites: Chatham Way Car Park and King George's Playing Fields.

Following a successful grant application to Sport England the council received £280,000 for the installation of solar photovoltaic (PV) panels which combined with £800,000 on the refurbishment of the heating, ventilation and air conditioning systems and building management system (BMS) at The Brentwood Centre, should realise significant carbon and energy savings annually.

The council managed to secure grants from central government the Local Authority Development Scheme (LAD3) to the sum of around £172k supporting 20 low-income households the majority of which was spent on energy efficiency works

An Environment and Climate Scoring matrix has been developed to support council decision making around energy, waste and transport impacts – seen as a key governance metric for the Climate Action Score Cards.

**Explore the creation of a Local Area Energy Plan to identify the most effective route to being a Net Zero Borough by 2040.**

The LAEP has been commissioned by ECC and is underway, officers have contributed to input.

**Work with our partners, licensed venues and residents to create a Women's Safety Charter so that everyone is safe and feels safe, whether they work or visit Brentwood.**

Contractor engaged to deliver project. Consultation needs to be undertaken then a Women's Safety Charter will be developed for approval. This project is ongoing across Brentwood and Rochford.

## NARRATIVE REPORT

---

### **Explore the re-introduction of a Green Award scheme for local businesses to celebrate those who lead the way in positive climate action.**

The Council will be sponsoring the “Green Business of the Year” category of the Brentwood Business Awards, which will be held in October 2025. This category will put the spotlight on organisations that demonstrate tangible progress towards ambitious environmental and sustainable development goals. The best entries will highlight how the business is reducing their environmental impacts, adopting new innovations and instilling an environmentally engaged working culture.

### **Develop plans for active travel and leisure walking opportunities across our borough, including a Local Cycling and Walking Infrastructure Plan (LCWIP), to encourage physical activity and sustainable modes of transport.**

LCWIP has been produced now in the prioritisation phase to identify routes/projects that we put forward for funding.

### **A Growing Economy**

#### **Develop a new Economic Growth Strategy for the Borough, working alongside Brentwood Connected BID to improve our high streets.**

The draft Economic Growth Strategy 2025-2028 was adopted at the March Finance and Resources committee. The strategy provides a strategic overview of the council’s key areas of focus across three economic growth pillars:

- Start-ups: Entrepreneurial Spirit at the Core
- Skills: Building a Workforce for a Modern Economy
- Sustainability: At the Heart of Growth

A consultation on the strategy and its linked action plan launched on 16 April and will close on 18 May 2025. The findings of the consultation and the final version of the strategy and action plan will be presented at the next Finance and Resources Committee.

#### **Use our influence to create a focus on improving both the large- and small-scale retail offer in high streets, shop parades and key retail areas across the Borough.**

Using the UK Shared Prosperity Fund (UKSPF), the Council has run a £50k Shopfront Improvement Grant Scheme to help 36 high street businesses in Brentwood, Shenfield and Ingatestone to refurbish shop exteriors and to make accessibility adaptations. Retailers have had the opportunity to take part in a wide range of programmes aimed at supporting businesses to grow, innovate and become more sustainable.

#### **Develop a new strategy that sets out a programme of renewal and enhancement of community infrastructure and street furniture to enhance our community spaces.**

Using its UKSPF allocation, the Council has installed, refurbished and refreshed public realm in Brentwood, Shenfield and Ingatestone, such as improved car park lighting, new bike racks and freshly painted street furniture. Using a grant from the Chewing Gum Task Force, the Council has deep cleaned the Brentwood and Shenfield high streets; funding from UKSPF was used to extend this cleansing scheme to Ingatestone. The Council has used UKSPF funds to commission a creative Wayfinding and Public Realm action plan, which will be delivered throughout 2025-2026.

#### **Use our influence and work with partners to remedy the challenges of Brentwood High Street, including enhancing accessibility and improving road maintenance.**

As part of its UKSPF work programme, the disabled car park in Brentwood has been repaved to make the surface more accessible. As part of emergency repairs, Essex Highways has removed some of the most damaged cobbles from the carriageway and replaced with tarmac. Discussions are ongoing regarding further improvements.

## NARRATIVE REPORT

---

### **A leading Local Authority**

In addition to the three Corporate Plan themes, we also have a commitment to ensuring that the Council is a well-managed authority. In doing so, we have developed the following deliverables for 2024/25:

### **Develop and deliver a Communications Strategy that utilises different platforms and forms engagement to reach our residents and stakeholders.**

The Council is engaging with the LGA to provide support to produce a joint strategy for Rochford and Brentwood with individual parts that reflect the differences between Brentwood and Rochford. It is intended that this piece of work will be completed by May 2025.

### **Create a platform for parish councils, residents' associations, business groups, and appropriate local organisations to be able to participate in the development of council policy and strategy.**

A report was recommended to full Council in the first quarter of 2025/2026. This sets out the Terms of reference for a Borough Community Assembly which will increase and improve two-way relationships between Community, Parish, Business, the Council and resident groups. The proposal will see three meetings held annually and the ability to undertake more informal but targeted engagement.

### **Deliver a balanced budget and stable long term financial plan for Brentwood Council**

A balanced budget was agreed for 2025/26 at Brentwood Full Council. Currently the 2024/25 forecast is for an underspend of over £0.7m (figures will be updated for outturn). Although a budget plan and timetable were produced and engagement occurred, generally this was at the last minute. Work will be carried out to produce a budget timetable for June / July - which will have consultations earlier. Regular reviews of the budget will take place (quarterly) due to Local Government Reform.

### **OneTeam update**

On 26 January 2022, Extraordinary Council resolved to agree the Strategic Partnership between Brentwood Borough Council and Rochford District Council (RDC) and appointed Jonathan Stephenson as the Joint Chief Executive for both councils. Work then commenced on developing this partnership.

Since the partnership began a number of services have been through a review and have developed their operational relationships to align and work more closely together, creating savings, resiliency and improved processes and services. These areas include Human Resources, Communications and Engagement, Risk Management and Insurance, Emergency Planning & Business Continuity, Procurement, Economic Development, and Customer Services. Further, the Finance team have aligned their structure so that it will accommodate any future changes when the two authorities' systems are aligned.

In March 2024, Brentwood Borough Council undertook a Local Government Association Peer Challenge, which recommended an independent review of the transformation work and particularly the direction of OneTeam. This report, undertaken by independent organisation, the East of England Local Government Association (EELGA), was completed in early 2025 and presented to the Asset, Project and Strategy Committee.

The report recommended the continuation of the partnership and progress the development of OneTeam. It gave clear direction that to maximise the potential of the relationship, further consideration and investment would be required in areas such as ICT. It also highlighted the need to develop the communication messages, review key processes and consider the principles of the operating model.

Further, and now in alignment with the EELGA proposals and along with service transformation plans, new Change Design Working Group workstreams have been developed.

## NARRATIVE REPORT

These identify processes, policy change, ICT development, harmonisation work and other alignments which will assist services to improve their working, their delivery and, where appropriate, bring the services' working processes closer together.

Importantly, harmonisation considers those processes that will assist all officers to work more efficiently and further will seek to develop a culture where all staff will feel part of OneTeam. Whether this is through the provision of a standardised ID badge, access to a single finance system, aligned standing orders, procurement procedures, standardised ICT equipment or the staff onboarding process. Harmonising these areas will make many officers' working day simpler and easier which in turn should make the processes more efficient. This work will not dilute both authorities' sovereignty and own clear identity.

While the proposals for Local Government Reform have created uncertainty over the future of the OneTeam arrangements (since it may result in the two authorities being in separate parts of any new configuration) it is considered to be beneficial to continue progress in harmonising arrangements while being mindful of the potential need to separate functions at some point in the future

### Financial Performance for 2024/25

The Council's financial performance is provided in full in the Statement of Accounts for 2024/25, in line with international financial reporting standards. The Expenditure and Funding Analysis at Note 1 of the Accounts provides a summary of the Council's financial performance under the appropriate Council Tax and HRA Rent setting regulations and financial reporting under international accounting standards.

### General Fund Revenue Account

The table below summarises the financial performance of the General Fund Revenue Account for the year:

	Budget	Actual outturn	Variance
	£'000	£'000	£'000
<b>Brentwood 2025– Service Expenditure</b>			
A Thriving and Growing economy	895	769	(126)
Cleaner, Greener and Safer	(1,670)	(1,197)	473
A Place to call home	1,308	1,072	(236)
A Leading Local Authority	6,746	6,899	153
Brentwood Improvement District	0	0	0
<b>Total Spend - Brentwood 2025</b>	<b>7,279</b>	<b>7,543</b>	<b>264</b>
Operating and Financing Charges	3,415	1,877	(1,538)
Appropriations	252	0	(252)
<b>Total Spending Requirement</b>	<b>10,946</b>	<b>9,420</b>	<b>(1,526)</b>
<b>Funding:</b>			
Council Tax	(7,904)	(8,390)	(486)
Business Rates Income	(1,788)	(1,139)	649
New Homes Bonus Grant	(344)	(344)	0
Other Grants	(910)	(919)	(9)
<b>Total Funding</b>	<b>(10,946)</b>	<b>(10,792)</b>	<b>154</b>
<b>(Surplus)/deficit on General Fund Services</b>	<b>0</b>	<b>(1,372)</b>	<b>(1,372)</b>

## NARRATIVE REPORT

The improved outturn position was due to the sale of Childerditch, which resulted in the generation of additional interest income and the Council no longer needing to set aside MRP on the asset.

### Housing Revenue Account

The financial performance for the HRA for the year is detailed below:

	<b>Budget</b>	<b>Outturn</b>	<b>Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Expenditure:</b>			
Repairs and Maintenance	4,491	4,048	(443)
Supervision and Management	3,937	3,269	(668)
Rent, Rates, Taxes and Other Charges	274	292	18
Corporate and Non-Corporate Democratic Core	347	432	85
Depreciation and Impairment	2,941	3,374	433
<b>Total Expenditure</b>	<b>11,990</b>	<b>11,415</b>	<b>(575)</b>
<b>Income:</b>			
Dwelling Income	(14,198)	(14,346)	(148)
Non-Dwelling Income	(247)	(252)	(5)
Charges for Services and Facilities	(928)	(1,025)	(97)
Contributions to Expenditure	(59)	(88)	(29)
<b>Total Income</b>	<b>(15,432)</b>	<b>(15,711)</b>	<b>(279)</b>
<b>Net (Income) on HRA Services</b>	<b>(3,442)</b>	<b>(4,296)</b>	<b>(854)</b>
<b>HRA Share of Other Operating Income &amp; Expenditure</b>			
Movement in the Allowance for Bad Debts	60	164	104
Interest Payable and similar charges	2,481	2,665	184
Interest and Investment Interest	(62)	(359)	(297)
Net Interest on the Net Defined benefit liability	0	52	52
	<b>2,479</b>	<b>2,522</b>	<b>43</b>
<b>Appropriations</b>	<b>215</b>	<b>0</b>	<b>(215)</b>
<b>Contribution to capital expenditure</b>	<b>748</b>	<b>748</b>	<b>0</b>
<b>HRA Services (Surplus)</b>	<b>0</b>	<b>(1,026)</b>	<b>(1,026)</b>

## NARRATIVE REPORT

### Working Balances and Earmarked Reserves

The impact of the 2024/25 Outturn for the General Fund and the HRA on future working balances is detailed below:

#### General Fund

	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
	<b>Actual</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<u>General Fund Balance</u>				
Working Balance B/Fwd	2,770	4,141	4,141	4,141
Surplus/(Funding Gap)	1,371	0	0	0
<b>Working Balance C/fwd</b>	<b>4,141</b>	<b>4,141</b>	<b>4,141</b>	<b>4,141</b>
<b>G Fund Earmarked Reserves C/fwd</b>	<b>11,778</b>	<b>11,778</b>	<b>11,710</b>	<b>11,402</b>
<b>Total Balances</b>	<b>15,920</b>	<b>15,920</b>	<b>15,852</b>	<b>15,544</b>

#### Housing Revenue Account

	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
	<b>Actual</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<u>HRA Working Balance</u>				
Balance B/Fwd	2,727	3,753	4,328	4,690
Surplus/(Funding Gap)	1,026	575	362	30
<b>Working Balance C/Fwd</b>	<b>3,753</b>	<b>4,328</b>	<b>4,690</b>	<b>4,720</b>
<b>HRA Earmarked Reserves</b>	<b>2,500</b>	<b>2,500</b>	<b>2,500</b>	<b>2,500</b>
<u>Major Repairs Reserve</u>				
Balance B/Fwd	316	0	(86)	(172)
Contributions in	3,374	3,414	3,414	3,414
Contributions out	(3,690)	(3,500)	(3,500)	(3,500)
<b>Balance C/Fwd</b>	<b>0</b>	<b>(86)</b>	<b>(172)</b>	<b>(258)</b>

General Fund reserves consist of several earmarked reserves together with an unallocated general reserve (General fund Working Balance). All reserves and balances form part of the General Fund, but the Housing Revenue Account balance is specifically 'ring fenced' for use in connection with that service.

In addition to the cash-backed reserves described above, local authorities maintain several other reserves. Some are required for statutory reasons and other reserves are required to comply with proper accounting.

## NARRATIVE REPORT

---

practice. Reserve balances are determined each year with regard to the current risks prevalent and foreseen at that time.

### Capital Programme

The table below summarises the financial performance of the Capital Programme for the year:

	<b>Budget</b>	<b>Outturn</b>	<b>Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Expenditure</b>			
A Thriving and Growing economy	7,550	3,650	(3,900)
Cleaner, Greener and Safer	910	961	51
A Place to call home	26,305	12,067	(14,238)
A Leading Local Authority	475	896	421
<b>Total Expenditure</b>	<b>35,240</b>	<b>17,574</b>	<b>(17,666)</b>
<b>Funding</b>			
Capital Receipts	(1,200)	(5,521)	(4,321)
Revenue contribution	0	(748)	(748)
Capital Grants	(2,250)	(1,680)	570
Major Repairs Reserve	(2,941)	(3,690)	(749)
Borrowing	(28,849)	(5,935)	22,914
<b>Total Funding</b>	<b>(35,240)</b>	<b>(17,574)</b>	<b>17,666</b>

The slippage is mostly in respect of in-borough regeneration and social housing development schemes, which has slipped to future years. The Council did not need to utilise their budgeted borrowing position as they received a substantial capital receipt through the sale of the Childerditch industrial estate for £86.5m.

## NARRATIVE REPORT

---

### Treasury Management

The Council's net borrowing position at the year-end was as follows:

<b>Long term borrowing</b>	<b>£'000</b>	<b>Ave interest rate</b>
HRA	57,019	
General Fund	<u>178,473</u>	
<b>Total Long term borrowing</b>	<b>235,492</b>	2.31%
<b>Short term borrowing</b>		
General Fund	<u>1,759</u>	2.06%
<b>Total Short term borrowing</b>	<b>1,759</b>	
<b>Total External borrowing</b>	<b>237,251</b>	
Total Investments	<u>(90,970)</u>	5.20%
<b>Net Borrowing Position</b>	<b>146,281</b>	

Since 2012 the HRA has had a business plan to manage and maintain HRA dwelling, provide for investment of existing stock and finance borrowing of £57.019m. The General Fund borrowing has been taken out to fund capital activities including provide capital finance to the Council's subsidiary, Seven Arches Investments Ltd.

The Council had a Capital Financing Requirement of £202.607m as at 31st March 2025, representing the Council's underlying borrowing need.

### Pension Liability

The Council's Balance Sheet shows a net pension deficit of £1.674m at 31 March 2025, offset by a reserve of the same amount. Details of the required accounting or pension schemes are contained in Note 40 to the Statement. The surplus shows the difference between the underlying commitment on the Council to pay pensions in the long run and the funding available meet these commitments.

## NARRATIVE REPORT

---

### Medium Term Financial Strategy 2025/2026 – General Fund

The Medium-Term Financial Strategy (MTFS) seeks to support the delivery of the council's priorities as set out in the corporate plan while maintaining a sustainable financial position against a background of financial uncertainty. This requires the council to be cautious in its forecasting of resources but ensure that opportunities can be exploited should they arise.

Particular caution should be exercised concerning the forecasts for government funding because:

- 1) The 2025/26 settlement was, again, only for one year.
- 2) In the settlement announcement there was reference to the Fair Funding Review and a Business Rates Review. The forecast assumes no change in the methodology of distribution of government funding and maintenance of the existing Business Rates system. A change to these arrangements has the potential to shift the council's resources either positively or negatively.
- 3) There is uncertainty regarding the impact of inflation and interest rates, that are both higher than seen in recent years. Although inflation has fallen back recently. The budget has been prepared on the basis of advice regarding future projections for these key factors, but the reality could be different, especially given the relatively volatile macro-economic and geo-political environment.

Taking the above into consideration, the assumptions used to forecast future income and expenditure are considered to be prudent and realistic.

The Council is forecasting a balanced budget for the MTFS period to 2029/30. However, to achieve this position reserves must be used from 2026/27 onwards. This is not a sustainable position, and the generation of further savings, efficiencies and income will be required to manage this situation.

The strategy for ensuring a sustainable medium-term position.

- Service redesign and transformation including further development of the One Team arrangement with Rochford District Council
- Maximising income generating opportunities.
- Reviewing fees and charges to ensure full cost recovery, where this is not possible reviewing how the associated services are delivered to reduce costs or accepting a discounted charge in return for an appropriate community benefit.
- Optimising the Council's use of technology to enable new ways of working and improving service quality for our residents.
- Ensuring the Council's assets are used efficiently and effectively.
- Reviewing the Council's capital programme and funding thereof.

### Housing Revenue Account – 30-year business plan

The current iteration of the HRA business plan demonstrates that the financial position is sustainable in the short to medium term but that actions will be necessary to ensure long term stability. These include, but are not limited to

- Maximising income – this includes effective debt management, setting rents at the maximum level possible (as assumed in the 30-year numbers) and ensuring that service charges are set at a full cost recovery level.

## NARRATIVE REPORT

---

- Reviewing service performance and costs and taking actions that result in increased efficiency generating both cashable and non-cashable (improved services for tenants) savings.
- Maintaining the minimum balance on reserves required and using any surpluses to reduce the level of borrowing.
- Controlling costs appropriately particularly those in respect of the council's Strategic Housing Development Programme.
- Lobbying the government for funding to support decarbonisation.

### Corporate Risk Management

The Council recognises that some managed risk-taking is essential if it is to meet its objectives. As such it has a cautious to open approach to risk. This means the Council is willing to accept risks, where decisions are made on an informed basis with sound arguments for the benefits expected from the actions taken, and effective controls put in place to manage risk. The Council has seen and will continue to see unprecedented changes in not only its funding arrangements, but the way services are delivered. Such changes will lead to new risks and opportunities that will need to be considered and managed appropriately. The Council responds to such uncertainty through its risk management arrangements.

The Council currently has 17 Corporate risks, which failure to manage would lead to a major impact on the organisation or delivery of its priorities. They include cross-cutting risks that impact more than one service. Ultimately the corporate risk profile is owned and championed by the Corporate Leadership Team. A risk management report is considered quarterly by the Corporate Leadership Team (CLT) and reported to members at the Audit, Governance and Appointments Committee, this ensures that strategic risks are updated to reflect ongoing changes to the internal and external environment. In addition to this, service heads actively manage operational and project risks.

Each year the Council is required to produce an Annual Governance Statement (AGS) which describes how its corporate governance arrangements set out in the Local Code of Corporate Governance have been working. This Statement gives assurances on compliance for the year ending 31 March 2025 and up to the date of approval of the Statement of Accounts. The Annual Governance Statement is approved by Members and is informed by the Corporate Leadership Team, corporate oversight functions (including statutory officers), internal audit, External Auditors and other review agencies. This statement is an objective appraisal of our governance framework and shows that we have adequate arrangements which continue to be regarded as fit for purpose and comply with the Council's Local Code of Corporate Governance. It shows that we have met our legal and statutory obligations to our residents. While the Council has good foundations in relation to its governance arrangements, the Council recognises that further work is required to continue to embed and strengthen its governance culture. It also acknowledges that due to the complex and dynamic environment in which it operates, the governance arrangements will need to continually evolve to respond to changing circumstances.

### Performance Measurement

The Council measures its performance using a range of performance indicators, split across the various service areas of the Council. These indicators have been chosen as they represent a cross section of the key services delivered to the residents of the Borough. Their purpose is:

- To enable local residents and businesses to gauge the performance of the Council.

## NARRATIVE REPORT

---

- To enable departmental managers to manage their service areas more effectively, including intervening in areas where performance is identified as below target.

The Council's key performance indicators are reported to Members at the meeting of the Audit, Governance and Appointments Committee on a quarterly basis and are available to view and download from the Brentwood Council Document Library: [https://document.brentwood.gov.uk/document\\_library.php](https://document.brentwood.gov.uk/document_library.php).

### Guide to the Financial Statements

The published accounts The Statement of Accounts (comprising the financial statements and notes to the accounts), is part of a wider financial report (called the Annual Financial Report or AFR) which also includes the Annual Governance Statement (AGS), the Narrative Report and the Auditor's Report. The responsible financial officer's true and fair certification in the Statement of Responsibilities covers the Financial Statements and notes as does the Auditor's report.

The Financial Statements within this document have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code), which defines proper accounting practices for local authorities. The Code requires that the core financial statements and notes be prepared consistently with International Financial Reporting Standards (IFRS) as adopted for use in local government. IFRS accounting entries are in many cases reversed out through the Movement in Reserves Statement to reconcile back to the amount to be raised from Council tax under statute. Similar adjustments are also made in respect of the Housing Revenue Account.

The accounts have been prepared on a going concern basis. This reflects the economic and statutory environment in which the Council operates. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, it would not be appropriate for their financial statements to be prepared on anything other than a going concern basis. It has not been necessary for the Section 151 Officer to consider issuing a Section 114 notice and neither is it anticipated that this will be necessary in the near future.

The accounts have been prepared on both a single entity (i.e. the Council only) and a Group basis (i.e. the Council and its subsidiary, Seven Arches Investment Ltd).

The figures in this Narrative Report are based on the statutory amounts that impact on Council tax levels, housing rents, reserves and balances. They, therefore, include amounts reversed out through the Movement in Reserves Statement.

While the Auditor does not certify the Narrative Report it is checked for consistency with the rest of the Statement of Accounts.

The Council's Auditor is Ernst & Young LLP.

### The Core Statements

#### Comprehensive income and expenditure statement (CIES)

This 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. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

## NARRATIVE REPORT

---

### Movement in reserves statement

This statement shows the movement in the year on the different reserves held by the authority. The surplus or deficit on the provision of services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and Housing Revenue Account for Council tax setting and rent setting purposes. The Net Increase / Decrease before transfers to earmarked reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

### Balance sheet

The Balance Sheet shows the value at the end of the financial year of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain them at a prudent level and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves relates to those that the authority is not able to use to provide services. These reserves hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide resources if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

### Cash flow statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The net cash flows arising from operating activities are a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash flows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

### Housing Revenue Account

This statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and other income. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

### Collection Fund

This is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the Council in relation to the collection from taxpayers, distribution to local authorities and the Government of Council tax and business rates

## STATEMENT OF RESPONSIBILITIES

---

### The Council's Responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Strategic Director (Finance).
- Manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets.
- Approve the Statement of Accounts.

### The Section 151 Officer's Responsibilities

The Strategic Director (Finance) is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 ("the Code")

In preparing this Statement of Accounts, the Strategic Director (Finance) has:

- selected suitable accounting policies and then applied them consistently
- made judgments and estimates that were reasonable and prudent
- complied with the Code

The Section 151 Officer has also:

- kept proper accounting records that were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certification by Strategic Director (Finance)

The Statement of Accounts gives a true and fair view of the financial position of the Council as at 31 March 2024 and of its expenditure and income for the year then ended.



David Dickinson, Strategic Director (Finance) & Section 151 Officer  
30 June 2025

## GROUP ACCOUNTS

---

### Introduction

The Code of Practice requires local authorities with material interests in subsidiaries, associates and joint ventures to prepare group accounts in addition to their own single entity financial statement.

The purpose of the group accounts presented on the following pages is to provide a picture of Brentwood Borough Council and the company that is controlled by the Council. The group accounts demonstrate the full extent of the Council's wider asset and liabilities, and its exposure to risk through interests in another entity and participation in the activities of that entity. The group accounts provide transparency and enable comparison with other entities that have similar corporate arrangements.

### Seven Arches Investments Ltd

The Council has an interest in one company, Seven Arches Investments Ltd (SAIL).

The company was formed in April 2018. Its principal activities are:

- To invest in regeneration and redevelopment within the Borough
- The management under lease agreements of Council owned assets

The Council owns 100% of the company's shares, and two direct employees of the Council, the Director of Policy & Delivery and the Director of Environment, sit on the SAIL Management Board as directors with voting rights. The Board also consists of a third, non-voting director (the Managing Director) and two non-executive directors.

SAIL is classified as a subsidiary of the Council and is considered to be material to the financial statements.

SAIL's company number is 11306245, and its registered office is: Town Hall, Ingrave Road, Brentwood, CM15 8AY. The company's auditors are MJ Bushell Ltd.

Seven Arches Investments Ltd holds 50% shares in a joint venture partnership, Brentwood Development Partnership LLP.

### Content of the Group Accounts

The following pages include:

- Group Movement in Reserves Statement
- Group Comprehensive Income and Expenditure Statement
- Group Balance Sheet
- Group Cash Flow Statement
- Notes to the Group Accounts
- Joint Venture

## GROUP MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the Council's single entity usable and unusable reserves, together with the SAIL Retained Earnings Reserve for 2024/25:

	Held for Revenue Purposes				Held for Capital Purposes			Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority Share of Subsidiary Reserve (100%)	Total Reserves
	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account (HRA)	Earmarked HRA Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Major Repairs Reserve					
	£'000	£'000	£'000	£'000	£'000	£'000	£'000					
<b>Balance at 31 March 2024</b>	<b>2,770</b>	<b>11,524</b>	<b>2,727</b>	<b>2,500</b>	<b>3,312</b>	<b>1,847</b>	<b>316</b>	<b>24,996</b>	<b>335,624</b>	<b>360,620</b>	<b>1,662</b>	<b>362,282</b>
<b>Movement in reserves during 2024/25:</b>												
Surplus/(Deficit) on Provision of Services	(25,060)	0	3,171	0	0	0	0	(21,889)	0	(21,889)	(2,463)	(24,352)
Less transactions between Group and Council	(7,776)				0	0	0	(7,776)		(7,776)	7,776	0
Other Comprehensive Income and Expenditure	0		0		0	0	0	0	(8,677)	(8,677)	3,341	(5,336)
Total Comprehensive Income and Expenditure	(32,836)	0	3,171	0	0	0	0	(29,665)	(8,677)	(38,342)	8,654	(29,688)
Transfer of recharges from General Fund to HRA	1,936		(1,936)	0	0	0	0	0	0	0	0	0
Adjustments between group and authority accounts	7,776				0	0	0	7,776	0	7,776	(7,776)	0
Adjustments between accounting basis and funding basis under regulations	24,749	0	(209)	0	20,606	(68)	(316)	44,762	(41,621)	3,141	0	3,141
<b>Total movement in reserves during 2024/25</b>	<b>1,625</b>	<b>0</b>	<b>1,026</b>	<b>0</b>	<b>20,606</b>	<b>(68)</b>	<b>(316)</b>	<b>22,873</b>	<b>(50,298)</b>	<b>(27,425)</b>	<b>(878)</b>	<b>(26,547)</b>
Transfers (to)/from Earmarked Reserves	(254)	254	0	0	0	0	0	0	0	0	0	0
<b>Balance at 31 March 2025</b>	<b>4,141</b>	<b>11,778</b>	<b>3,753</b>	<b>2,500</b>	<b>23,917</b>	<b>1,779</b>	<b>(0)</b>	<b>47,869</b>	<b>285,324</b>	<b>333,193</b>	<b>785</b>	<b>335,735</b>

## GROUP MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the Council's single entity usable and unusable reserves, together with the SAIL Retained Earnings Reserve for 2023/24:

	Held for Revenue Purposes				Held for Capital Purposes			Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority Share of Subsidiary Reserve	Total Reserves
	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account (HRA)	Earmarked HRA Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Major Repairs Reserve					
	£'000	£'000	£'000	£'000	£'000	£'000	£'000					
<b>Balance at 31 March 2023</b>	<b>2,866</b>	<b>9,471</b>	<b>2,304</b>	<b>2,500</b>	<b>2,782</b>	<b>1,495</b>	<b>420</b>	<b>21,837</b>	<b>342,891</b>	<b>364,728</b>	<b>1,729</b>	<b>366,457</b>
<b>Movement in reserves during 2023/24:</b>												
Surplus/(Deficit) on Provision of Services	4,690	0	2,460	0	0	0	0	7,150	0	7,150	510	7,660
Less transactions between Group and Council	(7,135)	0	0	0	0	0	0	(7,135)	0	(7,135)	7,135	0
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	11,786	11,786	(577)	11,209
Total Comprehensive Income and Expenditure	(2,445)	0	2,460	0	0	0	0	15	11,786	11,801	7,068	18,869
Transfer of recharges from General Fund to HRA	2,170	0	(2,170)	0	0	0	0	0	0	0		0
Adjustments between group and authority accounts	7,135	0	0	0	0	0	0	7,135	0	7,135	(7,135)	0
Adjustments between accounting basis and funding basis under regulations	(4,903)	0	133	0	530	352	(104)	(3,992)	(19,221)	(23,213)	0	(23,213)
<b>Total movement in reserves during 2023/24</b>	<b>1,957</b>	<b>0</b>	<b>423</b>	<b>0</b>	<b>530</b>	<b>352</b>	<b>(104)</b>	<b>3,158</b>	<b>(7,435)</b>	<b>(4,277)</b>	<b>(67)</b>	<b>(4,344)</b>
Transfers (to)/from Earmarked Reserves	(2,053)	2,053	0	0	0	0	0	0	0	0	0	0
<b>Balance at 31 March 2024</b>	<b>2,770</b>	<b>11,525</b>	<b>2,727</b>	<b>2,500</b>	<b>3,312</b>	<b>1,847</b>	<b>316</b>	<b>24,996</b>	<b>335,454</b>	<b>360,449</b>	<b>1,662</b>	<b>362,112</b>

## GROUP COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

This statement shows the income and expenditure of the Group during the financial year.

	2023/24			2024/25		
	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
A Thriving and Growing economy	2,371	(1,562)	809	3,082	(1,820)	1,262
Cleaner, Greener and Safer	10,819	(5,906)	4,913	16,495	(5,433)	11,063
A Place to call home	2,667	(2,039)	628	4,201	(2,704)	1,497
A Leading Local Authority	20,692	(11,591)	9,101	20,368	(11,499)	8,870
Seven Arches Investment LTD (Subsidiary)	2,201	(9,849)	(7,648)	849	(10,911)	(10,062)
Brentwood Improvement District	109	(205)	(96)	291	(401)	(110)
Housing Revenue Account	10,628	(14,626)	(3,998)	10,184	(15,711)	(5,527)
<b>Cost of Services</b>	<b>49,487</b>	<b>(45,778)</b>	<b>3,709</b>	<b>55,471</b>	<b>(48,478)</b>	<b>6,993</b>
Other operating expenditure	681	(214)	467	723	20,795	21,518
Financing and investment income & expenditure	4,826	(3,953)	873	8,268	(3,524)	4,744
Taxation and non-specific grant income & expenditure	0	(11,779)	(12,453)	0	(13,829)	(13,829)
<b>(Surplus)/Deficit on Provision of Services</b>	<b>54,994</b>	<b>(61,724)</b>	<b>(7,404)</b>	<b>64,462</b>	<b>(45,036)</b>	<b>19,426</b>
Deficit/(surplus) on revaluation of non current assets	577	(11,786)	(11,209)	18,692	(6,673)	12,018
Remeasurement of the net defined benefit pension liability	21,722	0	21,722	423	0	423
<b>Other Comprehensive Income and Expenditure</b>	<b>22,299</b>	<b>(11,786)</b>	<b>10,513</b>	<b>19,115</b>	<b>(6,673)</b>	<b>12,441</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>77,293</b>	<b>(73,510)</b>	<b>3,109</b>	<b>83,577</b>	<b>(51,710)</b>	<b>31,867</b>

## GROUP BALANCE SHEET

This statement summarises the financial position of the group at 31 March 2025:

Note	31 March 2024 £'000	31 March 2025 £'000
Property, Plant and Equipment:-		
Council dwellings	302,788	299,571
Other Land and Buildings	184,540	77,280
Vehicles, plant and equipment	4,901	5,213
Infrastructure	1,168	1,145
Community Assets	3,360	3,370
Surplus Assets	7,791	7,917
Assets Under Construction	9,100	10,782
	<b>513,648</b>	<b>405,278</b>
Intangible Assets	0	0
2 Investment Property	83,263	80,013
Long-term Debtors	209	841
<b>Long-term Assets</b>	<b>597,120</b>	<b>486,132</b>
Short-term Investments	9,619	90,970
Inventories	102	91
Assets Held for Sale	0	0
3 Short-term Debtors	15,262	16,595
Cash and Cash Equivalents	2,190	5,548
<b>Current Assets</b>	<b>27,173</b>	<b>113,204</b>
Short-term Borrowing	(21,331)	(1,719)
Short Term Borrowing - Lease Liability	0	(40)
4 Short-term Creditors	(17,678)	(22,662)
Receipts in Advance - Revenue	(105)	(267)
Provisions	(1,872)	(1,482)
<b>Current Liabilities</b>	<b>(40,986)</b>	<b>(26,170)</b>
Long-term Borrowing	(216,404)	(235,492)
Long Term Borrowing - Lease Liability	0	(24)
Grants Receipts in Advance	(2,229)	(1,999)
Net Pension Liability	(1,923)	(1,674)
Deferred Tax Liability	(639)	0
Other Long Term Liabilities	0	0
<b>Long-term Liabilities</b>	<b>(221,195)</b>	<b>(239,189)</b>
<b>Net Assets</b>	<b>362,112</b>	<b>333,977</b>

## GROUP BALANCE SHEET

Note	31 March 2024 £'000	31 March 2025 £'000
General Fund Balance	2,770	4,141
Housing Revenue Account Balance	2,727	3,753
Capital Receipts Reserve	3,312	23,917
Capital Grants Unapplied Account	1,847	1,779
Major Repairs Reserve	316	0
Earmarked Reserves	14,024	14,278
SAIL Retained Earnings Account	1,662	784
<b>Usable Reserves</b>	<b>26,658</b>	<b>48,652</b>
Revaluation Reserve	196,056	159,084
Capital Adjustment Account	141,327	125,951
Deferred Capital Receipts	292	344
Pension Reserve	(1,923)	(1,674)
Accumulated Absences Adjustment Account	(129)	(183)
Collection Fund Adjustment Account	(169)	1,803
<b>Unusable Reserves</b>	<b>335,454</b>	<b>285,325</b>
<b>Total Reserves</b>	<b>362,112</b>	<b>333,977</b>



David Dickinson, Strategic Director (Finance)  
30 June 2025

## GROUP CASH FLOW STATEMENT

This statement summarises the cash flows in and out of the group during the financial year:

	2023/24		2024/25	
	£'000	£'000	£'000	£'000
<b>Net deficit on the provision of services</b>		(6,995)		19,426
<b>Adjustments for non cash movements:-</b>				
Depreciation of non current assets	(5,798)		(5,418)	
Amortisation of intangible assets	0		0	
Revaluation adjustments	(796)		(6,563)	
(Increase)/decrease in allowances for credit losses	119		(190)	
(Increase)/decrease in creditors	(1,185)		(1,961)	
Increase/(decrease) in debtors	558		858	
Increase/(decrease) in inventories	17		(12)	
Movement in pension liabilities	1,351		622	
Amounts transferred to Collection Fund Adjustment Account	702		1,803	
Amounts transferred to Accumulated Absences Adjustment Account	(7)		(54)	
Amounts transferred from AHFS to creditors	0		(400)	
Carrying amounts of non-current assets sold	(316)		(105,251)	
(Increase)/decrease in provisions	49		247	
Increase/(decrease) in value of investment properties	2,281		(137)	
Revenue to capex contribution			(748)	
Other non cash movements	(1)		8	
<b>Total adjustments for non cash movements</b>		<b>(3,026)</b>		<b>(117,196)</b>
<b>Adjustments for investing or financing activities</b>				
Proceeds from the sale of non-current assets	530		84,456	
Capital Grants	2,145		1,889	
<b>Total adjustment for investing or financing activities</b>		<b>2,675</b>		<b>86,346</b>
<b>Net cash in-flow from Operating Activities</b>		<b>(7,346)</b>		<b>(11,424)</b>
<b>Investing Activities:-</b>				
Purchase of property, plant & equipment and intangible assets	13,991		16,563	
Proceeds from the sale of property, plant & equipment	(530)		(84,456)	
Net proceeds from short term investments	1,276		81,351	
(increase)/decrease in capital grants	(2,233)		(1,446)	
		<b>12,504</b>		<b>12,011</b>
<b>Financing Activities:-</b>				
Movement of short-term and long-term borrowing	(9,284)		459	
Decrease/(increase) in Collection Fund Agency balances	4,065		(4,405)	
		<b>(5,219)</b>		<b>(3,945)</b>
<b>Net (increase)/decrease in cash and cash equivalents</b>		<b>(61)</b>		<b>(3,358)</b>
Cash and cash equivalents at the beginning of the reporting period		2,129		2,190
Cash and cash equivalents at the end of the reporting period		2,190		5,548
<b>Movement in cash &amp; cash equivalents</b>		<b>61</b>		<b>3,358</b>

## NOTES TO THE GROUP ACCOUNTS

### 1. Group Accounting Policies

The Group Accounts have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2023/24. The Council has consolidated its interests in the entity over which it exercises control or significant influence because they are material to the Council's balance sheet. The accounts of the Council's subsidiary, Seven Arches Investments Ltd (SAIL), have been consolidated on a line-by-line basis. Intra-group transactions have been eliminated before consolidation.

The Accounting Policies used in the preparation of the Group Accounts are the same as for the single entity accounts of Brentwood Borough Council, as set out in Note 41 of the Notes to the Core Statement of Accounts. In following these policies and reporting requirements as determined by CIPFA, the group disclosures may differ from the disclosures in the company accounts of SAIL.

Notes for the Group Financial Statements are provided below on the areas that have changed materially on consolidation of the SAIL accounts into the Council's accounts.

### 2. Investment Properties

	2023/24	2023/24	2023/24	2024/25	2024/25	2024/25
	£'000	£'000	£'000	£'000	£'000	£'000
	Commercial Premises	Land	Total	Commercial Premises	Land	Total
Balance at start of the year	77,650	2,657	80,307	80,361	2,902	83,263
Enhancements	0	0	0	0	0	0
Acquired during the year	0	0	0	0	0	0
Net gains from fair value adjustments						
- through Comprehensive Income & Expenditure Account	1,461	245	1,706	(3,836)	357	(3,479)
Transfer to Assets Held for Sale	1,250	0	1,250	0	0	0
Transfers to OLB	0	0	0	148	81	229
<b>Balance at end of the year</b>	<b>80,361</b>	<b>2,902</b>	<b>83,263</b>	<b>76,673</b>	<b>3,340</b>	<b>80,013</b>

The revaluations were carried out by Wilks Head Eve, an independent firm of Royal Institute of Chartered Surveyors (RICS) registered valuers in accordance with the methodologies and bases for estimation set out in the professional standards of the RICS, and in the CIPFA Code.

## NOTES TO THE GROUP ACCOUNTS

### 3. Debtors

	31 March 2024			31 March 2025		
	£'000	£'000	£'000	£'000	£'000	£'000
	Gross Debt	Impairment Allowance	Net Debt	Gross Debt	Impairment Allowance	Net Debt
Trade receivables-external bodies	6,399	(241)	6,158	7,404	(333)	7,071
Trade receivables-subsiary	1,924	0	1,924	2,100	0	2,100
Housing rents arrears	2,090	(1,491)	599	2,495	(1,677)	818
<b>Financial assets at contract amounts</b>	<b>10,413</b>	<b>(1,732)</b>	<b>8,681</b>	<b>11,999</b>	<b>(2,010)</b>	<b>9,989</b>
Central Government	390	0	390	551	0	551
Other local authorities	4,753	0	4,753	3,525	0	3,525
Council tax arrears	767	(289)	478	773	(284)	489
Non domestic rates arrears	680	(565)	115	471	(295)	176
Housing benefit overpayments	686	(644)	42	686	(557)	129
Other sundry receivables	324	0	324	1,301	0	1,301
Prepayments	479	0	479	435	0	435
<b>Total</b>	<b>18,492</b>	<b>(3,230)</b>	<b>15,262</b>	<b>19,741</b>	<b>(3,146)</b>	<b>16,595</b>

### 4. Creditors

	31 March 2024	31 March 2025
	£'000	£'000
Trade payables-external bodies	9,039	11,911
Trade payables-subsiary	612	573
<b>Financial liabilities at contract amounts</b>	<b>9,651</b>	<b>12,484</b>
Central Government	2,859	4,380
Other local authorities	2,006	1,709
Council tax pre-payments	136	157
Non domestic rates pre-payments	691	542
Other sundry payables	1,401	1,504
Receipts in advance	935	1,885
<b>Total</b>	<b>17,678</b>	<b>22,661</b>

## NOTES TO THE GROUP ACCOUNTS

---

### 4. Leases

	<b>31 March 2024</b>	<b>31 March 2025</b>
	<b>£'000</b>	<b>£'000</b>
Not later than one year	13,184	7,077
Later than one year and not later than five years	43,109	21,317
Later than five years	93,419	40,701
<b>Total</b>	<b>149,712</b>	<b>69,095</b>

### 6. Joint Venture

SAIL has a 50% holding in a joint venture (JV), Brentwood Development Partnership LLP, formed in July 2019. The purpose of the JV is to assisting Brentwood Borough Council in meeting its objectives in regenerating the residential, leisure, social and commercial infrastructure within the Borough.

The private sector partner is Muse Developments Ltd (part of the Morgan Sindall plc group).

## CORE FINANCIAL STATEMENTS – MOVEMENT IN RESERVES STATEMENT

This statement shows the movement from the start to the end of the year on the different reserves held by the Council, analysed into ‘usable reserves’ (i.e. those that can be applied to fund expenditure or reduce local taxation) and other “unusable reserves”. The Statement analyses the movements in year between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax and housing rent income for the year. The balance at 31 March 2025 line shows the statutory General Fund balance and Housing Revenue Account balance following these adjustments.

### Movement in Reserves Statement 2024/25

	Held for Revenue Purposes				Held for Capital Purposes			Total Usable Reserves	Unusable Reserves	Total Reserves
	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account (HRA)	Earmarked HRA Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Major Repairs Reserve			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2024</b>	<b>2,770</b>	<b>11,524</b>	<b>2,727</b>	<b>2,500</b>	<b>3,312</b>	<b>1,847</b>	<b>316</b>	<b>24,996</b>	<b>335,622</b>	<b>360,618</b>
<b>Movement in reserves during 2024/25:</b>										
Surplus/(Deficit) on Provision of Services	(25,060)	0	3,171	0	0	0	0	(21,889)	0	(21,889)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	(8,677)	(8,677)
Total Comprehensive Income and Expenditure	(25,060)	0	3,171	0	0	0	0	(21,889)	(8,677)	(30,566)
Transfer of recharges from General Fund to HRA	1,936	0	(1,936)	0	0	0	0	0	0	0
Adjustments between accounting basis and funding basis under regulations (note 4)	24,749	0	(209)	0	20,606	(68)	(316)	44,762	(41,621)	3,141
<b>Total movement in reserves during 2024/25</b>	<b>1,625</b>	<b>0</b>	<b>1,026</b>	<b>0</b>	<b>20,606</b>	<b>(68)</b>	<b>(316)</b>	<b>22,873</b>	<b>(50,298)</b>	<b>(27,425)</b>
Transfers (to)/from Earmarked Reserves (note 5)	(254)	254	0	0	0	0	0	0	0	0
<b>Balance at 31 March 2025</b>	<b>4,141</b>	<b>11,778</b>	<b>3,753</b>	<b>2,500</b>	<b>23,917</b>	<b>1,779</b>	<b>(0)</b>	<b>47,868</b>	<b>285,325</b>	<b>333,193</b>

### Movement in Reserves Statement 2023/24

	Held for Revenue Purposes				Held for Capital Purposes			Total Usable Reserves	Unusable Reserves	Total Reserves
	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account (HRA)	Earmarked HRA Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Major Repairs Reserve			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2023</b>	<b>2,866</b>	<b>9,471</b>	<b>2,304</b>	<b>2,500</b>	<b>2,782</b>	<b>1,495</b>	<b>420</b>	<b>21,838</b>	<b>342,889</b>	<b>364,727</b>
<b>Movement in reserves during 2023/24:</b>										
Surplus/(Deficit) on Provision of Services	4,437	0	2,460	0	0	0	0	6,897	0	6,897
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	11,786	11,786
Total Comprehensive Income and Expenditure	4,437	0	2,460	0	0	0	0	6,897	11,786	18,683
Transfer of recharges from General Fund to HRA	2,170	0	(2,170)	0	0	0	0	0	0	0
Adjustments between accounting basis and funding basis under regulations (note 4)	(4,650)	0	133	0	530	352	(104)	(3,739)	(19,221)	(22,960)
<b>Total movement in reserves during 2023/24</b>	<b>1,957</b>	<b>0</b>	<b>423</b>	<b>0</b>	<b>530</b>	<b>352</b>	<b>(104)</b>	<b>3,158</b>	<b>(7,435)</b>	<b>(4,277)</b>
Transfers (to)/from Earmarked Reserves (note 5)	(2,053)	2,053	0	0	0	0	0	0	0	0
<b>Balance at 31 March 2024</b>	<b>2,770</b>	<b>11,524</b>	<b>2,727</b>	<b>2,500</b>	<b>3,312</b>	<b>1,847</b>	<b>316</b>	<b>24,996</b>	<b>335,454</b>	<b>360,450</b>

## CORE FINANCIAL STATEMENTS – COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the statutory amounts to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Note	2023/24			2024/25		
	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
	2,371	(1,562)	809	3,082	(1,820)	1,262
	10,819	(10,049)	770	16,495	(10,381)	6,115
	2,667	(2,079)	588	4,201	(2,704)	1,497
	20,692	(12,149)	8,543	20,368	(11,927)	8,442
	109	(205)	(96)	291	(401)	(110)
	10,628	(14,626)	(3,998)	10,184	(15,711)	(5,527)
	<b>47,286</b>	<b>(40,670)</b>	<b>6,616</b>	<b>54,622</b>	<b>(42,943)</b>	<b>11,679</b>
6	681	(214)	467	723	20,795	21,518
7	4,820	(6,347)	(1,527)	8,266	(5,745)	2,521
8	0	(11,779)	(12,454)	0	(13,829)	(13,829)
	<b>52,787</b>	<b>(59,010)</b>	<b>(6,898)</b>	<b>63,611</b>	<b>(41,722)</b>	<b>21,889</b>
19	0	(11,786)	(11,786)	15,351	(6,673)	8,677
35	21,722	0	21,722	423	0	423
				0	0	0
	<b>21,722</b>	<b>(11,786)</b>	<b>9,936</b>	<b>15,774</b>	<b>(6,673)</b>	<b>9,100</b>
	<b>74,509</b>	<b>(70,796)</b>	<b>3,038</b>	<b>79,385</b>	<b>(48,396)</b>	<b>30,989</b>

## CORE FINANCIAL STATEMENTS – BALANCE SHEET

The Balance Sheet shows the value at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council are matched by the reserves that it holds. Reserves are reported in two categories. The first category is usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category is unusable reserves, i.e. those reserves that the Council may not use to provide services. These include reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown in the Movement in Reserves Statement line “Adjustments between accounting basis and funding basis under regulations”.

Note	31 March 2024 £'000	31 March 2025 £'000
9	Property, Plant and Equipment:-	
	Council dwellings	299,571
	Other Land and Buildings	77,280
	Vehicles, plant and equipment	5,213
	Infrastructure	1,145
	Community Assets	3,370
	Surplus Assets	7,917
	Assets Under Construction	10,782
	<b>513,647</b>	<b>405,278</b>
	Intangible Assets	0
12	Investment Property	23,279
13	Long-term Debtors	60,248
	<b>Long-term Assets</b>	<b>488,805</b>
14	Short-term Investments	90,970
	Inventories	91
	Assets Held for Sale	0
15	Short-term Debtors	9,907
16	Cash and Cash Equivalents	512
	<b>Current Assets</b>	<b>101,480</b>
14	Short-term Borrowing	(1,719)
30	Short Term Borrowing - Lease Liability	(40)
17	Short-term Creditors	(14,395)
27	Receipts in Advance - Revenue	(267)
18	Provisions	(1,482)
	<b>Current Liabilities</b>	<b>(17,903)</b>
14	Long-term Borrowing	(235,492)
30	Long Term Borrowing - Lease Liability	(24)
27	Grants Receipts in Advance	(1,999)
35	Net Pension Liability	(1,674)
	<b>Long-term Liabilities</b>	<b>(239,189)</b>
	<b>Net Assets</b>	<b>333,193</b>
	<b>360,450</b>	<b>333,193</b>

## CORE FINANCIAL STATEMENTS – BALANCE SHEET

Note	31 March 2024 £'000	31 March 2025 £'000	
19	General Fund Balance	2,770	4,141
19	Capital Receipts Reserve	3,312	23,917
19	Capital Grants Unapplied Account	1,847	1,779
4	Major Repairs Reserve	316	0
5	General Fund Earmarked Reserves	11,524	11,778
19	Housing Revenue Account Balance	2,727	3,753
5	HRA Earmarked Reserves	2,500	2,500
	<b>Usable Reserves</b>	<b>24,996</b>	<b>47,868</b>
20	Revaluation Reserve	196,056	159,084
21	Capital Adjustment Account	141,327	125,951
	Deferred Capital Receipts	292	344
22	Pension Reserve	(1,923)	(1,674)
	Accumulated Absences Adjustment Account	(129)	(183)
23	Collection Fund Adjustment Account	(169)	1,803
	<b>Unusable Reserves</b>	<b>335,454</b>	<b>285,325</b>
	<b>Total Reserves</b>	<b>360,450</b>	<b>333,193</b>

David Dickinson, Strategic Director (Finance)  
30/06/2025

## CORE FINANCIAL STATEMENTS – CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in the Council's cash and cash equivalents during the reporting period. It classifies cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the Council's activities are funded from taxation, grant income and charges for services. Investing activities represent the extent to which cash outflows have been made for resources intended to contribute to the Council's future cash delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital to the Council.

	2023/24		2024/25	
	£'000	£'000	£'000	£'000
<b>Net deficit/(surplus) on the provision of services</b>		<b>(6,897)</b>		<b>21,889</b>
<b>Adjustments for non cash movements:-</b>				
Depreciation of non current assets	(5,798)		(5,418)	
Amortisation of intangible assets	0		0	
Revaluation adjustments	(1,049)		(6,563)	
(Increase)/decrease in bad debts provision	119		(190)	
(Increase)/decrease in creditors	(1,073)		(1,006)	
Increase/(decrease) in debtors	312		516	
Increase/(decrease) in inventories	17		(12)	
Movement in pension liabilities	1,351		622	
Amounts transferred to Collection Fund Adjustment Account	702		1,803	
Amounts transferred to Accumulated Absences Adjustment Account	(7)		(54)	
Amounts transferred from AHFS to creditors	0		(400)	
Carrying amounts of non-current assets sold	(316)		(105,251)	
(Increase)/decrease in provisions	95		(391)	
Increase/(decrease) in value of investment properties	2,281		(137)	
Revenue to capex contribution			(748)	
Other non cash movements	(16)		9	
<b>Total adjustments for non cash movements</b>		<b>(3,383)</b>		<b>(117,220)</b>
<b>Adjustments for investing or financing activities</b>				
Proceeds from the sale of non-current assets	530		84,456	
Capital Grants recognised in the CIES	2,145		1,889	
<b>Total adjustment for investing or financing activities</b>		<b>2,675</b>		<b>86,346</b>
<b>Net cash in-flow from Operating Activities</b>		<b>(7,605)</b>		<b>(8,986)</b>
<b>Investing Activities:-</b>				
Purchase of property, plant & equipment and intangible assets	13,991		16,563	
Proceeds from the sale of property, plant & equipment	(530)		(84,456)	
Purchase of short term investments	2,608		81,351	
Capital grants	(2,233)		(1,446)	
		<b>13,836</b>		<b>12,011</b>
<b>Financing Activities:-</b>				
Movement of short-term and long-term borrowing	(10,137)		459	
Decrease/(increase) in Collection Fund Agency balances	4,087		(4,405)	
		<b>(6,050)</b>		<b>(3,945)</b>
<b>Net (increase)/decrease in cash and cash equivalents</b>		<b>181</b>		<b>(920)</b>
Cash and cash equivalents at the beginning of the reporting period		(228)		(408)
Cash and cash equivalents at the end of the reporting period		(408)		512
<b>Movement in cash &amp; cash equivalents</b>		<b>(180)</b>		<b>920</b>

## NOTES TO THE ACCOUNTS - INDEX

---

<b><u>Notes to the Core Financial Statements</u></b>		<b>Page</b>
<b><u>Comprehensive Income &amp; Expenditure Statement</u></b>		
1	Expenditure Funding & Analysis	33
2	Note to the Expenditure & Funding Analysis	35
3a	Expenditure and funding analysed by nature	37
3b	Revenue from contracts with service recipients	37
4	Adjustments between accounting basis and funding basis under regulation	39
5	Transfers to/from earmarked reserves	41
6	Other Operating Expenditure	42
7	Financing and Investment Income and Expenditure	42
8	Taxation and Non-Specific Grant Income	42
<b><u>Balance Sheet</u></b>		
9	Property, Plant and Equipment	43
10	Capital Expenditure and Capital Financing	46
11	Heritage Assets	47
12	Investment properties	47
13	Long term debtors	48
14	Financial instruments	48
15	Debtors	50
16	Cash and cash equivalents	51
17	Creditors	51
18	Provisions	51
19	Usable reserves	52
20	Revaluation Reserve	52
21	Capital Adjustment Account	53
22	Pensions Reserve	54
23	Collection Fund Adjustment Account	54
<b><u>Other notes</u></b>		
24	Members' allowances	54
25	Officers' remuneration	55
26	Termination benefits	57
27	External Audit costs	58
28	Grant income	58
29	Related parties	60
30	Leases	63
31	Accounting standards that have been issued but have not yet been adopted	64
32	Events after the balance sheet date	64
33	Nature and extent of risks arising from financial instruments	64
34	Assumptions made about the future and other major sources of estimation uncertainty	66
35	Critical judgements in applying accounting policies	69
<b><u>Pension liabilities</u></b>		
36	Defined benefit pension schemes	70
<b><u>Accounting Policies</u></b>		
37	Significant accounting policies	77

## NOTES TO THE ACCOUNTS

### 1. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated on the Council's spending priorities in line with its Corporate Strategy, Brentwood 2025. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

The figures in the Net Expenditure Chargeable to the General Fund and HRA Balance column align to the outturn report taken to the Council's Audit & Scrutiny Committee.

<u>2024/25</u>	Net Expenditure Chargeable to the General Fund and HRA Balance	Adjustments between Funding and Accounting Basis	Net Expenditure in the CIES
Service	£000	£000	£000
A Thriving and Growing economy	685	577	1,262
Cleaner, Greener and Safer	(1,125)	7,239	6,115
A Place to call home	1,108	389	1,497
A Leading Local Authority	6,876	1,566	8,442
Brentwood Improvement District	0	(110)	(110)
Housing Revenue Account	(6,922)	1,395	(5,527)
<b>Net Cost of Services</b>	<b>622</b>	<b>11,057</b>	<b>11,679</b>
<b>Other income &amp; expenditure Total</b>	<b>(3,019)</b>	<b>13,229</b>	<b>10,210</b>
<b>Deficit/(surplus)</b>	<b>(2,397)</b>	<b>24,286</b>	<b>21,889</b>
<b>Opening General Fund and HRA Balance at 31 March 2024</b>	<b>(5,498)</b>		
Add (Surplus) on General Fund and HRA balance in year	(2,397)		
<b>Closing General Fund and HRA Balance at 31 March 2025</b>	<b>(7,895)</b>		

## NOTES TO THE ACCOUNTS

<b>2023/24</b>	<b>Net Expenditure Chargeable to the General Fund and HRA Balance</b>	<b>Adjustments between Funding and Accounting Basis</b>	<b>Net Expenditure in the CIES</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Service</b>			
Growing Our Economy	854	(45)	809
Protecting Our Environment	(1,734)	2,504	770
Developing Our Communities	1,476	(703)	773
Improving Housing	(69)	(116)	(185)
Delivering An Efficient & Effective Council	5,254	3,289	8,543
Brentwood Improvement District	(95)	(1)	(96)
Housing Revenue Account	(5,867)	1,869	(3,998)
<b>Net Cost of Services</b>	<b>(181)</b>	<b>6,797</b>	<b>6,616</b>
<b>Other income &amp; expenditure Total</b>	<b>(2,315)</b>	<b>(11,198)</b>	<b>(13,513)</b>
<b>Deficit/(surplus)</b>	<b>(2,496)</b>	<b>(4,401)</b>	<b>(6,897)</b>
<b>Opening General Fund and HRA Balance at 31 March 2023*</b>	<b>(5,179)</b>		
Add (Surplus) on General Fund and HRA balance in year	(6,897)		
Add transfer from Income & Expenditure to Earmarked Reserves	6,579		
<b>Closing General Fund and HRA Balance at 31 March 2024*</b>	<b>(5,497)</b>		

\* For a split of the closing balance between the General Fund and the HRA, see the Movement in Reserves Statement on page 24.

## NOTES TO THE ACCOUNTS

### 2. Notes to the Expenditure and Funding Analysis

<b>Adjustments between Accounting Basis and Funding Basis 2024/25</b>				
	<b>Adjustments for Capital Purposes</b>	<b>Net Change for the Pensions Adjustments</b>	<b>Other Differences</b>	<b>Total Adjustments</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
A Thriving and Growing economy	639	(66)	3	577
Cleaner, Greener and Safer	7,006	(209)	443	7,239
A Place to call home	439	(51)	2	389
A Leading Local Authority	102	82	1,382	1,566
Brentwood Improvement District	0	(4)	(106)	(110)
Housing Revenue Account	4,152	(84)	(2,673)	1,395
<b>Net Cost of Services</b>	<b>12,338</b>	<b>(333)</b>	<b>(948)</b>	<b>11,057</b>
<b>Other Income &amp; Expenditure</b>	<b>15,321</b>	<b>(289)</b>	<b>(1,803)</b>	<b>13,229</b>
<b>Total</b>	<b>27,659</b>	<b>(622)</b>	<b>(2,751)</b>	<b>24,286</b>

<b>Adjustments between Accounting Basis and Funding Basis 2023/24</b>				
	<b>Adjustments for Capital Purposes</b>	<b>Net Change for the Pensions Adjustments</b>	<b>Other Differences</b>	<b>Total Adjustments</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Growing Our Economy	0	(47)	2	(45)
Protecting Our Environment	2,324	(119)	299	2,504
Developing Our Communities	(681)	(22)	0	(703)
Improving Housing	(99)	(15)	(2)	(116)
Delivering An Efficient & Effective Council	1,308	100	1,881	3,289
Brentwood Improvement District	0	(1)	0	(1)
Housing Revenue Account	4,090	(49)	(2,172)	1,869
<b>Net Cost of Services</b>	<b>6,942</b>	<b>(153)</b>	<b>8</b>	<b>6,797</b>
<b>Other Income &amp; Expenditure</b>	<b>(9,423)</b>	<b>(1,198)</b>	<b>(577)</b>	<b>(11,198)</b>
<b>Total</b>	<b>(2,481)</b>	<b>(1,351)</b>	<b>(569)</b>	<b>(4,401)</b>

## NOTES TO THE ACCOUNTS

---

### 2. Notes to the Expenditure and Funding Analysis (continued)

#### Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Financing and investment income and expenditure** – the statutory charges for capital financing, i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivables in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

#### Net Change for the Pensions Adjustment

This is the net change for the removal of pension contributions and the addition of IAS 19 *Employee Benefits* pensions related expenditure and income:

- **for services**, this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.
- for **Financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the CIES.

#### Other

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- the charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for Council Tax and Non-Domestic Rates that was projected to be received at the start of the year, and the income recognised under generally accepted accounting practices. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

## NOTES TO THE ACCOUNTS

### 3a. Expenditure & Income Analysed by Nature

The Council's expenditure and income is analysed as follows:

<b>Expenditure</b>	<b>2023/24</b> <b>£'000</b>	<b>2024/25</b> <b>£'000</b>
Employee benefits expenses	13,412	14,299
Other services expenses	26,161	29,555
Depreciation, amortisation and revaluations	7,539	12,119
Interest payments	4,995	6,915
Precepts & levies	681	723
Payments to the Housing Capital Receipts Pool	0	0
<b>Total expenditure</b>	<b>52,788</b>	<b>63,611</b>
<b>Income</b>		
Fees, charges and other service income		
- Revenue from contracts with service recipients	(25,955)	(26,890)
- Other service income	(5,254)	(4,773)
Interest and investment income	(3,393)	(5,249)
Income from council tax and non domestic rates	(6,013)	(8,934)
Government grants and contributions	(16,575)	(16,672)
Gain on revaluation of investment properties	(2,281)	0
Gain on the disposal of assets	(214)	20,795
<b>Total income</b>	<b>(59,685)</b>	<b>(41,722)</b>
<b>Deficit/(surplus) on the provision of services</b>	<b>(6,896)</b>	<b>21,889</b>

### 3b. Revenue from Contract with Service Recipients

Amounts included in the Balance Sheet for contracts with service recipients:

	<b>31 March</b> <b>2024</b> <b>£'000</b>	<b>31 March</b> <b>2025</b> <b>£'000</b>
Receivables (included as debtors - see note 16)	2,950	3,302
<b>Total included in Balance Sheet</b>	<b>2,950</b>	<b>3,302</b>

## NOTES TO THE ACCOUNTS

The value of revenue that is expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the year is as follows:

	<b>31 March 2024 £'000</b>	<b>31 March 2025 £'000</b>
Not later than one year	(357)	(1,106)
Later than one year	0	0
<b>Total</b>	<b>(357)</b>	<b>(1,106)</b>

#### 4. 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 capital and revenue expenditure. The following is a description of the reserves against which the adjustments are made.

##### a) General Fund Balance

The General Fund is the statutory fund into which the Council's receipts are paid, and out of which the liabilities of the Council are met, except to the extent that statutory rules provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover at the end of the financial year). The balance is not available to be applied to funding Housing Revenue Account (HRA) services.

##### b) Housing Revenue Account Balance

The HRA Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act which is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) is required to be recovered from tenants in future years.

##### c) Major Repairs Reserve

The Council is required to maintain the Major Repairs Reserve which controls an element of the capital resources limited to capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources which have yet to be applied at the year-end.

##### d) Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

## NOTES TO THE ACCOUNTS

### 4. Adjustments between accounting basis and funding basis under regulations (continued)

#### e) Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and / or the financial year in which this can take place.

<u>2024/25</u>	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Major Repairs Reserve £'000	Total £'000
<b>Adjustments to Revenue Resources</b>						
Amounts by which income and expenditure included in the Comprehensive & Income Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pension costs (transferred to/from the Pensions Reserve)	(474)	(147)	0	0	0	(622)
Council Tax & NNDR (transfers to/from the Collection Fund Adjustment Account)	(1,803)	0	0	0	0	(1,803)
Holiday pay (transferred to/from to the Accumulated Absences Reserve)	43	11	0	0	0	54
Reversal of entries relating to capital expenditure (charged to the Capital Adjustment Account).	112,845	3,785	0	0	0	116,631
<b>Total Adjustments to Revenue Resources</b>	<b>110,611</b>	<b>3,649</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>114,260</b>
<b>Adjustments between Revenue and Capital Resources</b>						
Transfer of non-current asset sale proceeds to the Capital Receipts Reserve	(83,973)	(484)	87,045	0	0	2,588
Payments to the government housing receipts pool	0	0	0	0	0	0
Transfer of HRA resources from revenue to the Major Repairs Reserve	0	(3,374)	0	0	3,374	0
Capital grants and contributions applied	(1,680)	0	0	0	0	(1,680)
Capital Grants unapplied	(209)	0	0	(68)	0	(277)
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>(85,862)</b>	<b>(3,858)</b>	<b>87,045</b>	<b>(68)</b>	<b>3,374</b>	<b>631</b>
<b>Adjustments to Capital Resources</b>						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	(66,491)	0	0	(66,491)
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	0	(3,690)	(3,690)
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	52	0	0	52
<b>Total Adjustments to Capital Resources</b>	<b>0</b>	<b>0</b>	<b>(66,439)</b>	<b>0</b>	<b>(3,690)</b>	<b>(70,129)</b>
<b>Total Adjustments</b>	<b>24,749</b>	<b>(209)</b>	<b>20,606</b>	<b>(68)</b>	<b>(316)</b>	<b>44,762</b>

## NOTES TO THE ACCOUNTS

### 4. Adjustments between accounting basis and funding basis under regulations (continued)

<b>2023/24</b>	<b>General Fund Balance £'000</b>	<b>Housing Revenue Account £'000</b>	<b>Capital Receipts Reserve £'000</b>	<b>Capital Grants Unapplied £'000</b>	<b>Major Repairs Reserve £'000</b>	<b>Total £'000</b>
<b>Adjustments to Revenue Resources</b>						
Amounts by which income and expenditure included in the Comprehensive & Income Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pension costs (transferred to/from the Pensions Reserve)	(1,017)	(333)	0	0	0	(1,350)
Council Tax & NNDR (transfers to/from the Collection Fund Adjustment Account)	(702)	0	0	0	0	(702)
Holiday pay (transferred to/from to the Accumulated Absences Reserve)	11	(4)	0	0	0	7
Reversal of entries relating to capital expenditure (charged to the Capital Adjustment Account).	(638)	4,406	0	0	0	3,768
<b>Total Adjustments to Revenue Resources</b>	<b>(2,346)</b>	<b>4,069</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,723</b>
<b>Adjustments between Revenue and Capital Resources</b>						
Transfer of non-current asset sale proceeds to the Capital Receipts Reserve	0	(530)	530	0	0	0
Payments to the government housing receipts pool	0	0	0	0	0	0
Transfer of HRA resources from revenue to the Major Repairs Reserve	0	(3,406)	0	0	3,406	0
Capital Grants unapplied	(379)	0	0	352	0	(27)
Capital grants and contributions applied	(1,925)	0	0	0	0	(1,925)
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>(2,304)</b>	<b>(3,936)</b>	<b>530</b>	<b>352</b>	<b>3,406</b>	<b>(1,952)</b>
<b>Adjustments to Capital Resources</b>						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	0	0	0	0
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	0	(3,510)	(3,510)
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	0	0	0
<b>Total Adjustments to Capital Resources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(3,510)</b>	<b>(3,510)</b>
<b>Total Adjustments</b>	<b>(4,650)</b>	<b>133</b>	<b>530</b>	<b>352</b>	<b>(104)</b>	<b>(3,739)</b>

## NOTES TO THE ACCOUNTS

### 5. Transfers to and from Earmarked Reserves

This note sets out the amounts transferred to and from the General Fund and Housing Revenue Account balances and earmarked reserves in 2024/25.

	2024/25				
	Balance at 1 April 2024	Transfers to CIES	Internal transfers	Transfers from CIES	Balance at 31 March 2025
	£'000	£'000	£'000	£'000	£'000
Mitigation Reserves	6,456	0	0	0	6,456
Service Reserves	1,850	(157)	0	305	1,997
Specific Reserves	2,544	(150)	0	256	2,651
NDR Collection Fund Deficit	674	0	0	0	674
<b>Total General Fund Reserves</b>	<b>11,524</b>	<b>(307)</b>	<b>0</b>	<b>561</b>	<b>11,778</b>
Council Dwellings Investment Fund	2,500	0	0	0	2,500
<b>Total HRA Reserves</b>	<b>2,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,500</b>
<b>Total Reserves</b>	<b>14,024</b>	<b>(307)</b>	<b>0</b>	<b>561</b>	<b>14,278</b>

### 5a. Transfers to and from Earmarked Reserves purpose

<u>General Fund Reserves</u>	<u>Purpose</u>
Mitigation Reserves	To mitigate uncertainty and financial risks.
Service Reserves	To fund projects within a service area.
Specific Reserves	To fund a specific future expenses or project.
NDR Collection fund deficit	To mitigate any financial pressure caused by future deficits on collection fund.
Council Dwellings Investment Fund	Contains contributions from the HRA towards investment in the Council's housing stock and funding the Affordable Housing Programme.

## NOTES TO THE ACCOUNTS

### 6. Other Operating Expenditure

	<b>2023/24</b>	<b>2024/25</b>
	<b>£'000</b>	<b>£'000</b>
Parish Council precepts	681	723
Payments to the Government Housing Capital Receipts Pool	0	0
Gains on the disposal of non-current assets	(214)	20,795
<b>Total</b>	<b>467</b>	<b>21,518</b>

### 7. Financing and Investment Income and Expenditure

	<b>2023/24</b>	<b>2024/25</b>
	<b>£'000</b>	<b>£'000</b>
Interest payable	5,928	6,915
Net interest on the pensions net defined benefit liability	(933)	(52)
Interest receivable and similar income	(3,393)	(5,249)
Net movement in bad debts provision	(174)	1,403
Income from investment properties	(673)	(633)
Changes in fair value of investment properties	(2,282)	137
<b>Total</b>	<b>(1,527)</b>	<b>2,521</b>

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

	<b>2023/24</b>	<b>2024/25</b>
	<b>£'000</b>	<b>£'000</b>
Council Tax Income	(7,436)	(7,917)
Non Domestic Rates	2,507	(3,415)
Non-ringfenced Government grants (note 32)	(5,722)	(1,263)
Capital grants and contributions (note 32)	(1,803)	(1,234)
<b>Total</b>	<b>(12,454)</b>	<b>(13,829)</b>

## NOTES TO THE ACCOUNTS

### 9. Property Plant and Equipment

#### 9.1 Movements on balances in 2024/25

	Total £'000	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Infra- structure £'000	Commun ity Assets £'000	Surplus Assets £'000	Assets Under Construction £'000
<b>Gross Carrying Amount (Cost/Valuation)</b>								
<b>At 1 April 2024</b>	<b>519,531</b>	<b>302,788</b>	<b>184,938</b>	<b>9,880</b>	<b>1,674</b>	<b>3,360</b>	<b>7,791</b>	<b>9,100</b>
Additions	16,564	8,649	4,160	982	38	10	725	2,000
Disposals	(105,516)	(385)	(104,870)	(261)	0	0	0	0
Impairment (Losses)/Reversals recognised in the Surplus/Deficit in the Revaluation Reserve	0	0	0	0	0	0	0	0
Impairment (Losses)/Reversals recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(12,459)	(11,021)	(839)	0	0	0	(599)	0
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(5,724)	(778)	(4,946)	0	0	0	0	0
Assets Reclassified (to)/from Held for Sale	(228)	318	(228)	0	0	0	0	(318)
Other Movements in Cost or Valuation - Reclassifications	1,618	0	1,360	258	0	0	0	0
<b>At 31 March 2025</b>	<b>413,786</b>	<b>299,571</b>	<b>79,575</b>	<b>10,859</b>	<b>1,712</b>	<b>3,370</b>	<b>7,917</b>	<b>10,782</b>
<b>Accumulated Depreciation &amp; Impairment</b>								
<b>At 1 April 2024</b>	<b>(5,775)</b>	0	(382)	(4,887)	(506)	0	0	0
Depreciation Charge for 2024/25	(5,419)	(3,117)	(1,221)	(1,020)	(61)	0	0	0
Depreciation Eliminated on Disposals	265	4	0	261	0	0	0	0
Depreciation Written Out to the Revaluation Reserve	3,781	3,113	668	0	0	0	0	0
Depreciation Written Out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0
Other Movements in Cost or Valuation - Reclassifications	(1,360)	0	(1,360)	0	0	0	0	0
<b>Depreciation at 31 March 2025</b>	<b>(8,508)</b>	<b>0</b>	<b>(2,295)</b>	<b>(5,646)</b>	<b>(567)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net book value at 31 March 2025</b>	<b>405,278</b>	<b>299,571</b>	<b>77,279</b>	<b>5,213</b>	<b>1,145</b>	<b>3,370</b>	<b>7,917</b>	<b>10,782</b>
<b>Net book value at 31 March 2024</b>	<b>513,756</b>	<b>302,788</b>	<b>184,556</b>	<b>4,993</b>	<b>1,168</b>	<b>3,360</b>	<b>7,791</b>	<b>9,100</b>

## NOTES TO THE ACCOUNTS

### 9.2 Movements on balances in 2023/24

	Total £'000	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Infra- structure £'000	Commun ity Assets £'000	Surplus Assets £'000	Assets Under Construction £'000
<b>Gross Carrying Amount (Cost/Valuation)</b>								
<b>At 1 April 2024</b>	<b>519,531</b>	<b>302,788</b>	<b>184,938</b>	<b>9,880</b>	<b>1,674</b>	<b>3,360</b>	<b>7,791</b>	<b>9,100</b>
Additions	16,564	8,649	4,160	982	38	10	725	2,000
Disposals	(105,516)	(385)	(104,870)	(261)	0	0	0	0
Impairment (Losses)/Reversals recognised in the Surplus/Deficit in the Revaluation Reserve	0	0	0	0	0	0	0	0
Impairment (Losses)/Reversals recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(12,459)	(11,021)	(839)	0	0	0	(599)	0
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(5,724)	(778)	(4,946)	0	0	0	0	0
Assets Reclassified (to)/from Held for Sale	(228)	318	(228)	0	0	0	0	(318)
Other Movements in Cost or Valuation - Reclassifications	1,618	0	1,360	258	0	0	0	0
<b>At 31 March 2025</b>	<b>413,786</b>	<b>299,571</b>	<b>79,575</b>	<b>10,859</b>	<b>1,712</b>	<b>3,370</b>	<b>7,917</b>	<b>10,782</b>

<b>Accumulated Depreciation &amp; Impairment</b>								
<b>At 1 April 2024</b>	<b>(5,775)</b>	0	(382)	(4,887)	(506)	0	0	0
Depreciation Charge for 2024/25	(5,419)	(3,117)	(1,221)	(1,020)	(61)	0	0	0
Depreciation Eliminated on Disposals	265	4	0	261	0	0	0	0
Depreciation Written Out to the Revaluation Reserve	3,781	3,113	668	0	0	0	0	0
Depreciation Written Out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0
Other Movements in Cost or Valuation - Reclassifications	(1,360)	0	(1,360)	0	0	0	0	0
<b>Depreciation at 31 March 2025</b>	<b>(8,508)</b>	<b>0</b>	<b>(2,295)</b>	<b>(5,646)</b>	<b>(567)</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Net book value at 31 March 2025</b>	<b>405,278</b>	<b>299,571</b>	<b>77,279</b>	<b>5,213</b>	<b>1,145</b>	<b>3,370</b>	<b>7,917</b>	<b>10,782</b>
<b>Net book value at 31 March 2024</b>	<b>513,756</b>	<b>302,788</b>	<b>184,556</b>	<b>4,993</b>	<b>1,168</b>	<b>3,360</b>	<b>7,791</b>	<b>9,100</b>

### 9.3 Depreciation

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

- Council Dwellings 68 years
- Other Land & Buildings 5-69 years
- Vehicles, Plant & Equipment 5-10 years
- Infrastructure-land drainage 50 years
- Infrastructure-other assets 10 years

### 9.4 Capital Commitments

As at the reporting date of 31 March 2025, the Council had capital commitments of £3.317m almost totally in respect of housing repairs and development.

## NOTES TO THE ACCOUNTS

### 9.5 Revaluations

The Council carries out a rolling programme of valuations that ensures that a full revaluation all non-current assets requiring to be measured at fair value is carried out at least every five years. The valuations in 2023/24 were carried out by Wilks Head Eve, an independent firm of Royal Institute of Chartered Surveyors (RICS) registered valuers in accordance with the methodologies and bases for estimation set out in the professional standards of the RICS, and in the CIPFA Code. The bases for valuation are set out in accounting policy 41.16.

#### Council Dwellings

Council dwellings are valued using the beacon approach. The stock is broken down into archetypes groups, with an average value based on beacon values applied to each group. A full revaluation of the housing stock was carried out in 2024/25.

#### Other non-current assets

The values of asset classes have been assessed on the basis of local knowledge, publicised data and advice received by other surveyors and valuers. Where possible, the assets have been examined internally and copies of leases reviewed. A building survey has not been carried out, and the assets have not been inspected for the purposes of condition or structural stability. It is assumed that the property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings and that good title can be shown.

#### Surplus Assets

All of the Council's surplus assets have been assessed as Level 2 in the fair value hierarchy for valuation purposes. The fair value has been measured using a market approach using current market conditions, recent sales prices and other relevant information for similar assets. Market conditions for these asset types are such that the levels of observable inputs are significant.

#### Valuation history of the Council's assets

	Total	Council	Other Land and	Vehicles, Plant	Infrastructure	Community	Surplus	Assets Under
	£'000	Dwelling	Buildings	and Equipment	£'000	Assets	Assets	Construction
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at depreciated historical cost	26,811	0	88	10,859	1,712	3,370	0	10,782
Valued at fair value as at								
31 March 2020	1,919	0	1,919	0	0	0	0	0
31 March 2021	668	0	668	0	0	0	0	0
31 March 2022	1,076	0	1,076	0	0	0	0	0
31 March 2023	1,809	0	1,359	0	0	0	450	0
31 March 2024	5,006	0	5,006	0	0	0	0	0
31 March 2025	376,497	299,571	69,459	0	0	0	7,467	0
<b>Total Cost or Valuation</b>	<b>413,786</b>	<b>299,571</b>	<b>79,575</b>	<b>10,859</b>	<b>1,712</b>	<b>3,370</b>	<b>7,917</b>	<b>10,782</b>

## NOTES TO THE ACCOUNTS

### 10. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year, and the resources been used to finance it, is shown below. Where capital expenditure is to be financed in future years, by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note. The opening balance is £0.108m different to the closing balancing in 2023/24. This is due to the implementation of IFRS 16 starting 1<sup>st</sup> April 2024.

	<b>2023/24</b>	<b>2024/25</b>
	<b>£'000</b>	<b>£'000</b>
<b>Opening Capital Financing Requirement</b>	<b>251,694</b>	<b>259,218</b>
<u>Capital Expenditure</u>		
Property, plant and equipment	11,487	14,563
Assets under construction	2,504	2,000
Investment properties	0	0
Intangible assets	0	0
Revenue expenditure funded from capital under statute	596	1,011
<b>Total Capital Expenditure</b>	<b>14,587</b>	<b>17,574</b>
<u>Sources of Finance</u>		
Financing of capital expenditure:-		
Capital receipts	0	(5,521)
Government grants and other contributions	(1,951)	(2,428)
Major Repairs Reserve	(3,510)	(3,690)
<b>Total Financing of Capital Expenditure</b>	<b>(5,461)</b>	<b>(11,639)</b>
Sums set aside from revenue for the repayment of debt	(1,710)	(1,002)
Sums set aside from Capital receipts for the repayment of debt		(60,970)
<b>Closing Capital Financing Requirement</b>	<b>259,110</b>	<b>203,181</b>
<u>Explanation of Movements in the Year</u>		
Net increase/(decrease) in the underlying need to borrow	7,416	(56,037)
<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>7,416</b>	<b>(56,037)</b>

## NOTES TO THE ACCOUNTS

### 11. Heritage Assets

The Council has two heritage assets, the Shenfield War Memorial and the Heritage Column. These are not recognised in the Balance Sheet because cost and valuation information is not available, and it is considered that the cost of obtaining such information would outweigh the benefit to readers of the financial statements in recognising the assets in the Balance Sheet.

Shenfield War Memorial is situated on Shenfield Road in Brentwood and is readily accessible to the public. It was renovated in 2012/13 and has an expected maintenance-free life for the memorial of twenty-five years. Annual inspections will take place to ensure that appropriate maintenance will be carried out in the future.

The Heritage Column is a steel sculpture that depicts scenes of Brentwood's history. It sits at the junction of Kings Road and Brentwood High Street and is accessible to the public at all times. There is no specific maintenance programme for the column, which will be inspected on an *ad hoc* basis.

### 12. Investment Properties

The Council holds several commercial premises and pieces of land for the purpose of earning rental income and capital appreciation. There are no restrictions on the Council's ability to realise the value inherent in these investment properties or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance and enhancement.

The Council earned £0.619m (2023/24 £0.677m) rental income from these properties, which is accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The following table summarises the movement in the fair value of the investment properties over the year. Valuations were carried out by Wilkes Head Eve, an independent firm of Royal Institute of Chartered Surveyors (RICS) registered valuers, in line with professional standard set out by RICS, and the CIPFA Code.

	2023/24	2023/24	2023/24	2024/25	2024/25	2024/25
	£'000	£'000	£'000	£'000	£'000	£'000
	Shops & other premises	Land	Total	Shops & other premises	Land	Total
Balance at start of the year	16,999	2,657	19,656	20,286	2,902	23,188
Enhancements	0	0	0	0	0	0
Net (losses)/gains from fair value adjustments						
- through Comprehensive Income & Expenditure Account	2,037	245	2,282	(495)	357	(138)
Transfer to Assets Held for Sale	1,250	0	1,250	0	0	0
Transfer to OLB	0	0	0	148	81	229
<b>Balance at end of the year</b>	<b>20,286</b>	<b>2,902</b>	<b>23,188</b>	<b>19,939</b>	<b>3,340</b>	<b>23,279</b>

## NOTES TO THE ACCOUNTS

Fair Value Hierarchy and Valuation Techniques used to determine Level 2 values All of the Council’s investment properties have been assessed as Level 2 in the fair value hierarchy for valuation purposes. The fair value of investment properties has been measured using a market approach using current market conditions, recent sales prices and other relevant information for similar assets. Typical valuation inputs used include market rental and sale values, yields, void and letting periods, configurations proportions and layout. Market conditions for these asset types are such that the levels of observable inputs are significant.

### 13. Long Term Debtors

The balance of £60.248m mostly represents loans totalling £60.000m made by the Council to its wholly owned Company, Seven Arches Investments Ltd, as detailed in the Related Parties disclosure note.

### 14. Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability of another entity. Non-exchange transactions, such as those related to local taxation and government grants, do not give rise to financial instruments.

#### 14.1 Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash or by a contractual right to receive cash or other financial assets from another entity. The financial assets held by the Council are carried in the Balance Sheet under the following classifications:

	Long-Term		Short-Term				Total	
	Debtors		Investments & Cash Equivalents		Debtors			
	31 March 2024 £'000	31 March 2025 £'000	31 March 2024 £'000	31 March 2025 £'000	31 March 2024 £'000	31 March 2025 £'000	31 March 2024 £'000	31 March 2025 £'000
Amortised cost	60,209	60,248			3,757	4,609	63,966	64,857
Cash and Cash Equivalents:								
Cash at Bank			(408)	512			(408)	512
Short Term Investments			9,619	90,970			9,619	90,970
<b>Total financial assets</b>	<b>60,209</b>	<b>60,248</b>	<b>9,211</b>	<b>91,482</b>	<b>3,757</b>	<b>4,609</b>	<b>73,177</b>	<b>156,339</b>

The short-term debtors figure excludes debtors totalling £5.298m (£5.774m as at 31 March 2024) representing non-financial instruments such as Council Tax and NDR arrears.

These transactions are measured using inputs classified at level 2 in the fair value hierarchy. The Council also holds shares in Seven Arches Investments Ltd. These are held at their nominal value of £100 because it is impracticable to determine fair value.

## NOTES TO THE ACCOUNTS

### 14.2 Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council, represented by an obligation on the Council to deliver cash to another entity. The financial liabilities held by the Council are carried in the Balance Sheet under the following classifications:

	Long-Term		Short-Term				Total	
	Borrowings		Borrowings		Creditors		Total	
	31 March 2024 £'000	31 March 2025 £'000						
Amortised cost					(3,447)	(4,661)	(3,447)	(4,661)
<b>Borrowing:</b>								
- PWLB	(192,019)	(192,019)	(717)	(717)			(192,736)	(192,736)
- Other local authorities			(20,066)	0			(20,066)	0
- Market	(24,385)	(43,473)	(547)	(1,002)			(24,932)	(44,475)
- transferred debt	0	0	0	0			0	0
<b>Total Financial Liabilities</b>	<b>(216,404)</b>	<b>(235,492)</b>	<b>(21,330)</b>	<b>(1,719)</b>	<b>(3,447)</b>	<b>(4,661)</b>	<b>(241,181)</b>	<b>(241,872)</b>

The creditors figure excludes creditors totalling £10.134m (£8.127m as at 31 March 2024) representing non-financial instruments such as Council Tax and NDR prepayments.

These transactions are measured using inputs classified at level 2 in the fair value hierarchy.

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

The following amounts are recognised in the Comprehensive Income and Expenditure Statement: -

	2023/24		2024/25	
	Financial Liabilities measured at amortised cost £'000	Financial assets measured at amortised cost £'000	Financial liabilities measured at amortised cost £'000	Financial assets measured at amortised cost £'000
Interest expense	5,928		6,915	
Interest income		(3,393)		(5,249)

### 14.3 Fair value of Financial Assets and Liabilities

The fair value of financial assets and liabilities are used as a comparison to the carrying value disclosed in the Balance Sheet. In most instances, the carrying amount is deemed to be a fair approximation of fair value. The fair value of PWLB debt has been calculated by comparing the terms of these loans against current PWLB borrowing rates. The fair values are shown in the table on the following page:

## NOTES TO THE ACCOUNTS

	31 March 2024		31 March 2025	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
<b>Financial Assets:</b>				
Short Term Investments	9,619	9,619	90,970	90,970
Cash and Cash Equivalents	(408)	(408)	512	512
Short Term Debtors	3,757	3,757	4,609	4,609
Long Term Debtors	60,209	60,209	60,248	60,248
<b>Total Financial Assets</b>	<b>73,177</b>	<b>73,177</b>	<b>156,339</b>	<b>156,339</b>
<b>Financial Liabilities:</b>				
PWLB debt	(192,736)	(140,188)	(192,736)	(128,893)
Market Debt	(24,932)	(18,565)	(44,475)	(33,230)
Transferred Debt	0	0	0	0
Short Term Creditors	(3,447)	(3,447)	(4,661)	(4,661)
Short Term Borrowing	(20,066)	(20,066)	0	0
<b>Total Financial Liabilities</b>	<b>(241,181)</b>	<b>(182,266)</b>	<b>(241,872)</b>	<b>(166,784)</b>

### 15. Debtors

	31 March 2024			31 March 2025		
	Gross Debt £'000	Impairment Allowance £'000	Net Debt £'000	Gross Debt £'000	Impairment Allowance £'000	Net Debt £'000
Trade receivables-external bodies	668	(241)	427	717	(333)	384
Trade receivables-subsiary	1,924	0	1,924	2,100	0	2,100
Housing rents arrears	2,090	(1,491)	599	2,495	(1,677)	818
<b>Financial assets at contract amounts</b>	<b>4,682</b>	<b>(1,732)</b>	<b>2,950</b>	<b>5,312</b>	<b>(2,010)</b>	<b>3,302</b>
Central Government	390	0	390	551	0	551
Other local authorities	4,753	0	4,753	3,525	0	3,525
Council tax arrears	767	(289)	478	773	(284)	489
Non domestic rates arrears	680	(565)	115	471	(295)	176
Housing benefit overpayments	686	(644)	42	686	(557)	129
Other sundry receivables	324	0	324	1,301	0	1,301
Prepayments	479	0	479	435	0	435
<b>Total Short term debtors</b>	<b>12,761</b>	<b>(3,230)</b>	<b>9,531</b>	<b>13,054</b>	<b>(3,146)</b>	<b>9,907</b>
Subsidiary loan	60,000	0	60,000	60,000	0	60,000
Other long term debtors	209	0	209	248	0	248
<b>Total Long term debtors</b>	<b>60,209</b>	<b>0</b>	<b>60,209</b>	<b>60,248</b>	<b>0</b>	<b>60,248</b>

The Council Tax and Non-Domestic Rates figures represent the Council's share of the total arrears for these debts.

## NOTES TO THE ACCOUNTS

### 16. Cash and Cash Equivalents/Cash Overdrawn

	31 March 2024 £'000	31 March 2025 £'000
Bank current accounts	(413)	507
Cash floats	5	5
<b>Total Cash and Cash Equivalents</b>	<b>(408)</b>	<b>512</b>

### 17. Creditors

The Council Tax and Non-Domestic Rates figures represent the Council's share of the total amounts owed.

	31 March 2024 £'000	31 March 2025 £'000
Trade payables-external bodies	2,935	4,044
Trade payables-subsiary	612	173
<b>Financial liabilities at contract amounts</b>	<b>3,547</b>	<b>4,217</b>
Central Government	2,859	4,380
Other local authorities	2,006	1,709
Council tax pre-payments	136	157
Non domestic rates pre-payments	691	542
Other sundry payables	512	616
Assizes Trust	888	888
Receipts in advance	935	1,885
<b>Total</b>	<b>11,574</b>	<b>14,395</b>

### 18. Provisions

	Non Domestic Rates Appeals £'000	Insurance Claims £'000	Legal Claims £'000	Planning Appeals £'000	Total £'000
Balance at 31 March 2023	1,400	268	59	50	1,777
Additional provisions in 2023/24	42	113	0	0	155
Amounts used in 2023/24	0	0	(59)	0	(59)
Balance at 31 March 2024	1,442	381	0	50	1,873
Amounts used in 2024/25	(391)	0	0	0	(391)
<b>Balance at 31 March 2025</b>	<b>1,051</b>	<b>381</b>	<b>0</b>	<b>50</b>	<b>1,482</b>

## NOTES TO THE ACCOUNTS

### **Nature and purpose of each provision:**

- a) **Non-Domestic Rates Appeals.** Under the Non-Domestic Rates Retention scheme introduced in April 2013 councils are expected to meet the financial impact of successful appeals by ratepayers against the rateable
- b) **NNDR Appeals:** Value of their properties on the rating list. The provision of £1.051m represents the Council's share of the provision.
- c) **Insurance Claims:** to meet claims from the Council's previous insurers Municipal Mutual Insurance who are subject to a Scheme of Arrangement.
- d) **Legal Costs:** to meet the cost of legal claims against the Council.
- e) **Planning Appeal.** This provision is to meet the costs of any planning appeal made against the Council.

The timing of the settlement of these liabilities is uncertain, but the Council has taken the view that they are likely to be settled within 12 months of the balance sheet date. The balances as at 31 March 2024 have therefore been classified as short-term liabilities.

There were also a number of ongoing and prospective challenges to the Council in respect of planning, land charges, contract, property, business rates and housing, which may give rise to costs in the future depending on the outcomes. The likely financial impact of these issues is not possible to quantify at this stage as they are too remote.

### 19. Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement on page 24 and in note 4 on pages 35-37. Note 4 also contains an explanation of why each usable reserve is held.

### 20. Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment.

	<b>31 March 2024 £'000</b>	<b>31 March 2025 £'000</b>
<b>Balance at 1 April</b>	<b>187,396</b>	<b>196,056</b>
Adjustment to opening balance	(1,195)	0
Upward revaluation of Property, Plant & Equipment	29,338	6,673
Downward revaluation of Property, Plant & Equipment	(17,552)	(15,351)
<b>Sub total</b>	<b>11,786</b>	<b>(8,677)</b>
Difference between fair value depreciation and historical cost depreciation	(1,814)	0
Accumulated gains on assets sold or scrapped	(117)	(28,296)
<b>Amount written off to the Capital Adjustment Account</b>	<b>(1,931)</b>	<b>(28,296)</b>
<b>Balance at 31 March</b>	<b>196,056</b>	<b>159,084</b>

## NOTES TO THE ACCOUNTS

### 21. 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 provisions.

	31 March 2024 £'000	31 March 2025 £'000
<b>Balance at 1 April</b>	<b>136,504</b>	<b>141,327</b>
<b>Adjustment to opening balance</b>	<b>882</b>	<b>258</b>
<b>Reversal of items relating to Capital Expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>		
Charges for depreciation and impairment of non-current assets	(5,798)	(5,418)
Revaluation losses on Property, Plant and Equipment	(1,048)	(5,724)
Amortisation of Intangible assets	0	0
Revenue Expenditure Funded from Capital under Statute	(69)	(1,011)
Amounts of non-current assets written off on disposal or sale as part of the gain or loss on disposal to the Comprehensive Income and Expenditure Statement		(105,251)
<b>Sub Total</b>	<b>(6,915)</b>	<b>(117,404)</b>
Adjusting amounts written out of the Revaluation Reserve	1,931	28,296
<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>(4,984)</b>	<b>(89,108)</b>
<b>Capital Financing applied in the year</b>		
Use of the Capital Receipts Reserve to finance new capital expenditure	0	66,491
Use of the Major Repairs Reserve to finance new capital expenditure	3,510	3,690
Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	1,424	1,680
Revenue contributions to capital expenditure	0	748
Provision for the financing of capital investment charged against the General Fund and HRA balances	1,710	1,002
<b>Sub Total</b>	<b>6,644</b>	<b>73,611</b>
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	2,281	(137)
<b>Balance at 31 March</b>	<b>141,327</b>	<b>125,951</b>

## NOTES TO THE ACCOUNTS

### 22. Pension Reserve

The Pension 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.

	<b>31 March 2024 £'000</b>	<b>31 March 2025 £'000</b>
<b>Balance at 1 April</b>	<b>18,448</b>	<b>(1,923)</b>
Remeasurements of the net defined benefit liability	(21,721)	(423)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(731)	(1,632)
Employer's pensions contributions and direct payments to pensioners payable in the year	2,081	2,304
<b>Balance at 31 March</b>	<b>(1,923)</b>	<b>(1,674)</b>

### 23. Collection Fund Adjustment Account

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

	<b>31 March 2024 £'000</b>	<b>31 March 2025 £'000</b>
<b>Balance at 1 April</b>	<b>683</b>	<b>731</b>
Increase/decrease	(852)	1,072
<b>Balance at 31 March</b>	<b>(169)</b>	<b>1,803</b>

### 24. Members' Allowances

The Council paid £0.303m to Members of the Council during the year (£0.274m in 2023/24).

## NOTES TO THE ACCOUNTS

### 25. Officers' Remuneration

The Council has a shared senior leadership team with Rochford District Council. The remuneration paid in 2024/25 to the officers employed by Brentwood was as follows:

Post	Note	Salary, Fees and Allowances £	Bonus £	Severance Payments	Employer's Pension Contribution £	Total £
Chief Executive	1	171,779	0	0	37,791	209,570
Strategic Director - Commercial and Regeneration	1.2	110,975	0	0	24,414	135,389
Director Communities and Health	2	31,795	0	41,400	11,795	84,990
Director Policy & Transformation	2.1	97,520	0	0	21,454	118,974
Director Place	2.1	97,520	0	0	21,454	118,974
Director for Assets and Investments	2.1	97,520	0	0	21,454	118,974
Director for Customer and Data Insight	2.1	67,460	0	0	20,343	87,803
Director People & Governance	.1 & 2.	82,936	0	0	18,704	101,640
Joint Acting Director of People & Governance	2.2	72,133	0	0	17,543	89,676
		<b>829,638</b>	<b>0</b>	<b>41,400</b>	<b>194,952</b>	<b>1,065,990</b>

1. Cost are split 50/50 for Chief executive between Rochford and Brentwood

1.2 Cost are split 75/25 for Strategic Director between Brentwood and Rochford

2. Costs are split 50/50 between Brentwood and Rochford. Post vacant from August 2024 the annualised salary is £86,910

2.1 Costs are split 50/50 between Brentwood and Rochford

2.2 Shared post from June 2023 to October 2024 this data is full year costs

**The costs from the above posts are split between Brentwood and Rochford, the contribution from Rochford is £498,810**

**An additional four posts (Strategic Director/Deputy Chief Executive, Strategic Director S151, Director of Housing & Director of Environment) are split between Rochford and Brentwood, the contribution from Brentwood is £268,560**

## NOTES TO THE ACCOUNTS

### 25. Officers' Remuneration (continued)

The remuneration paid to the Council's senior employees during 2023/24 was as follows:

Post	Note	Salary, Fees and Allowances £	Bonus £	Severance Payments £	Employer's Pension Contribution £	Total £
Chief Executive	1	158,966	0	0	34,973	193,939
Strategic Director - Commercial and Regeneration	1.2	115,840	0	0	25,485	141,325
Director Communities and Health	2	95,134	0	0	20,752	115,886
Director Policy & Transformation	2.1	95,134	0	0	20,931	116,065
Director Place	2.1	73,243	0	0	16,113	89,356
Director for Assets and Investments	2.1	89,538	0	0	20,065	109,603
Director for Customer and Data Insight	2.1	89,538	0	0	19,698	109,236
Director People & Governance	2.1 & 2.2	38,766	0	0	8,528	47,294
Joint Acting Director of People & Governance	2.2	33,270	0	0	7,348	40,618
		789,429	0	0	173,893	963,322

1. Cost are split 50/50 for Chief executive between Rochford and Brentwood

1.2 Cost are split 75/25 for Strategic Director between Brentwood and Rochford

2. Costs are split 50/50 between Brentwood and Rochford.

2.1 Costs are split 50/50 between Brentwood and Rochford

2.2 Shared post from June 2023 to October 2024 this data is full year costs

**The costs from the above posts are split between Brentwood and Rochford, the contribution from Rochford is £412,176**

**An additional four posts (Strategic Director/Deputy Chief Executive, Strategic Director S151, Director of Housing & Director of Environment) are split between Rochford and Brentwood, the contribution from Brentwood is £324,345**

## NOTES TO THE ACCOUNTS

Employees earning more than £50,000

The number of other employees of the Council receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) was as follows:

Remuneration Band	2023/24	2024/25
	Number of employees	Number of employees
£50,000 - £54,999	10	7
£55,000 - £59,999	6	7
£60,000 - £64,999	4	7
£65,000-£69,999	4	7
£70,000-£74,999	0	2
£75,000-£79,999	0	1

Off Payroll Arrangements

The Council engages interim staff to provide temporary cover for vacant posts and to obtain specialist skills and experience. The cost of 13 of these interim staff (9 in 2023/24) was more than £50,000 in each instance, at a total cost of £1,117,510 (£815,456 in 2023/24). The sums represent the amounts paid by the Council to the supplying agencies. The Council's recruitment policies were followed in all of these interim appointments.

### 26. Termination Benefits

Exit Packages

The following table discloses the number and total cost of exit packages within cost bands incurred during the year:

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
							£000	£000
£0 - £20,000	2	0	5	3	7	3	37	13
£20,001 - £40,000	0	0	1	1	1	1	23	47
<b>Total</b>	<b>2</b>	<b>0</b>	<b>6</b>	<b>4</b>	<b>8</b>	<b>4</b>	<b>60</b>	<b>60</b>

The costs in the above Exit Packages table represent the liabilities incurred by the Council upon the termination of the contracts of a number of its employees. RDC contributed £23,700 as part of one team to share costs of programme.

## NOTES TO THE ACCOUNTS

### 27. External Audit Costs

	2023/24 £'000	2024/25 £'000
Fees payable in respect of external audit services carried out by the appointed auditor for the year		
- planned fees	165	203
- additional fees	0	0
Fees payable for the certification of grant claims and returns for the year	17	17
Non audit services	0	0
<b>Total</b>	<b>183</b>	<b>220</b>

In addition, the Council's subsidiary company Seven Arches Investments Ltd incurred external audit costs of £0.008m (£0.008m in 2023/24) giving total group external audit costs of £0.228m (£0.191m in 2023/24)

### 28. Grant Income

The following grants and contributions have been credited to the Comprehensive Income and Expenditure Statement:

	2023/24 £'000	2024/25 £'000
<b>Credited to Taxation and Non-specific Grant Income:</b>	<b>£'000</b>	<b>£'000</b>
<b>Non-ringfenced Government grants</b>		
New Homes Bonus Scheme	450	344
Business Rates Relief	4,477	2,699
Transparency Code Set Up Grant	0	8
Levy Account Surplus Grant	14	14
Lower Tier Services Grant	451	12
Revenue Support Grant	69	83
Discretionary Business Rates Scheme	58	71
Funding Guarantee	67	824
Council Tax Support Scheme	97	0
Other Government Grants	39	6
<b>Sub total</b>	<b>5,722</b>	<b>4,062</b>
<b>Capital grants and contributions</b>		
Local Authority Housing Fund	1,322	270
Safer Streets Grant	50	62
Food Waste Recycling Grant	131	27
Disabled Facilities Grant	114	312
Car Park Contribution	186	133
UKSPF	0	639
S106 Eagle & Child	0	2
Swimming Pool Grant	0	235
<b>Sub total</b>	<b>1,803</b>	<b>1,680</b>
<b>Total</b>	<b>7,525</b>	<b>5,742</b>

## NOTES TO THE ACCOUNTS

	2023/24	2024/25
	£'000	£'000
<b>Credited to Services:</b>		
<b>Rent Allowances &amp; Rebates</b>		
Rent Allowances	4,659	4,406
Rent Rebates	3,762	4,729
Discretionary Housing Payments	91	91
Housing Benefit Administration	152	(113)
<b>Total Rent Allowances &amp; Rebates</b>	<b>8,664</b>	<b>9,113</b>
<b>Other grants</b>		
Food Waste Grants	0	40
Council Tax Sharing Agreement	0	272
Preventing Homelessness Grants	351	348
Non Domestic Rates-Cost of Collection	104	103
UKSPF - DLUHC	89	589
Urban Tree Challenge	41	0
Pool Pod Grant	0	45
Good Company Health Inequalities	0	52
Green Belt Fund	0	70
Health and Wellbeing Fund	0	51
Other grants individually less than £0.050m	180	247
<b>Total Other grants</b>	<b>1,291</b>	<b>1,817</b>
<b>Total</b>	<b>9,955</b>	<b>10,930</b>

## NOTES TO THE ACCOUNTS

### 28. Grant Income (continued)

The Council received a number of grants and contributions during 2024/25 that not been recognised as income as at 31 March 2025 because they have conditions attached to them that could require the monies to be returned to the grantor. The balances at the year-end were as follows:

	31 March 2024	31 March 2025
	£'000	£'000
<b><u>Grants Receipts in Advance (Revenue Grants)</u></b>		
<b>Current Liabilities:</b>		
Other grants	105	267
<b>Total</b>	<b>105</b>	<b>267</b>
<b><u>Grants Receipts in Advance (Capital Grants)</u></b>		
<b>Developers' Contributions:</b>		
Mountnessing Scrapyard	1,027	1,027
Former Elliots Nightclub	188	188
Doddinghurst Surgery, Outings Lane, Doddinghurst	172	172
S106 de Paul Way Play Area	174	174
La Plata Wood, Brentwood	33	40
73 High Street, Brentwood	44	44
S106 Brentwood Blood Centre	83	83
S106 Land at Eagle Way open space	23	21
Local Authority Housing Fund (LAHF)	350	81
Food Waste Recycling	0	103
Other grants individually less than £0.050m	135	66
<b>Total</b>	<b>2,229</b>	<b>1,999</b>

### 29. Related Parties

The Council is required to disclose material transactions with related parties. Related Parties are bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows the reader to assess the extent to which the Council might have been constrained in its ability to operate independently or might have influenced or limited another party's ability to operate independently.

#### UK Government

Central Government has significant influence over the general operation of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of funding in the form of grants and prescribes the terms for many of the transactions the Council undertakes with other parties. For example, bills for Council Tax or housing benefits. Grants received from Government are shown in Note 28.

## NOTES TO THE ACCOUNTS

---

### 29. Related Parties (continued)

#### Members

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid are shown in Note 27. In addition, costs totalling £58,113 were paid to voluntary organisations. Most of governing bodies of these organisations include at least one Member representing the Council. Income of £66,077 was paid by South Essex Parking Partnership (SEPP) to Brentwood Borough Council during in year in relation to the collection of PCN income. SEPP have provided a service to assist with the collections of Penalty Charge Notices 24/25.

#### Senior Officers

The majority of Senior Staff returned a financial transactional declaration of nil. A Senior Officer holds a Non-Executive Directorship with a business enterprise supplying the council with interim senior staff. The value of these transactions total £225,205 for the year.

#### Entities in which Members have a Controlling Interest

Members of the Council are required to review and complete a Register of Members Interests and a Declaration of Financial Interest form. Nil Returns were received by almost all Members in regards to finance related matters for the year. One Member occupies the post of Police, Fire & Crime Commissioner for Essex. Details of this are shown under Essex Police.

#### Other Public Bodies (subject to common control by Central Government)

##### a) Essex County Council

Two Council Members were also members for Essex County Council during the financial year. The Council paid Essex County Council a total of £380,286 of which £258,743 was in respect of trade waste; £86,681 was for Planning and Land Charge services and £34,862 of other costs & services including supplying a procurement service to the Council. Brentwood Borough Council was paid £1,612,972 by Essex County Council during the year. Of that amount, £1,466,841 was in respect of waste disposal & recycling, £91,037 in respect of the highways ranger service. The balance of £55,094 related to other services including weddings, grants and venue hire.

##### b) Essex Police/Essex Police & Crime Commissioner

Sanderson Weatherall are property managers on behalf of Brentwood Borough Council regarding commercial space within the Town Hall. The lease amount of £143,837 was received during the year with regards to the rental of both office space and car parking facilities from Essex Police and Crime Commission, with £19,979 collected for service charge costs. Costs were paid by the Council of £1,968 which related to supplies and contributions.

##### c) Essex County Fire and Rescue Service (ECFRS)

There were financial transactions from ECFRS to Brentwood Borough Council to the value of £4,740 during the year relating to testing and subscriptions.

## NOTES TO THE ACCOUNTS

---

d) Basildon Borough Council

The Council paid Basildon Borough Council a total of £1,826,929 was for the provision of a shared Revenues & Benefits service, £38,739 for Planning and £5,706 for other services. In addition, investments of £5,000,000 were also made with Basildon during the year. BBC was paid £49,149 mostly for interest earned and a small amount relating to cemetery income.

e) Rochford District Council

Brentwood Borough Council entered into a Partnership with Rochford District Council named OneTeam. The aim of partnership is to create a more collaborative way of working creating efficiencies and improvements to council services for both Brentwood and Rochford residents. Income of £1,898,725 was received from Rochford, and £928,246 paid to Rochford during the year. The vast majority of this in relation to staffing arrangements.

f) Thurrock Borough Council

The Council paid Thurrock Borough Council £289,606 for the provision of a shared Environmental Health service. Brentwood Borough Council received £16,000 for a shared admin arrangement relating to Environmental Health services.

g) Braintree District Council

The Council paid Braintree District Council a total of £48,338 in 2024/25 (£48,573 in 2024/25) for the provision of a payroll service and a HR self-service application. These services are provided through the Braintree, Colchester and Epping Inter-Authority Shared Service Agreement, of which Braintree is the lead member.

h) Parish Councils

During the year the Council received income of £26,958 from Parish Councils mostly relating to the collection of waste, and paid costs of £7,680 mostly relating to supplies and PCN services.

### Entities Controlled or Significantly Influenced by the Council

a) Seven Arches Investments Ltd (SAIL)

Seven Arches Investment Ltd (SAIL) was incorporated under the Companies Act 2006 in 2018 and are solely owned by Brentwood Borough Council. The Company was established with the aim of being commercially focused, to provide Brentwood Borough Council with increased revenue that will be used to benefit the community. The council paid SAIL £2,048,815 during the year relating to Planning and Development services, and lease surrender premium for breaking a lease in relation to the sale of the Childerditch site. Income was received of £6,021,006 of which £2,400,000 as related to loans/interest, £403,806 in relation to SLA agreements, £3,190,505 for rent and £26,694 of other income. Two Brentwood Borough Council Senior Officers are directors of SAIL.

## NOTES TO THE ACCOUNTS

### 30. Leases

#### Council as Lessor - Operating Leases

The Council leases out premises under operating leases in order to generate a rental income. The minimum lease payments receivable under non-cancellable leases in future years are:

	<b>31 March 2024 £'000</b>	<b>31 March 2025 £'000</b>
Not later than one year	5,784	2,117
Later than one year and not later than five years	22,652	7,709
Later than five years	77,038	29,060
<b>Total</b>	<b>105,474</b>	<b>38,886</b>

### 30a. Leases – Right of use assets.

The table below shows the change in value of right of use assets held under leases by the Council.

	<b>Land and Buildings £000s</b>	<b>Vehicles, plant and equipment £000s</b>	<b>Total £000s</b>
Balance at 01/04/2024	0	0	0
Additions	17	91	108
Revaluations	0	0	0
Depreciation	(7)	(37)	(44)
Disposals	0	0	0
Balance at 31/03/2025	<b>10</b>	<b>54</b>	<b>63</b>

### 30b. Lease liability.

Council as Lessee- finance Leases.

The Council leases 1 building and 4 vehicles that fall under IFRS 16. The minimum lease payments receivable under non-cancellable leases in future years are:

	<b>31 March 2024 £000s</b>	<b>31 March 2025 £000s</b>
Less than one year	0	43
One to five years	0	24
More than Five years	0	0
<b>Total Undiscounted liabilities</b>	<b>0</b>	<b>68</b>

## NOTES TO THE ACCOUNTS

---

### 31. Accounting standards that have been issued but not yet adopted

The following are the accounting standards that have been issued but not yet adopted by the Authority as at the Balance Sheet date. Under the Code of Practice on Local Authority Accounting, disclosure of the impact of accounting standards issued but not adopted is required. Following a review of the relevant standards it has been determined that there would be no material changes to the accounts if these were to have been adopted. The applicable changes for 2024/25 are as follows:

From 1 April 2025, the Accounting Code will change the arrangements for the valuation of Property, Plant and Equipment. For 2024/25, there has been a general requirement that assets are revalued sufficiently regularly so that their carrying amount at 31 March does not differ materially from their current value at that date. This will be replaced by an option to revalue assets every five years, subject to annual reviews for impairment and the updating of carrying amounts by the application of relevant indices.

No adjustments to carrying amounts will be required at 1 April 2025. As indices for 2025/26 will not be available until after 31 March 2026, it is not possible to project what the impact of indexation will be.

The Effects of changes in Foreign Exchange Rate (Lack of Exchangeability) (amendments to IAS 21) issued in August 2023 is not applicable.

Insurance Contracts (IFRS 17) issued in May 2017 is not applicable.

### 32. Events after the balance sheet date

On 6 May 2025 the council repaid 2 loans totalling £44.2 million to Phoenix Life Limited. The loans were advanced in February 2024, £25 million, and June 2024, £20 million. The interest rates were 2.058% and 2.059% respectively. Principal repayments of £0.8 million had been made since drawdown. The repayment was dealt at a discount rate of 5.604% and generated a discount of £17.8 million net of costs. The discount will be recognised in the council's accounts in equal amounts over 10 years, as per regulations, commencing in 2025/26. The repayment was part of the strategy of using the proceeds from the sale of Childerditch industrial site to reduce the council's overall level of borrowing.

### 33. Nature and extent of risks arising from financial instruments

The Council's activities expose it to a variety of financial risks including:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

#### Credit Risk

Credit risk arises from deposits with banks and other financial institutions and from credit exposures to the Council's customers. The Council minimises credit risk by restricting its lending to other local authorities and to UK banks and building societies with credit ratings at or above a level specified in the Annual Investment Strategy.

## NOTES TO THE ACCOUNTS

---

The Council has had no experience of default on investments and does not expect any losses, nor has credit risk increased since initial recognition, so no loss allowance has been made for investments.

The Council makes a provision for impairment of trade receivables using a provision matrix, based on historical observed default rates over the lifecycle of trade.

The Council also makes a provision for impairment of housing rent arrears, based on historical observed default rates of debts at the various stages of the Council's debt recovery cycle. This methodology produces an impairment provision of £1,461m (2023/24 £1.491m) against rent arrears of £2.299m (2023/24 £2.090).

### Liquidity Risk

The Council manages its liquidity position through its cash flow management procedures. In the event of unexpected movements, the Council has ready access to borrowing from the money markets and Public Works Loans Board. There is therefore no significant risk that the Council would be unable to raise finance to meet its commitments under financial instruments. The risk to the Council is that it would have to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. This is addressed by monitoring the maturity structure of its debt. The maturity analysis of financial liabilities in respect of its borrowings at 31 March as follows:

	<b>31 March 2024</b>	<b>31 March 2025</b>
	<b>£'000</b>	<b>£'000</b>
Less than one year	21,331	1,759
Between one and five years	12,591	13,583
Between five and ten years	34,428	46,330
Between ten and twenty years	47,687	42,130
More than twenty years	121,698	133,474
<b>Total</b>	<b>237,735</b>	<b>237,275</b>

All trade and other payables are due to be paid in less than one year.

### Market Risk

Interest Rate Risk.

All of the Council's investments and borrowing at 31 March 2025 were at fixed rates of interest. The Council was therefore not exposed to risk of additional costs on resulting from increases in interest rates.

Price Risk and Foreign Exchange Risk

The Council does not invest in instruments such as equity shares as part of its treasury function and thus has no exposure to loss arising from movements in price. The Council has no financial assets or liabilities denominated in foreign currencies and has no exposure to loss arising from movements in exchange rates.

## NOTES TO THE ACCOUNTS

---

34. Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made considering historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Balance Sheet at 31 March 2024 for which there is a risk of material adjustment in the forthcoming financial year are set out in the following paragraphs.

## NOTES TO THE ACCOUNTS

34. Assumptions made about the future and other major sources of estimation uncertainty (continued)

Uncertainty	Effect if Actual Result differ from Assumptions
<p><b>Property, Plant &amp; Equipment</b> Council dwelling, other land &amp; buildings and surplus assets are valued by a RICS registered valuer sufficiently frequently to ensure that their carrying amount is not materially different from their current / fair value at the year-end.</p>	<p>A 1% increase or decrease in the value of these assets would increase or decrease their carrying value by approximately £3.84m.</p>
<p><b>Fair Value Measurements</b> When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques. Where possible the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. Changes in the assumptions used could affect the fair value of the Council's assets and liabilities.</p> <p>Where Level 1 inputs are not available, the Council commissions relevant experts (e.g. valuers, treasury advisors and actuaries), to identify the relevant valuation techniques and the estimated fair values (e.g. Interest rates yields or yields for similar financial instruments).</p> <p>These advisors consider and report to the Council local/national economic and operational trends and forecasts, in estimating the fair value of its assets and liabilities (e.g. national house price statistics and local commercial rental market trends in valuing the Council's property assets).</p> <p>Information about the valuation techniques and inputs used in determining the fair value of the Council's assets and liabilities is disclosed in Note 15.</p>	<p>Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial assets. The risks associated with financial instruments are documented in note 37. A 1% increase or decrease in the value of the Council's investment properties would increase or decrease their carrying value by approximately £0.24m.</p>

## NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES

Uncertainty	Effect if Actual Result differ from Assumptions
<p><b>Pensions Liability</b>                      Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages and mortality rates and expected returns on pension fund assets. Barnett Waddingham, an independent firm of actuaries, has been engaged to provide the Council with expert advice about the assumptions to be applied.                      Further information can be found in Note 40.</p>	<p>A sensitivity analysis on pension liabilities is included in note 40.</p>
<p><b>Business Rates Appeals</b>                      The provision for losses in non-domestic rates income arising from appeals against assessed rateable values in the 2005 and 2010 lists is based on an assessment using the historical experience of appeals and an analysis of the details of appeals held by the Valuation Office Agency. The 2017 revaluation and the introduction by the Government of the Check, Challenge and Appeal process for appeals presents a difficulty in establishing an appropriate provision against the 2017 list because there is an absence of active appeals on which to base the calculation of an appeals provision.                       The provision for the 2017 list is based on potential losses against the 2017 list, based on successful and outstanding appeals against the 2010 list, and potential new appeals identified by the Council's non-domestic rates advisors.</p>	<p>The provision against the 2017 list is difficult to estimate as the number of successful appeals is unknown, as is the number of businesses likely to appeal against their change in business rates. If underestimated there will be higher write off costs than provided for and this will therefore reduce the income within the Collection Fund.</p> <p>A 10% increase in the Business Rates Appeals provision would increase the Council's provision by £0.105m, representing 40% of the increase to the Collection Fund of £0.263m.</p>
<p><b>Provision for Bad and Doubtful Debts</b>                      At 31 March 2023, the Council had a balance of short-term debtors of £20.133m.</p>	<p>In the current climate it is not certain that such an allowance will continue to be sufficient. If collection rates were to deteriorate, further consideration would be given to reviewing the criteria for calculating the provision, with a view to increasing the provision held by the Council.</p>

## NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES

---

### 35. Critical judgments in applying accounting policies

In applying the Accounting Policies set out in Note 41, the Council has had to make certain judgments about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

#### Valuation of Property, Plant and Equipment

The Council's Non-Current assets are valued on the Balance Sheet in accordance with the CIPFA Code of Practice and the Royal Institute of Chartered Surveyors (RICS). Accounting policies Note 16 gives more detail. In line with the CIPFA Code of Practice, all Non-Current assets, with the exception of those carried at depreciated historic cost, are valued on a rolling programme of at least five years, to ensure that the carrying value of these reflect the market value as at the balance sheet date. The Council's professionally qualified valuers also undertake a material changes review of each category of asset to ensure that material asset values adequately reflect market value as at the Balance Sheet date.

#### Cost of Living Support Measures

The government announced a range of grant schemes to support businesses, and individuals required to self-isolate, to be administered by local billing authorities. The Council has assessed whether it should be accounting for the grants paid to them and the distribution of the grants to eligible recipients, as either principal or agent transactions in accordance with Section 2.6 (Principal and Agent Transactions) of the Code.

#### Group Accounts Boundary assessment

The Council undertakes its operational activities through a variety of service delivery options, either under ultimate control of the Council or in partnership with other entities. The Council undertakes a judgement as to whether the arrangements fall into the Group boundary. Where these arrangements are material, either quantitatively or financially, they are included in the Group Accounts. Seven Arches Investment Limited, a wholly owned subsidiary of the Council, has been included in the Council's Group accounts.

#### Classification of Leases

The Council has undertaken an analysis to classify the lease it holds, both as lessor and lessee, as either operating or finance leases. Relevant accounting policies have been applied to the assessment. The Council judges that none of the arrangements constitute a finance lease where the Council is the lessee, and therefore no amounts in respect of finance leases are recognised on the Balance Sheet.

## NOTES TO THE ACCOUNTS - PENSION LIABILITIES

---

### 36. Defined Benefit Pension Schemes

#### 36.1 Participation in Pension Schemes

As part of the terms and conditions of employment of its staff, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in two post-employment schemes:

- (i) The Local Government Pension Scheme, administered locally by Essex County Council. This is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 and currently provides benefits based on career average revalued earnings.
- (ii) Arrangements for the award of discretionary post-retirement benefits upon early retirement. This is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

#### 36.2 Fund Valuation and Disclosures – data sources

The fund assets and liabilities, information and disclosures have been provided by Barnett Waddingham, an independent firm of actuaries. They have used the following items of data:

- the results of the valuation as at 31 March 2025 which was carried out for funding purposes and the results of the 31 March 2025 IAS19 report, which was carried out for accounting purposes.
- whole fund income and expenditure items for the period to 31 March 2025
- fund income and expenditure in respect of the employer for the period to 31 March 2025
- details of any new early retirements for the period to 31 March 2025 that have been paid out on an unreduced basis, which are not anticipated in the normal employer service cost.
- details of any settlements for the period to 31 March 2025

#### 36.3 Transactions Relating to Post-employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. The charge that the Council is required to make against the General Fund and Housing Revenue Account, however, is based on the employer's contributions that it pays to the Pension Fund. The cost of post-employment benefits recognised in the deficit on provision of services is reversed out via the Movement in Reserves Statement.

The following table identifies the transactions that have been made in the Comprehensive Income and Expenditure Statement and the General Fund and HRA Balances via the Movement in Reserves Statement during the year:

## NOTES TO THE ACCOUNTS - PENSION LIABILITIES

### 36.3 Transactions Relating to Post-employment Benefits (continued)

	Local	Discretionary	Total	Local	Discretionary	Total
	Government	Benefits		Government	Benefits	
	Pension	Arrangements		Pension	Arrangements	
	Scheme		Scheme			
	2023/24	2023/24	2023/24	2024/25	2024/25	2024/25
	£'000	£'000	£'000	£'000	£'000	£'000
Service cost comprising:						
Current service cost	1,529	0	1,529	1,554	0	1,554
Past service costs including curtailments	51	0	51	50	0	50
Gain on settlements	0	0	0	0	0	0
Administration	84	0	84	(80)	0	(80)
						0
Net interest expense	(995)	62	(933)	(52)	0	(52)
<b>Total Post-employment Benefits Charged to the Surplus or Deficit on the Provision of Services</b>	<b>669</b>	<b>62</b>	<b>731</b>	<b>1,472</b>	<b>0</b>	<b>1,472</b>
Remeasurement of the net defined benefit comprising:						
Return on plan assets (excluding the amount included in the net interest expense)	8,965	0	8,965	125	0	125
Other actuarial (gains) / losses on assets				0	0	0
Actuarial gains and losses arising on changes in financial assumptions	1,494	(13)	1,481	12,143	0	12,143
Actuarial gains and losses arising on changes in demographic assumptions	1,482	(36)	1,446	0	0	0
Experience (gain) / loss on defined benefit obligation	(321)	7	(314)	0	0	0
Changes in effect of asset ceiling	(33,300)	0	(33,300)	(12,691)	0	(12,691)
<b>Sub total</b>	<b>(21,680)</b>	<b>(42)</b>	<b>(21,722)</b>	<b>(423)</b>	<b>0</b>	<b>(423)</b>
<b>Total Post-employment Benefits Charged to the Comprehensive Income and Expenditure Statement</b>	<b>(21,011)</b>	<b>20</b>	<b>(20,991)</b>	<b>1,049</b>	<b>0</b>	<b>1,049</b>
<b>Reversal of net charges for post employment benefits in accordance with IAS19</b>	<b>(669)</b>	<b>(62)</b>	<b>(731)</b>	<b>(1,472)</b>	<b>0</b>	<b>(1,472)</b>
<b>Actual Amount Charged against the General Fund and HRA Balances for the Year</b>						
Contributions / payments charged to the General Fund	1,413	174	1,587	1,575	183	1,759
Contributions / payments charged to the Housing Revenue Account	441	54	495	341	52	393
<b>Employer's contributions payable to the Pension Fund</b>	<b>1,854</b>	<b>228</b>	<b>2,082</b>	<b>1,917</b>	<b>235</b>	<b>2,152</b>

### 36.4 Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plan is as follows:

	Local	Discretionary	Total	Local	Discretionary	Total
	Government	Benefits		Government	Benefits	
	Pension	Arrangements		Pension	Arrangements	
	Scheme		Scheme			
	2023/24	2023/24	2023/24	2024/25	2024/25	2024/25
	£'000	£'000	£'000	£'000	£'000	£'000
Present Value of the defined benefit obligation	(99,316)	(1,923)	(101,239)	(88,440)	(1,632)	(90,072)
Fair value of plan assets	132,616	0	132,616	136,054		136,054
Impact of asset ceiling	(33,300)	0	(33,300)	(47,656)		(47,656)
<b>Net liability arising from defined benefit obligation</b>	<b>0</b>	<b>(1,923)</b>	<b>(1,923)</b>	<b>(42)</b>	<b>(1,632)</b>	<b>(1,674)</b>

## NOTES TO THE ACCOUNTS - PENSION LIABILITIES

### 36.5 Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

	2023/24	2024/25
	£'000	£'000
<b>Opening fair value of scheme assets</b>	<b>120,823</b>	132,616
Interest on assets	5,733	6,552
Return on assets less interest	8,965	125
Other actuarial gains / (losses)		0
Administration expenses	(84)	(80)
Contributions from employer	2,082	2,304
Contributions from employees into the scheme	597	656
Benefits paid	(5,500)	(6,119)
Settlements made	0	0
<b>Closing fair value of scheme assets</b>	<b>132,616</b>	<b>136,054</b>

### 36.6 Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation):

	2023/24			2024/25		
	Funded liabilities:	Unfunded liabilities:	Total Liabilities	Funded liabilities:	Unfunded liabilities:	Total Liabilities
	LGPS	Discretionary Benefits		LGPS	Discretionary Benefits	
	2023/24	2023/24	2023/24	2024/25	2024/25	2024/25
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Opening balance at 1 April</b>	<b>(99,872)</b>	<b>(2,098)</b>	<b>(102,375)</b>	<b>(99,330)</b>	<b>(1,923)</b>	<b>(101,253)</b>
Current service cost	(1,529)		(1,529)	(1,554)		(1,554)
Interest cost	(4,705)	(95)	(4,800)	(4,835)		(4,835)
Contributions from scheme participants	(597)		(597)	(656)		(656)
Changes in demographic assumptions	1,410	36	1,446	0		0
Changes in financial assumptions	1,468	13	1,481	12,143		12,143
Experience gains/(losses)	(307)	(7)	(314)	0		0
Liabilities assumed on settlements	0	0	0	0		0
Benefits paid	5,272	228	5,500	5,884	249	6,133
Past service cost	(51)	0	(51)	(50)		(50)
<b>Closing balance at 31 March</b>	<b>(98,911)</b>	<b>(1,923)</b>	<b>(101,239)</b>	<b>(88,398)</b>	<b>(1,674)</b>	<b>(90,072)</b>

## NOTES TO THE ACCOUNTS - PENSION LIABILITIES

### 36.7 Assets

The return on the Fund (on a bid value to bid value basis) for the year to 31 March 2025 is estimated to be 5.09% (12.3% for the year to 31 March 2024). The actual return on the Fund assets over the year may be different. The estimated asset allocation for the Council as at 31 March is as follows:

Asset Share – Bid Value	31 March 2024		31 March 2025	
	£'000	%	£'000	%
Equities	73,456	55.39	74,702	54.91
Gilts	2,369	1.79	2,062	1.52
Other Bonds	0	0.00		0.00
Property	9,154	6.90	10,982	8.07
Cash	3,272	2.47	2,653	1.95
Alternative Assets	20,162	15.20	20,507	15.07
Other Managed Funds	24,203	18.25	25,148	18.48
<b>Total</b>	<b>132,616</b>	<b>100.00</b>	<b>136,054</b>	<b>100.00</b>

Bid values have been estimated by the actuary where necessary and the final asset allocation of the Fund assets as at 31 March 2025 is likely to be different from that shown as a result of estimation techniques. Based on the above the Council's share of the assets of the Fund is approximately 1.18%.

### 36.8 Liabilities

#### Valuation of the employer's liabilities

To assess the value of the Council's liabilities at 31 March 2025, the actuary has rolled forward the value of the liabilities calculated for the funding valuation as at 31 March 2023, using financial assumptions that comply with International Accounting Standard 19 (IAS 19). The full actuarial valuation involved projecting future cashflows to be paid from the Fund and placing a value on them. These cashflows include pensions currently being paid to members of the schemes as well as pensions and lump sums that may be payable in future to members of the Fund or their dependants. These pensions are linked to inflation and will normally be payable on retirement for the life of the member or a dependant following a member's death.

As required under IAS 19 the projected unit method of valuation has been used to calculate the service cost.

It is not possible to assess the accuracy of the estimated liability as at 31 March 2025 without completing a full valuation. The actuary is satisfied, however, that the approach of rolling forward the previous valuation data to 31 March 2024 should not introduce any material distortions in the results provided that the actual experience of the Council and the Fund has been broadly in line with the underlying assumptions, and that the structure of the liabilities is substantially the same as at the last formal valuation. From the information received by the actuary there is no evidence that this approach is inappropriate.

#### Demographic Assumptions

The key demographic assumptions are the mortality assumptions. The assumptions determined by the actuary are:

## NOTES TO THE ACCOUNTS - PENSION LIABILITIES

### 36.8 Liabilities (continued)

	2023/24	2024/25
<u>Mortality assumptions - life expectancy from age 65</u>		
Retiring today:		
Men	20.8	20.8
Women	23.3	23.3
Retiring in 20 years:		
Men	22.0	22.1
Women	24.7	24.7

The base table mortality assumptions used are the ones adopted for the funds' latest triennial funding valuations.

The mortality improvement projections are based on the version of the Continuous Mortality Investigations model, CMI\_2020, which was released in March 2021. This model includes a "2020 weight parameter" for the mortality data in 2020 so that the exceptional mortality experienced due to the coronavirus pandemic can be incorporated without having a disproportionate impact on results.

The actuary has also made the following assumptions:

- members will exchange 50% of their commutable pension for cash at retirement.
- members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age.
- the proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same.

#### Financial Assumptions

The financial assumptions determined by the actuary are:

Assumption	31 March	31 March	31 March	31 March
	2022	2023	2024	2025
	% p.a.	% p.a.	% p.a.	% p.a.
Salary Increases	4.20	3.90	3.90	2.90
Pension Increases	3.20	2.90	2.90	2.90
Discount Rate	2.60	4.80	4.90	5.80

The actuary's estimate of the duration of the Council's past service liabilities is 18 years.

The discount rate is determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The actuaries have used the Single Equivalent Discount Rate (SEDR) methodology to derive the appropriate discount rate. This involves taking sample cashflows for employers at each duration year (from 2 to 30 years) and derive the single discount rate which results in the same liability value as that which would be determined using a full yield curve valuation. In carrying out this derivation they use the annualised Merrill Lynch AA rated corporate bond yield curve and assume the curve is flat beyond the 30-year point.

## NOTES TO THE ACCOUNTS - PENSION LIABILITIES

### 36.8 Liabilities (continued)

#### Inflation Assumptions

The Single Equivalent Inflation Rate (SEIR) approach has been used to derive an appropriate RPI assumption. The SEIR adopted is such that the single assumed rate of inflation results in the same liability value as that resulting from applying the BoE implied inflation curve, which is assumed to be flat beyond the 40 year point.

It is expected that RPI will be on average 1.0% p.a. lower than it would have otherwise been from 2030 as a result of the proposed alignment of RPI to CPIH (and CPI) from that date. It is therefore assumed that the annual increase in CPI inflation will be 1.0% p.a. lower than the market implied increases in RPI for each year prior to 2030 and will be in line with RPI inflation thereafter. This results in an assumed gap between the two inflation measures of between 0.25% p.a. and 0.85% p.a. depending on the term of the liabilities (for terms ranging from 30 years down to 5 years).

### 36.9 Sensitivity Analysis

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the tables above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysis changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method.

Sensitivity Analysis	£'000	£'000	£'000	£'000	£'000
Adjustment to discount rate	0.5%	0.1%	0.0%	-0.1%	-0.5%
Present Value of Total Obligation	84,584	88,925	90,072	91,244	96,206
Projected Service Cost	1,015	1,162	1,201	1,242	1,419
Adjustment to long term salary increase	0.5%	0.1%	0.0%	-0.1%	-0.5%
Present Value of Total Obligation	90,480	90,152	90,072	89,992	89,677
Projected Service Cost	1,201	1,201	1,201	1,201	1,201
Adjustment to pension increases and deferred revaluation	0.5%	0.1%	0.0%	-0.1%	-0.5%
Present Value of Total Obligation	95,948	91,195	90,072	88,972	84,807
Projected Service Cost	1,427	1,244	1,201	1,160	1,007
Adjustment to mortality age rating assumption	+1 Year		None	- 1 Year	
Present Value of Total Obligation	93,714		90,072	86,590	
Projected Service Cost	1,247		1,201	1,157	

## NOTES TO THE ACCOUNTS - PENSION LIABILITIES

---

### 36.10 Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve and then maintain a funding level of 100%. Funding levels are monitored on an annual basis.

The latest triennial valuation was carried out as at 31 March 2022 and has set contributions for the period 1 April 2023 to 31 March 2026.

### 36.11 Projected 2025-26 pension expense

The Council's 2025-26 projected pension expense, excluding the capitalised cost of any early retirements or augmentations which may occur after 31 March 2025, is:

	<b>£'000</b>
Service Cost	1,201
Net Interest on the defined benefit liability (asset)	33
Administration expenses	78
<b>Total loss (profit)</b>	<b>1,312</b>
<b>Employer Contributions</b>	<b>2,019</b>

## NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES

---

### 37. Significant Accounting Policies

1. General Principles
2. Accruals of Income and Expenditure
3. Cash and Cash Equivalents
4. Charges to Revenue for Non-Current Assets
5. Council Tax and Non-Domestic Rates
6. Employee Benefits
7. Events after the Balance Sheet date
8. Financial Instruments
9. Fair Value Measurement
10. Government Grants and Contributions
11. Interests in Companies
12. Investment Property
13. Leases
14. Overheads and Support Services
15. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors
16. Property, Plant and Equipment
17. Provisions and Contingent Liabilities
18. Reserves
19. Revenue Expenditure Funded from Capital under Statute
20. Value Added Tax

#### 37.1 General Principles

The Statement of Accounts summarises the Council's transactions for the financial year and its position at the 31 March each year. The Account and Audit Regulations 2015 require the Council to prepare an annual Statement of Accounts in accordance with proper accounting practices. These practices primarily comprise of the Code of Practice on Local Authority Accounting in the United Kingdom for the relevant year (the Code), supported by International Financial Reporting Standards (IFRS).

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.

#### *Change in accounting policy*

In 2024/25 the Authority applied IFRS 16 Leases as required by the Code of Practice for Local Authority Accounting in the United Kingdom.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The Authority applied this standard from 1 April 2024 (the date of initial application).

The Authority adopted IFRS 16 using the modified retrospective approach. Under this approach, the cumulative effect of adopting IFRS 16 was recognised as an adjustment to the opening balance of reserves at 1 April 2024, with no restatement of comparative information. More details surrounding the impact of application of this new standard are set out in note xx.

## NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES

The resources available to the Council in any financial year and the expenses that are charged against those resources are specified by statute (the Local Government Act 2003 and the 2003 Regulations). Where the statutory provisions differ from the accruals basis used in the Comprehensive Income and Expenditure Statement, adjustments to the accounting treatment are made in the Movement in Reserves Statement so that usable reserves reflect the funding available at the year-end. Unusable reserves are created to manage the timing differences between the accounting and funding bases. The material adjustments are:

Expense	Accounting Basis in CIES	Funding Basis in MiRS	Adjustment Account
Property, Plant and Equipment	Depreciation and revaluation/impairment losses	Revenue provision to cover historical cost determined in accordance with the 2003 Regs	Capital Adjustment Account
Intangible Assets	Amortisation and impairment	Revenue provision to cover historical cost determined in accordance with the 2003 Regs	Capital Adjustment Account
Investment Properties	Movements in fair value	Revenue provision to cover historical cost determined in accordance with the 2003 Regs	Capital Adjustment Account
Revenue Expenditure Funded from Capital under Statute	Expenditure incurred in 2023/24	Revenue provision to cover historical cost determined in accordance with the 2003 Regs	Capital Adjustment Account
Capital Grants and Contributions	Grants that became unconditional in 2023/24 or were received in 2023/24 without conditions	No credit	Capital Grants Unapplied Reserve (amounts unapplied at 31 March 2024) Capital Adjustment Account (other amounts)
Non-Current Asset Disposals	Gain or loss based on sale proceeds less carrying amount of asset (net of costs of disposal)	No charge or credit	Capital Adjustment Account (carrying amount) Capital Receipts Reserve (sale proceeds and costs of disposal) Deferred Capital Receipts Reserve (where sale proceeds have yet to be received)
Financial Instruments	Premiums payable and discounts receivable on the early repayment of borrowing in 2023/24 Losses on soft loans granted in 2023/24 and interest receivable in 2023/24 on an amortised cost basis	Deferred debits and credits of premiums and discounts from earlier years in accordance with the 2003 Regs Interest due to be received on soft loans in 2023/24	Financial Instruments Adjustment Account
Pensions Costs	Movements in pensions assets and liabilities (see Policy 10)	Employer's pensions contributions payable and direct payments made by the Council to pensioners for 2023/24	Pensions Reserve
Council Tax	Accrued income from 2023/24 bills	[Demand on the Collection Fund/precept] for 2023/24 plus [recovery of estimated deficit/share of estimated surplus] for 2022/23	Collection Fund Adjustment Account
Business Rates	Accrued income from 2023/24 bills	Budgeted income receivable from the Collection Fund for 2023/24 plus [recovery of estimated deficit/share of estimated surplus] for 2022/23	Collection Fund Adjustment Account
Holiday Pay	Projected cost of untaken leave entitlements at 31 March 2024	No charge	Accumulated Absences Adjustment Account

## NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES

---

### 37.2 Accruals of Income and Expenditure

Income and expenditure is accounted for in the year that the activity takes place, not simply when cash payments are made or received. In particular:

- Supplies that are held in inventories are recorded as expenditure when they are consumed, i.e. where there is a gap between the date supplies are received and when they are consumed they are carried as inventories in the Balance Sheet. Other supplies are expensed when received.
- 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 on the basis of 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.
- The Council recognises revenue from contracts with service recipients when it satisfies a performance obligation by transferring promised goods or services to a recipient, measured as the amount of the overall transaction price allocated to that obligation.

### 37.3 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 twenty four hours.

A financial instrument will be treated as a cash equivalent if it meets the definition given in IAS 7: "short-term, highly liquid investments which are readily convertible to known amounts of cash without penalty and which are subject to an insignificant risk of changes in value". In this context, 'short-term' is defined as three calendar months or less, while 'insignificant' is defined as less than 1% risk of default or impairment. 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.

### 37.4 Charges to Revenue for Non-current Assets

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

- depreciation attributable to the assets 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 the 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. It is required, however, 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 authority in accordance with statutory guidance). Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the Minimum Revenue Provision contribution in the General Fund by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

## NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES

---

### 37.5 Council Tax and Non-Domestic Rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. 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 Comprehensive Income and Expenditure Statement is the authority'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 Comprehensive Income and Expenditure Statement 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 end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals. Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

### 37.6 Employee Benefits

#### Benefits Payable During Employment

Short-term employee benefits (those that fall due wholly within twelve months of the year end) such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees, are recognised as an expense in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year end and which employees can carry forward into the next financial year. The accrual is made at the salary rates applicable in the following financial year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

#### Termination Benefits

Termination Benefits are amounts payable as a result of a decision by the Council to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the relevant service line (or where applicable to the Non Distributed Costs line) in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the Pension Fund or pensioner in the year, not the amount calculated according to relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pension Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end.

## NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES

---

### Post-employment Benefits

Employees of the Council are members of the Local Government Pension Scheme (LGPS) which provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council. The LGPS Fund is administered by Essex County Council and is accounted for as a defined benefits scheme:

- The liabilities of the fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices using the 18 year point of the Merrill Lynch AA-rated corporate bond yield curve, which has been chosen to meet the requirements of IAS 19, and with consideration of the duration of each employer's liabilities. This is consistent with the approach used at the last accounting date.
- The assets of the fund attributable to the Council are included in the Balance Sheet at their fair value:
  - a) quoted securities – current bid price
  - b) unquoted securities – professional estimate
  - c) unutilised securities – current bid price
  - d) property - market value.

The change in the net pension liability is analysed into the following components:

- 1) Service cost comprising:
  - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
  - past service cost – the increase in liabilities as a result of a scheme amendment, curtailment or settlement the effect of which relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.
  - net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- 2) Remeasurements comprising:
  - the return on plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)) – charged to the Pension Reserve as Other Comprehensive Income and Expenditure
  - actuarial gains or losses – changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the Pension Reserve as Other Comprehensive Income and Expenditure
- 3) Contributions paid to the fund – cash paid as employer's contributions to the Pension Fund in settlement of liabilities, not accounted for as an expense.

## NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES

---

### Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued for in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

### 37.7 Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, 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. Two types of events can be identified:

- 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.
- 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.

### 37.8 Financial Instruments

#### Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

#### Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost.

## NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES

---

Financial Assets measured at amortised cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For the financial assets held by the Council, this means that the amount presented in the Balance Sheet represents the outstanding principal receivable (plus accrued interest) and interest credited to the CIES represents the amount receivable for the year in the loan agreement.

Expected Credit Loss Model

The Council recognises expected credit losses on trade receivables and housing rent arrears on a lifetime basis using a provision matrix, based on historical observed default rates over the lifecycle of trade receivables and housing rent arrears. The Council does not recognise credit losses on any of its other financial assets as the risk of loss is considered to be immaterial.

### 37.9 Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties at fair value at each reporting date. Fair value is the price that would be received to sell an asset or 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:

- a) in the principal market for the asset or liability, or
- b) 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 that market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the Council takes into account 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.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

### 37.10 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 a reasonable assurance that:

## NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES

---

- the Council will comply with the conditions attached to the payments, and
- the grant or contribution will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies received as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-specific Grant Income and Expenditure in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has not yet been used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

### 37.11 Interests in Companies

The Council has a material interest in a company that has the nature of a subsidiary, and the Council therefore prepares group accounts. In the Council's own single-entity accounts, its interests in the company are recorded as financial assets at cost.

### 37.12 Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As non-financial assets, investment properties are measured at highest and best use. Properties are not depreciated but are revalued regularly according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory provisions to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

### 37.13 Leases

*Policy applicable from 1 April 2024*

Authority as lessee

## NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES

---

Leases with a term of less than 12 months or for items of low value (less than £5,000) are accounted for charging payments to the relevant service line in the CIES. Charges are made on a straight-line basis over the life of the lease.

For longer-term leases and those for higher value items, the Authority recognises a right-of-use asset and a corresponding lease liability, The lease liability is initially measured at the present value of lease payments, discounted by applying the Authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined.

The cost of the right-of-use asset is deemed to be the initial liability plus the incremental costs of obtaining the lease and any payments made before the commencement date. However, for peppercorn or nil consideration leases, the asset is measured at fair value.

Right-of-use assets are subsequently accounted for in accordance with the classification the underlying asset would have if owned by the Authority. Where the outcome would be materially different from the amount for the asset under the cost model, this will involve remeasurement to current value.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a rent review or a change in an index or rate. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset.

### **Authority as lessor**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risk and rewards incidental to ownership to the lessee. All other leases are classified as operating leases.

Where the Authority 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 CIES. Credits are made on a straight-line basis over the life of the lease.

### *Policy applicable to 31 March 2024*

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings components are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

### **Authority as Lessee - Operating Leases**

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment.

### **Authority as Lessor - Operating Leases**

Where the Council grants an operating lease over a property, the asset is retained in the Balance Sheet. Income from investment properties is recognised as Finance and Investment Income. Income from other properties is recognised within the relevant service line in the Comprehensive Income & Expenditure Statement.

## NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES

---

### 37.15 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise from 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 a prior period adjustment.

Changes in accounting policies are only made where 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 a 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.

### 37.16 Property, Plant and Equipment

Assets that have 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 the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. The Council does not have a de minimis limit below which expenditure is written off to revenue as it is incurred (notwithstanding that the expenditure meets the definition of capital expenditure).

#### 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
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

The cost of assets acquired otherwise than by purchase is deemed to be its fair value unless the acquisition does not have any 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 by an exchange, the cost of 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:

- dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH)
- infrastructure, community assets and assets under construction – depreciated historical cost
- surplus assets – the current measurement base is fair value, estimated at highest and best cost from a market participant's perspective

## NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES

---

- 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 fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value. Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at 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)
- 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 Comprehensive Income and Expenditure Statement.

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

### Impairment

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist, and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall. Where impairment losses 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)
- 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 Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, 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. 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).

Depreciation is calculated on the following bases:

- dwellings and other buildings - straight line allocation over the useful life of the property as estimated by the valuer
- infrastructure – straight-line allocation over a period determined for each class of asset, as advised by a suitably qualified officer

## NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES

---

- vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer.

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

### Disposals and Non-current Assets Held for Sale

When it becomes highly 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. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as Held for Sale – adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classed as Held for Sale - and their recoverable amount at the date of the decision not to sell. Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement 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 in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). 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.

### 37.17 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 or service potential, and a reliable estimate can be made of the amount of the obligation. For example, 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 Comprehensive Income and Expenditure Statement 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 into account relevant risks and uncertainties.

## NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES

---

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 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 of the relevant service if it is certain that reimbursement will be received if the Council settles the obligation.

A contingent liability arises where an event has taken place that gives the authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances 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 reliably.

### 37.18 Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating 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 Comprehensive Income and Expenditure Statement. 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 kept to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits and do not represent usable resources for the Council. These reserves are explained in the relevant policies.

### 37.19 Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement 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 then reverses out the amounts charged so that there is no impact on the level of Council Tax.

### 37.20 VAT

Value Added Tax payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. Value Added Tax receivable is excluded from income.

## HOUSING REVENUE ACCOUNT

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and other income. Councils charge rents to cover expenditure in accordance with the legislative framework, but this may be different from the accounting cost. The increase or decrease in the year, on which the rents are raised, is shown in the Movement on the HRA Statement.

	2023/24	2024/25
	£'000	£'000
<b>Expenditure</b>		
Repairs and maintenance	2,811	4,028
Supervision and management	2,771	1,712
Rent, rates, taxes and other charges	263	292
Depreciation and impairment of non-current assets	4,783	4,152
<b>Total Expenditure</b>	<b>10,628</b>	<b>10,184</b>
<b>Income</b>		
Dwelling rents	(13,337)	(14,346)
Non-dwelling rents	(248)	(252)
Charges for services and facilities	(1,041)	(1,113)
<b>Total Income</b>	<b>(14,626)</b>	<b>(15,711)</b>
<b>Net Income of HRA Services as included in the Comprehensive Income and Expenditure Statement</b>	<b>(3,998)</b>	<b>(5,527)</b>
<b>Net Income of HRA Services</b>	<b>(3,998)</b>	<b>(5,527)</b>
<b>HRA share of Other Operating Income and Expenditure</b>		
Gain on sale of HRA non-current assets	(214)	(103)
Interest payable and debt management expenses	2,269	2,665
Interest and investment income	(342)	(359)
Movement in the allowance for bad debts	48	164
Pensions net interest expense	(222)	(11)
<b>Deficit/(surplus) for the year on HRA services</b>	<b>(2,459)</b>	<b>(3,171)</b>

## HOUSING REVENUE ACCOUNT

Movement on the HRA Statement

	2023/24 £'000	2024/25 £'000
<b>Balance on the HRA at the end of the previous year</b>	<b>2,303</b>	<b>2,727</b>
Surplus/(deficit) for the year on the HRA Income and Expenditure Statement	2,460	3,171
1 Adjustments between accounting basis and funding basis	125	(209)
Transfer of recharges from the General Fund Account	(2,170)	(1,936)
<b>Increase before transfers to or from reserves</b>	<b>415</b>	<b>1,026</b>
Transfers from earmarked reserves	9	0
(Decrease)/increase in the year on the HRA	<b>424</b>	<b>1,026</b>
<b>Balance on the HRA at the end of the current year</b>	<b>2,727</b>	<b>3,753</b>

## HOUSING REVENUE ACCOUNT - NOTES

1. Adjustments between accounting basis and funding basis

	2023/24	2024/25
	£'000	£'000
Gain or loss on sale of HRA non-current assets	214	103
HRA share of contributions to or from the Pensions Reserve	333	148
Transfers to or from the Major Repairs Reserve	3,414	3,374
Transfers to or from the Capital Adjustment Account	(4,090)	(3,405)
Transfers to or from the Accumulated Absences Adjustment Account	4	(11)
<b>Total adjustments between accounting basis and funding basis</b>	<b>(125)</b>	<b>209</b>

2. Housing Stock

The type and number of dwellings in the Council's housing stock at 31 March was as follows:

	31 March 2024	31 March 2025
<b>Flats</b>		
1 Bedroom	533	531
2 Bedroom	487	486
3 Bedroom	60	61
<b>Total Flats</b>	<b>1,080</b>	<b>1,078</b>
<b>Houses and Bungalows</b>		
1 Bedroom	320	320
2 Bedroom	386	384
3 Bedroom	634	633
4 Bedroom	14	14
<b>Total Houses and Bungalows</b>	<b>1,354</b>	<b>1,351</b>
<b>Equity share properties</b>		
1 Bedroom	2	2
2 Bedroom	5	4
<b>Total Equity share properties</b>	<b>7</b>	<b>6</b>
<b>Total Housing Stock</b>	<b>2,441</b>	<b>2,435</b>

## HOUSING REVENUE ACCOUNT - NOTES

### 3. HRA Non-current Assets

The Balance Sheet values at 31 March of non-current assets within the Council's HRA were as follows:

	Dwellings £'000	Other Land and Buildings £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
Net Book Value at 31 March 2023	306,322	5,653	351	3,054	<b>315,380</b>
Changes during the year	(3,534)	(220)	0	5,228	1,474
Net Book Value at 31 March 2024	302,788	5,433	351	8,282	316,854
Changes during the year	(3,217)	(244)	(351)	1,671	(2,141)
<b>Net Book Value at 31 March 2025</b>	<b>299,571</b>	<b>5,189</b>	<b>0</b>	<b>9,953</b>	<b>314,713</b>

	31 March 2024 £'000	31 March 2025 £'000
Dwellings	302,788	299,571
Other land and buildings	5,433	5,189
Surplus assets	351	0
Assets under construction	8,282	9,953
<b>Total</b>	<b>316,854</b>	<b>314,713</b>

Depreciation and amortisation charges during the year were as follows:

	2023/24 £'000	2024/25 £'000
<u>Depreciation</u>		
Dwellings	3,158	3,117
Other land and buildings	254	256
<b>Total depreciation</b>	<b>3,412</b>	<b>3,373</b>
<u>Amortisation</u>		
Software	0	0
<b>Total</b>	<b>3,412</b>	<b>3,373</b>

Revaluation losses during the year were as follows:

	2023/24 £'000	2024/25 £'000
Dwellings	1,365	779
Other land and buildings	6	0
Surplus Assets	0	0
<b>Total revaluation losses</b>	<b>1,371</b>	<b>779</b>

## HOUSING REVENUE ACCOUNT - NOTES

### Vacant possession value of dwellings

The vacant possession value of dwellings within the Council's HRA was £786.370m at 31 March 2025 (£796.810m at 31 March 2024). The difference between the vacant possession value and the Balance Sheet value shows the economic cost to the Council of providing council housing at less than open market rents.

#### 4. Major Repairs Reserve

	2023/24	2024/25
	£'000	£'000
Balance at 1 April	412	316
Amount transferred to the reserve during the year	3,414	3,374
Financing of capital expenditure	(3,510)	(3,690)
<b>Balance at 31 March</b>	<b>316</b>	<b>0</b>

#### 5. Capital Transactions

##### a) Capital Expenditure and Financing

	2023/24	2024/25
	£'000	£'000
<b>Capital Expenditure:</b>		
Acquisition of new housing stock	1,305	270
Affordable housing development	2,124	1,994
Enhancements to existing housing stock	7,863	8,379
<b>Total Capital Expenditure</b>	<b>11,292</b>	<b>10,643</b>
<b>Sources of Finance:</b>		
Major Repairs Reserve	(3,510)	(3,690)
Retained Capital Receipts	0	0
Grants & Contributions	(1,322)	(1,017)
Borrowing	(6,460)	(5,935)
<b>Total Financing</b>	<b>(11,292)</b>	<b>(10,643)</b>

##### b) Capital Receipts

Receipts from disposal of dwellings and land were £0.484m in 2024/25 (£0.530m in 2022/23).

## HOUSING REVENUE ACCOUNT - NOTES

### 6. Rent Arrears

	2023/24	2024/25
	£'000	£'000
Gross rent arrears at 31 March	1,912	2,299
Provision for doubtful debts	(1,297)	(1,461)
<b>Net Rent Arrears at 31 March</b>	<b>615</b>	<b>838</b>

The above balances are in respect of tenanted dwellings with the Housing Revenue Account. They exclude rent arrears in respect of homelessness accommodation and other housing services that are outside of the Housing Revenue Account.

### 7. Pension Costs

The following figures represent the cost of pensions attributable to the HRA and explain the HRA share of contributions to or from the Pensions Reserve. Further details of the treatment of pension costs are shown in note 40 of the Core Financial Statements, together with details of the assumptions made in calculating the figures included in this note.

	2023/24	2024/25
	£'000	£'000
<b>HRA Income and Expenditure Statement</b>		
<b>Net Expenditure on HRA Services</b>		
Current service cost	364	341
Administration expenses	20	18
<b>HRA Share of Operating Income and Expenditure</b>		
Net interest cost	(222)	(11)
<b>Net Charge to the Income and Expenditure Statement</b>	<b>162</b>	<b>348</b>
<b>Movement on the HRA Statement</b>		
Reversal of net charges made for retirement benefits	(162)	(348)
Employer's Contribution to the Scheme	441	393
<b>HRA contribution to the Pensions Reserve</b>	<b>279</b>	<b>45</b>

## COLLECTION FUND

The Collection Fund reflects the statutory obligation of the Council as a billing authority to maintain a separate fund. The statement below shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and Non-Domestic Rates (NDR).

	2023/24			2024/25		
	Council Tax £'000	NDR £'000	Total £'000	Council Tax £'000	NDR £'000	Total £'000
<b>Amounts required by statute to be debited to the Fund</b>						
Council Tax receivable	(68,966)	0	(68,966)	(72,555)	0	(72,555)
NDR receivable	0	(21,602)	(21,602)	0	(26,074)	(26,074)
<b>Total amounts credited to the Fund</b>	<b>(68,966)</b>	<b>(21,602)</b>	<b>(90,568)</b>	<b>(72,555)</b>	<b>(26,074)</b>	<b>(98,629)</b>
<b>Amounts required by statute to be debited to the Fund</b>						
<b>Council Tax Precepts</b>						
Essex County Council	49,117	0	49,117	51,981	0	51,981
Police & Crime Commissioner for Essex	7,907	0	7,907	8,413	0	8,413
Essex Fire & Rescue Authority	2,719	0	2,719	2,821	0	2,821
Brentwood Borough Council	7,610	0	7,610	7,917	0	7,917
<b>Total Council Tax Precepts</b>	<b>130,570</b>	<b>0</b>	<b>130,570</b>	<b>71,132</b>	<b>0</b>	<b>71,132</b>
<b>Distribution of NDR Income</b>						
Central Government	0	12,213	12,213	0	12,406	12,406
Brentwood Borough Council	0	9,771	9,771	0	9,925	9,925
Essex County Council	0	2,198	2,198	0	2,233	2,233
Essex Fire & Rescue Authority	0	244	244	0	248	248
Costs of Collection	0	104	104	0	103	103
<b>Total Distribution of NDR Income</b>	<b>0</b>	<b>24,530</b>	<b>24,530</b>	<b>0</b>	<b>24,915</b>	<b>24,915</b>
<b>Transitional Protection Payment</b>	<b>0</b>	<b>(1,768)</b>	<b>(1,768)</b>	<b>0</b>	<b>(561)</b>	<b>(561)</b>
<b>Impairment of Debts</b>						
Write-offs	714	1,418	2,132	464	561	1,025
Allowance for Impairment	49	(317)	(268)	51	(356)	(305)
<b>Total Impairment of Debts</b>	<b>763</b>	<b>1,101</b>	<b>1,864</b>	<b>515</b>	<b>205</b>	<b>720</b>
Distribution of previous year's Council Tax surplus (note 4)	3,350	0	3,350	1,820	0	1,820
Distribution of previous year's NDR deficit (note 4)	0	1,123	1,123	0	(3,352)	(3,352)
<b>Total Movement on Fund Balance in the year</b>	<b>886</b>	<b>3,382</b>	<b>4,268</b>	<b>912</b>	<b>(4,867)</b>	<b>(3,955)</b>
<b>Movement on the Collection Fund</b>						
Opening fund balance	(2,061)	(1,123)	(3,184)	(1,175)	2,257	1,082
Movement on fund balance in the year	886	3,380	4,266	912	(4,867)	(3,955)
<b>Closing fund balance (note 5)</b>	<b>(1,175)</b>	<b>2,257</b>	<b>1,082</b>	<b>(263)</b>	<b>(2,610)</b>	<b>(2,873)</b>

## COLLECTION FUND

### Notes to the Collection Fund

1. Council Tax Base

The Council Tax base is calculated across eight different valuation bands. The total number of properties in each band is adjusted for discounts and premiums. The number of properties for each band is reduced by an allowance of 1% for non-collection and scaled up or down by the band D ratio, giving a Council Tax base expressed as the number of band D equivalent properties. The Council Tax base for 2024/25 as at 31 March 2025 was 35,162 (34,652 as at 31 March 2024). The following table shows the Council Tax base by valuation band.

Band	Range of Property Values	Band D Ratio	2023/24		2024/25	
			Number of dwellings equivalents after applying discounts, premiums and local tax support	Number of Band D equivalent properties	Number of dwellings equivalents after applying discounts, premiums and local tax support	Number of Band D equivalent properties
A	Up to £40,000	6/9	562	375	440	293
B	£40,001 - £52,000	7/9	2,597	2,020	1,974	1,535
C	£52,001 - £68,000	8/9	6,035	5,364	5,352	4,757
<b>D</b>	<b>£68,001 - £88,000</b>	<b>9/9</b>	7,993	7,993	7,622	7,622
E	£88,001 - £120,000	11/9	5,832	7,128	5,814	7,106
F	£120,001 - £160,000	13/9	4,318	6,238	4,296	6,205
G	£160,001 - £320,000	15/9	3,745	6,242	3,839	6,399
H	More than £320,000	18/9	598	1,195	623	1,245
<b>Total</b>			<b>31,680</b>	<b>36,555</b>	<b>29,960</b>	<b>35,162</b>

2. Income from Council Tax

For 2024/25 the Council set a Band D Council Tax (excluding parish precepts) of £2,062.27 (£1,968.49 in 2024/25), made up of its own precept and precepts from Essex County Council, Police & Crime Commissioner for Essex and Essex Fire Authority. The amount paid by each household is the band D amount multiplied by the Band D ratio for the property.

3. Income from Non-Domestic Rates

The Council calculates the rates due on non-domestic properties within its boundary by multiplying the rateable value of each property by a multiplier. The total amount, less certain reliefs and other deductions is shared between Central Government (50%), Essex County Council (9%), Essex Fire Authority (1%), with the remainder (40%) being retained by the Council.

The Gross Non-Domestic Rateable Value for the Brentwood Borough Council area at 31 March 2025 was £72,764,627 (£71,533,198 at 31 March 2024).

The standard NDR multiplier for the year was frozen at 54.6p (51.2p in 2023/24) and the small business multiplier at 49.9p (49.9p in 2023/24).

## COLLECTION FUND

4. Distribution of Previous Year's Collection Fund Surplus/(Deficit): -  
These have been distributed as follows:

	Council Tax		NDR	
	2023-24 £'000	2024-25 £'000	2023-24 £'000	2024-25 £'000
Central Government	0	0	449	(1,676)
Essex County Council	1,273	1,327	101	(302)
Police & Crime Commissioner for Essex	199	214	0	0
Essex Fire & Rescue Authority	68	73	11	(34)
Brentwood Borough Council	195	206	562	(1,341)
<b>Total</b>	<b>1,735</b>	<b>1,820</b>	<b>1,123</b>	<b>(3,352)</b>

5. Allocation of year-end Collection Fund balances  
The allocation of these is as follows:

	Council Tax		NDR	
	2023-24 £'000	2024-25 £'000	2023-24 £'000	2024-25 £'000
Central Government	0	0	(1,128)	1,305
Essex County Council	(857)	(189)	(203)	235
Police & Crime Commissioner for Essex	(138)	(34)	0	0
Essex Fire & Rescue Authority	(47)	(12)	(23)	26
Brentwood Borough Council	(133)	(28)	(903)	1,044
<b>Total</b>	<b>(1,175)</b>	<b>(263)</b>	<b>(2,257)</b>	<b>2,610</b>

## GLOSSARY

Accounting period	The period of time covered by the accounts, normally a period of twelve months starting on 1 <sup>st</sup> April and ending on 31 <sup>st</sup> March the following year. The end of the accounting period is the balance sheet date.
Accounting policies	Those principles, conventions, rules and practices applied by the Council that specify how the effects of transactions and other events are to be recognised in the financial statements.
Accrual	A sum included in the accounts to cover income or expenditure attributable to an accounting period for goods received or works done, for which payment has not been received or made by the end of that accounting period. In other words, income and expenditure are recognised when they are earned or incurred, not when money is received or paid.
Actuary	A suitably qualified independent consultant employed to advise Essex councils on the financial position of the Pension Fund.
Actuarial gains and losses	Actuarial gains or losses for defined benefit pension schemes arise because events have not coincided with the actuarial assumptions made, or the actuarial assumptions have changed.
Agency	Agreement that the Council can undertake services on behalf of other authorities or the Government in its area.
Amortised Cost	The amount at which a financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.
Annual Governance Statement	An annual report prepared, approved and published with the financial statements that reviews the council's overall governance arrangements.
Appropriation	The transfer of resources between the revenue or capital accounts and reserves held by the Council.
Asset	An item having value measurable in monetary terms. Assets can either be defined as non-current or current. A non-current asset (for example property, plant and equipment) has use and value for more than one year whereas a current asset (e.g. stocks or short term debtors) can more readily be converted into cash.
Audit	An independent examination of an organisation's activities, either by an internal audit section or equivalent or the organisation's external auditor.
Balance Sheet	This is a summary of the financial position of the Council. It shows the long-term and current assets and liabilities of the Council and its reserves.
Benefits - LCTS	Local Council Tax Support is an income related discount to council tax to provide help to those on low incomes
Benefits - Housing	An allowance to persons with no or low incomes to meet the whole or part of their rent. Benefit paid to private sector landlords on behalf of residents is known as rent allowances. The majority of the cost of benefits and of running the service is funded by Government subsidy
Billing Authority	This is the Council as the body responsible for billing and collecting the Council Tax from all residential properties within the borough on behalf of itself, Essex County Council, Essex Fire Authority, Essex Police Authority and Parish Councils. The Council is also responsible for the billing and collection of National Non-Domestic Rates (NNDR or Business Rates) from commercial properties in the borough.

## GLOSSARY

Budget	A budget is a financial statement that expresses the Council's service delivery plans and capital programmes in monetary terms.
Business Rates	These rates, alternatively called Non-Domestic Rates (NNDR), are the means by which local businesses contribute to the cost of providing local authority services. They are based on rateable values of each business multiplied by a uniform amount set annually by the Government. The business rates collected are divided between Government and Councils and fire authorities.
Capital Adjustment Account	This account represents amounts set aside from revenue resources or capital receipts to finance expenditure on non-current assets, or for the repayment of external loans.
Capital Expenditure	Expenditure on the acquisition or refurbishment of non-current assets and other eligible items that will be of benefit to the Council in providing its services for more than one year.
Capital Financing	The raising of money to pay for capital expenditure. Capital financing methods include borrowing, direct revenue funding, use of capital receipts, capital grants, capital contributions and revenue reserves.
Capital Programme	The Council's plans for capital expenditure and funding over future years, including the purchase or improvement of buildings and the acquisition of vehicles and major items of equipment.
Capital Receipts	Proceeds from the sale of assets, which may be used to finance new capital expenditure, set aside for the repayment of external loans or paid to a national pool (if from the sale of HRA dwellings).
Capitalise	To treat expenditure as capital expenditure, including some expenditure which would normally be classed as revenue expenditure (see also REFCUS).
Chartered Institute of Public Finance and Accountancy (CIPFA)	CIPFA is the lead professional accountancy body for the public sector. CIPFA produces guidance in relation to various matters concerning the public sector including financial and governance issues.
CIPFA LASAAC Local Authority Code Board	The board responsible for preparing, maintaining, developing and issuing the Code of Practice (see below). The board is a partnership between CIPFA (England, Northern Ireland and Wales) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC).
Code of Practice (COP)	Code of Practice on Local Authority Accounting in the United Kingdom .
Collection Fund	A fund administered by the Council which accounts for the collection of Council Tax and Non-Domestic Rates (NDR or Business Rates). Council Tax is paid into this fund and distributed to the Council, Essex County Council, Essex Police Authority, Essex County Fire Authority and Parish Councils. The Council retains an amount of business rates determined by the government (subject to safety net, levy and pooling arrangements) with the balance paid over to the Government.
Comprehensive Income and Expenditure Statement (CI&ES)	A statement which records all the day to day income and expenditure of the Council on General Fund or Housing Revenue Account services provided during the financial year.
Community Assets	Assets that the council intends to hold in perpetuity that have no determinable useful life. Examples are parks and historic building

## GLOSSARY

Contingent Liability	A possible or present obligation that arises from past events, whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control. A contingent liability is not recognised in the Balance Sheet but disclosed in a note to the accounts.
Council Tax	A local tax charged to the occupiers of residential properties which is used to help finance the budget requirement of the Council and Preceptors for the year.
Council tax base	The equated number of dwellings over which the Council Tax is collected. All dwellings are valued and classified into eight bands (A to H), plus a special band A (disabled). Each band is expressed as a proportion of Band D. The Council Tax base is the number of dwellings expressed in terms of a Band D equivalent after adjusting for the local council tax support scheme.
Credit Loss	A measure of how much the Council would lose if the amounts owed to it by debtors and borrowers are not repaid. Defined as the shortfall between all the cash flows that are due contractually to the Council and those that it expects to receive.
Creditors	Amounts owed by the Council, for work done, or goods or services received for which no payments have been made by the Council at the Balance Sheet date.
Current Asset	An asset held which will be used, or received, within the next financial year.
Current Liability	An amount which will become payable within the next financial year.
Debtors	Amounts owed to the Council for goods or services provided, for which no payments have been received by the Council at the Balance Sheet date.
Deferred Liability	A liability which is not fully paid at the current time, but is due for payment either some time in the future, or over a period of time.
Deferred Receipt	Income still to be received where the Council has agreed that amounts are payable beyond the next year, either at some point in the future, or by an annual sum over a period of time.
Defined Benefit Pension Scheme	A pension scheme other than a defined contribution scheme. Usually the scheme rules define the benefits (annual pensions and retirement lump sums) 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).
Depreciation	A measure of the amount of a non-current asset that has been consumed during the period. Consumption includes any reduction in the useful life of a fixed asset whether arising from use, passage of time or obsolescence through technical or other changes.
Discretionary Benefits	Retirement benefits which the Council has no legal, contractual, or constructive obligation to award but are awarded under discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.
Earmarked Reserve	A reserve held for a specific future purpose, including to carry forward a revenue underspend in one financial year to the next.
Fair Value	The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
Fees and Charges	Amounts paid by the public for a variety of services such as parking, letting of community halls and the hire of sporting facilities.
Finance Lease	Such a lease transfers all the risks and rewards of ownership of a non-current asset to the lessee, and is included as a non-current asset in the Balance Sheet of the lessee. (See, for comparison, "Operating Lease").

## GLOSSARY

Financial Asset	A right to future economic benefits controlled by the Council that is represented by cash, the equity instrument of another entity, a contractual right to receive cash or another
Financial Instrument	A contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
Financial Liability	An obligation to transfer economic benefits controlled by the Council that is represented by a contractual obligation to deliver cash or another financial asset to another entity, or a
Financial Year	The period of 12 months covered by the accounts commencing on 1 April.
Financial Reporting Standards (FRSs)	Issued by the Accounting Standards Board and provide standards for the preparation of financial statements. The Council's accounts are prepared in accordance with FRS's (or SSAP's where these remain in force) where they apply to local authorities.
General Fund (GF)	The main revenue account of a local authority from which revenue payments are made to meet the costs of providing services.
Housing Revenue Account (HRA)	A separate ring-fenced account within the General Fund which contains the expenditure and income arising from the provision of housing accommodation by the Council as landlord.
Impairment	The amount by which the recoverable amount of a non-current asset is lower than the carrying value amount.
Intangible Asset	A non-current asset such as a software licence which has no physical substance.
Interest	An amount received or paid for the use of a sum of money when it is invested or borrowed.
IFRS (International Financial Reporting Standards)	The collective name for the set of accountancy standards which define the accounting treatments used by listed companies in the UK and the European Union. The term also refers to the individual standards.
(IFRIC) International Financial Reporting Interpretations Committee	A Committee which provides interpretative guidance on the application of IFRSs and International Accounting Standards (IASs)
Impairment	A reduction in the valuation of an asset caused by an event occurring to the asset or to the economic environment in which it operates.
Inflation	A measure of price rises over time. The main UK measure is the Consumer Price Index and the Bank of England is tasked with keeping this to 2% (+/- 1%)
Intangible Assets	These are assets that the Council will have use of for more than one year but they do not have a physical form, for example computer software licenses.
Inventories	Raw materials and stores which the Council has bought and holds in stock for use as required.

## GLOSSARY

Liability	This is the opposite of an asset and sees the future transfer of economic benefit from the Council to another party. An example is the payment of invoices to suppliers that at the financial year end were still outstanding.
Local Government Pension Scheme (LGPS)	The pension scheme for council officers administered by Essex County Council
Lease	A method of financing capital expenditure where a rental charge is paid for an asset for a specified period of time.
Major Repairs Allowance (MRA)	Government Subsidy to the HRA to fund major repairs to the Council's housing stock.
Major Repairs Reserve (MRR)	A capital reserve intended for the elemental replacement of building structures and components in the Housing stock. The reserve is funded from the HRA via a depreciation charge. Any balance on the reserve may be carried forward to future years. Interest earned on the MRR balance is credited directly to the HRA.
Materiality	The concept of materiality derives from the premise that the financial statements often cannot be precisely accurate but that this need not distract from them presenting a true and fair view. Within certain limits a tolerance is permitted in measurement and disclosure of financial statement items and the concept of materiality determines the degree of tolerance acceptable.
Minimum Revenue Provision (MRP)	The minimum amount which must be charged to the Council's revenue accounts and set aside as a provision for repaying borrowing or other credit liabilities.
Ministry of Housing, Communities and	The government department with responsibility for local government policy and finance
Monitoring Officer	Section 5 of the Local Government and Housing Act 1989, as amended by Schedule 5 paragraph 24 of the Local Government Act 2000, requires a local authority to appoint a monitoring officer. The Monitoring Officer has three main duties: 1. To report on matters they believe are, or are likely to be, illegal or amount to maladministration. 2. To be responsible for matters relating to the conduct of Councillors and Officers. 3. To be responsible for the correct operation of the Council's Constitution.
National Non-Domestic Rates (NDR)	A tax on local businesses paid into a national pool and then redistributed to councils as a Government grant to help finance services.
Net Assets	The difference between long-term and current assets and liabilities, equivalent to total reserves on the Council's Balance Sheet.
Net Book Value	The amount at which Property, Plant and Equipment are included in the balance sheet i.e. their gross value less accumulated depreciation.
Net Cost of Services	The total cost of providing services after deducting any specific grant or other service-related income

## GLOSSARY

Non-Current Assets – Intangible	Assets such as software licences that do not have physical substance but are identifiable and controlled by the Council and will bring benefits to the Council for more than one financial year.
Non-Current Assets – Tangible	Assets that have physical substance and are held for the provision of services or for administration purposes on a continuing basis.
Non-Operational Assets	Non-current assets not directly used or consumed in the delivery of services or for the administration of the Council. Examples include assets that are surplus to requirements, pending sale or redevelopment, and assets under construction.
Office for Local Government	An office within MHCLG responsible for providing accesible data and analysis on the performance, including financial, of local government.
Operating Lease	An agreement for the rental of an asset where the rewards and risks of ownership of the asset remain with the lessor. The annual rentals are charged to the Comprehensive Income and Expenditure Statement (see, for comparison, “Finance Lease”).
Operational Assets	Non-current assets held and occupied, used or consumed in the direct delivery of those services for which the Council has a statutory or discretionary responsibility or for the administration of the Council.
Outturn	The actual expenditure and income for the financial year in question.
Precept	The net amount paid to each preceptor from Council Tax income collected and paid into the Collection Fund.
Precepting Authority	Essex County Council, Essex Police Authority, Essex Fire Authority and Parish Councils.
Preceptor	Another word for “Precepting Authority”.
Provision	An amount set aside to provide for a liability that is likely to be incurred but where the exact amount or the date on which it will arise is uncertain.
Public Works Loan Board (PWLB)	A Government agency that provides longer-term loans to local authorities at interest rates marginally above the Government’s own borrowing rate.
Remuneration	All amounts paid or payable to an employee, including sums due by way of expense allowances and the estimated money value of any other benefits otherwise than in cash. It excludes employers’ pension contributions to the Pension Fund.
Related Party Transaction	A transaction where one of the parties involved has control or influence over the financial and operational policies of the other party.
Reserves - Usable	The Council’s accumulated surplus income over expenditure which can be used to finance future spending and is available to meet unforeseen events.
Reserves - Unusable	Reserves which exist for technical accounting reasons and do not represent amounts that can be used to finance expenditure.
Retirement Benefits	Consideration payable after the completion of employment given by an employer in exchange for services rendered by employees. Does 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 voluntary redundancy in exchange for those benefits.

## GLOSSARY

Revaluation Reserve	An account representing the balance of the net surpluses arising on the revaluation of fixed assets.
Revenue Expenditure	Day-to-day expenditure on items such as salaries and wages, running expenses and capital and interest charges.
Revenue Expenditure Funded from Capital under Statute (REFCUS)	Revenue expenditure which may be properly capitalised under statute or Government direction but which does not result in a non-current asset,
Section 106 Agreement	Section 106 of the Town and Country Planning Act 1990 empowers a local planning authority such as the Council to enter into a legally binding agreement or planning obligation with a land developer to undertake works, provide affordable housing or provide additional funding for services.
Section 114 Notice	The Local Government Finance Act 1988, Section 114 (3) states that: "The chief finance officer of a relevant authority shall make a report under this section if it appears to him that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure". The effect of the notice is that no new expenditure is permitted but that existing contracts (including with employees) will continue to be honoured. The Council (members) then has 21 days to consider and respond with plans to address the situation.
Section 151 Officer	Section 151 of the Local Government Act 1972 requires the Council to appoint an officer responsible for the proper administration of the Council's financial affairs. The Finance Director is the Council's Section 151 Officer.
Service Reporting Code of practice (SeRCOP)	CIPFA code which establishes proper practice with regard to consistent financial reporting below the Statement of Accounts level. Given statutory force by regulations made under the Local Government Act 2003.

# BRENTWOOD BOROUGH COUNCIL

## ANNUAL GOVERNANCE STATEMENT 2024/2025



## CONTENTS

1. Scope of Responsibility
2. The Corporate Governance Framework
3. Review of Effectiveness
4. Update on Governance Issues from 2023/2024
5. Internal Audit Opinion of Brentwood Borough Council's Governance Arrangements
6. Governance Areas of focus for 2025/2026
7. Certification

## 1. Scope of Responsibility

Brentwood Borough Council (the Council) is responsible for ensuring that its business is conducted lawfully, that public money is safeguarded and properly accounted for. The Council has a duty under the Local Government Act 1999 to continuously improve its functions, having regard to best practice, economy, efficiency, and effectiveness.

In discharging this duty, the Council acknowledges its responsibility for appropriately governing its affairs, the effective exercise of its functions and the management of its risks. The Council has adopted a Local Code of Corporate Governance (the Code) which defines the principles and practices that underpin our governance arrangements.

The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) produced the “Delivering Good Governance in Local Government framework (2016)”. This emphasises sustainability and the need to focus on the economic, social and environmental impacts that actions may have on future generations.

The Code is reviewed annually and is consistent with the seven core principles of the CIPFA-SOLACE framework. The Annual Governance Statement (AGS) has been prepared in accordance with the CIPFA-SOLACE framework. For the year ended 31 March 2025, the AGS shows our assessment of compliance to the Code and the Accounts and Audit Regulations 2015, regulation 6(1).

The AGS describes how the effectiveness of the governance arrangements has been monitored and evaluated during 2024-25 and any changes and improvements planned for the 2025-26 year.

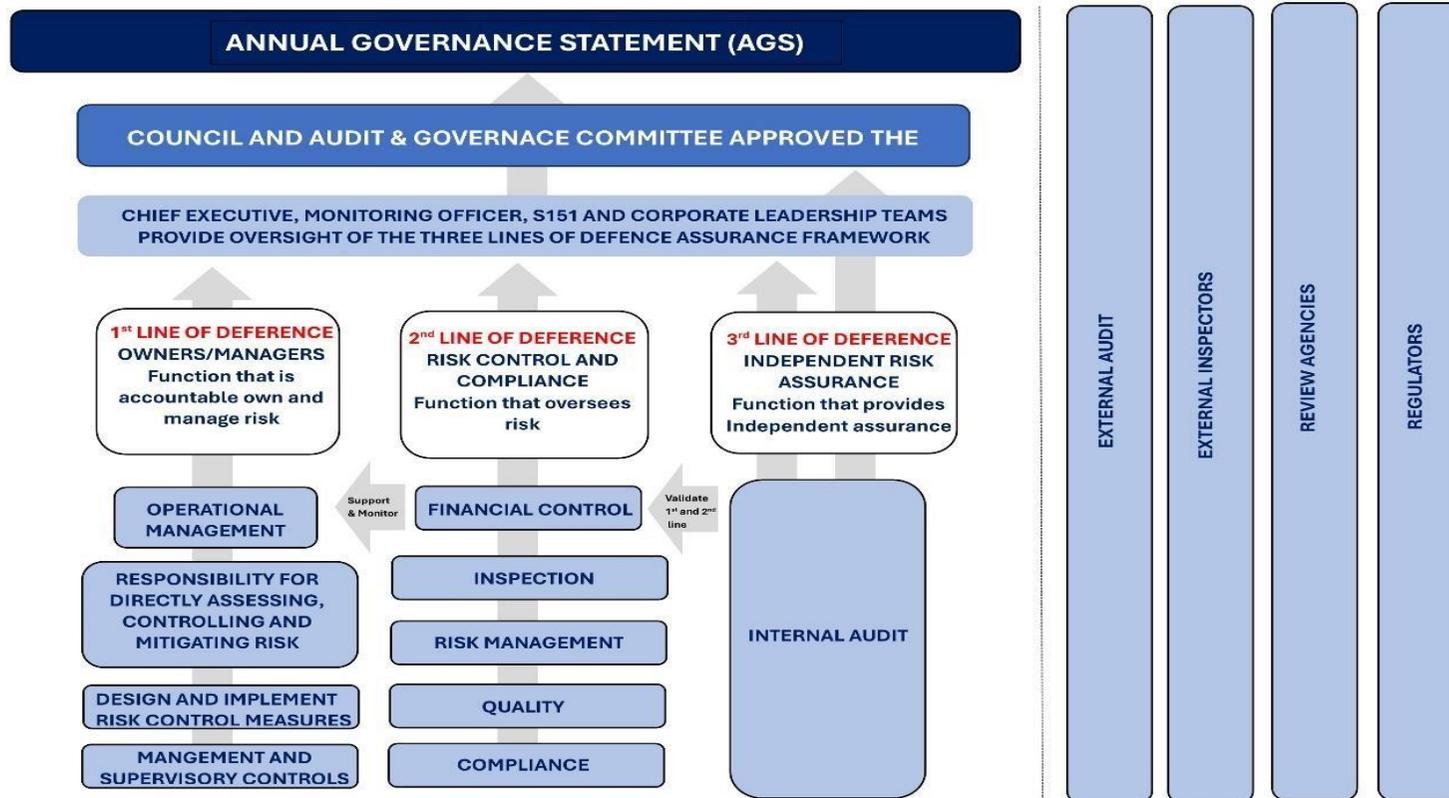
The Council’s Statutory Officers are as follows:

- Chief Executive (Head of Paid Service);
- Strategic Director Resources (Section S151 Officer);
- Monitoring Officer

The Statutory Officers direct the annual reviews of the effectiveness of the Council’s governance arrangements against the Code, providing oversight and robust challenge. When completed, the findings are reported to the Audit and Governance Committee, which identifies and monitors any improvement actions.

## 2. The Corporate Governance Framework

Corporate governance refers to how the Council is led, controlled and held to account. The diagram below shows the Council's Governance, Risk and Control Framework :



The Council's governance framework aims to ensure that in conducting its business it:

- Operates in a lawful, open, inclusive and honest manner;
- Ensures that public money is safeguarded, properly accounted for and used economically, efficiently and effectively;
- Has effective arrangements for the management of risk; and
- Secures continuous improvement in the way that it operates.

The governance framework comprises the culture, values, systems and processes by which the Council is managed. It enables the Council to monitor its objectives and consider whether these have led to the delivery of effective services and value for money. It enables the Council to monitor the achievement of its objectives.

The framework brings together legislative requirements, best practice principles and management processes. The system of internal control is a significant part of the framework and is designed to manage the Council's risks to a reasonable level. It cannot eliminate all risk of failure to achieve corporate objectives and can, therefore, only provide reasonable and not absolute assurance. The system of internal control, reinforces the governance framework and helps the Council to:

- Operate in a lawful, transparent, inclusive and honest manner;
- Ensure that public money and assets are safeguarded from misuse, loss or fraud, are accounted for and used economically, efficiently and effectively;
- Have effective arrangements for the management of risk;
- Secure continuous improvement in the way that it operates;
- Enable human, financial, environmental and other resources to be managed efficiently and effectively;
- Properly maintain records and information; and
- Ensure the Council's values and ethical standards are met.

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 governance framework includes arrangements for:

- Identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users;
- Reviewing the authority's vision and its implications for the authority's governance arrangements;
- Measuring the quality of services for users, ensuring that they are delivered in accordance with the authority's objectives and ensuring that they represent the best use of resources;
- Defining and documenting the roles and responsibilities of Committees, with clear delegation arrangements and protocols for effective communication and performance management;
- Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff;
- Reviewing and updating Financial Rules, Contract Rules, Constitution, Scheme of Delegation and supporting procedure notes / manuals, which clearly define how decisions are taken and the processes and controls required to manage risks;
- Ensuring effective counter fraud and anti-corruption arrangements are developed and maintained;
- Ensuring the authority's financial management arrangements meet the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015);
- Undertaking the core functions of an Audit Committee, as identified in CIPFA's Audit Committees: Practical Guidance for Local Authorities;
- Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful;
- Whistleblowing referrals and for receiving and investigating complaints from the public;
- Identifying the development needs of members and senior officers in relation to their strategic roles, supported by the appropriate training;
- Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation; and
- Incorporating good governance arrangements in respect of partnerships, including shared services and other joint working and reflecting these in the authority's overall governance arrangements.

The Council's governance framework has operated effectively throughout 2024-2025 and up to the date of approval of the annual statement of accounts and the AGS.

The governance framework is consistent with the principles set out in the CIPFA-SOLACE Framework, and is reviewed on an annual basis. The table below is a summary of the Council's compliance against the principles of the CIPFA-SOLACE Framework and the arrangements set out in the Council's Local Code of Corporate Governance. A RAG rating is given against each principle.

## PRINCIPLE A

Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

### Conclusion:

The Council was overall generally compliant with Principle A of the CIPFA-SOLACE Framework during 2024/25 and this compliance has been maintained to the date this statement was signed. The review of the Council's Financial Regulations and Contract Procedure Rules which was an action arising from last year's AGS have been completed and incorporated in the Council's Constitution.

The council does need to undertake a review of its Equality and Diversity Policy and Strategy having regards to the advisory audit undertaken during the last year and needs to continue to progress its work to enhance the council's information governance framework.

## PRINCIPLE B

### Ensuring openness and comprehensive stakeholder engagement

#### Conclusion:

The Council was overall generally compliant with Principle B of the CIPFA-SOLACE Framework during 2024/25 and this compliance has been maintained to the date this statement was signed.

The Council has strengthened many of its assurance mechanisms against this principle, including the publication of agendas and minutes, and enhancing its webcasting of meetings, and is in the process of finalising a new Communications Strategy.

As referred to in the assessment against Principle A, the Council needs to undertake a review of its Equality and Diversity Policy and Strategy, and review its arrangements for recording and publishing of officer decisions and scheme of delegation.

## PRINCIPLE C

### Defining outcomes in terms of sustainable economic, social, and environmental benefit

#### Conclusion:

The Council considers that it was compliant with Principle C of the CIPFA-SOLACE Framework during 2024/25 and this compliance has been maintained to the date this statement was signed.

## PRINCIPLE D

Determining the interventions necessary to optimise the achievement of intended outcomes

### Conclusion:

The Council considers that it was compliant with Principle D of the CIPFA-SOLACE Framework during 2024/25 and this compliance has been maintained to the date this statement was signed.

The council has made improvements to its performance management arrangements and will continue to enhance this, particularly through reporting of performance to relevant policy committees.

## PRINCIPLE E

Developing the entity's capacity, including the capability of its leadership and the individuals within it

### Conclusion:

The Council was overall generally compliant with Principle E of the CIPFA-SOLACE Framework during 2024/25 and this compliance has been maintained to the date this statement was signed.

Whilst there are good arrangements in place against this principle and there have a number of positive interventions during the course of the year, the need to strengthen member and officer training and development has been recognised and additional resource and a new post has been established as part of the council's budget to drive forward improvements in this area to develop the capability of its leadership and individuals.

## PRINCIPLE F

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

### Conclusion:

The Council considers that it was compliant with Principle F of the CIPFA-SOLACE Framework during 2024/25 and this compliance has been maintained to the date this statement was signed.

The Council is continuing to enhance its approach to Corporate Procurement, through an agreement with Essex Procurement Partnership

## PRINCIPLE G

Implementing good practices in transparency, reporting, and audit to deliver effective accountability

### Conclusion:

The Council considers that it was generally compliant with Principle G of the CIPFA-SOLACE Framework during 2024/25, and this compliance has been maintained to the date this statement was signed.

A review of the council's compliance against the Local Government Transparency Code, and the recent revisions made to the Code has been commenced. This review needs to be concluded and processes established to ensure ongoing compliance.

## 4. Update on Governance Issues from 2023/2024

Set out below are the updates for the Governance issues from the 2023/2024. Annual Governance report and the planned action and action taken in 2024/25:

### Brentwood Borough Council Annual Governance Statement 2023-24 Update – June 2025

Governance Principle	No	Issue	Update	Responsible Officer	Target Date	Status
D - Determining the interventions necessary to optimise the achievement of intended outcome	1	Review and ensure clarity of the organisation's strategic priorities through the production and approval of a Corporate Plan that is subject to regular review	A new Corporate Plan was approved at Full Council on 9th October 2024. It was agreed at the same time that the plan would be subject to annual review and approval alongside the Council's budget in February each year.	Director of Policy & Transformation	Oct 24	Complete
	2	Develop and implement a new Asset Strategy and framework that demonstrates best practice for managing the Council's assets and supports delivery of the Council's corporate vision and priorities	New Asset Management Strategy being developed with a member Task and Finish Group set-up.  The Asset Management Strategy and framework update was presented to Assets, Projects and Strategy Committee on the 3 March 2025. The full Strategy will be presented to Members within the June cycle of Committee meetings.	Director of Assets & Investments	Feb 25	Complete
	3	Implement effective performance management arrangements and processes to enable the organisation to regularly consider and identify performance against the Corporate Plan including delivery of services,	New Internal Governance Arrangements and Boards aligned to the Corporate Plan themes have been established. These will provide ongoing oversight and co-ordination of delivery against the Corporate	Director of Policy & Transformation	Mar 25	Complete

		<p>achievement of its strategic priorities, governance arrangements and organisational development</p>	<p>Plan. This includes a Corporate Governance Group that will have oversight of governance arrangements and a Corporate Transformation Board, which shall cover organisational development matters. In addition, the Performance Management Framework is being revised and updated and a project is being undertaken to consider the introduction of a new supporting performance management system.</p> <p>There will be an Audit on Performance Management which will identify key areas where we need to improve around performance. We are presently working with IT on creating dashboards across each service that will assist to deliver the Performance Management system. The work in terms of introducing a performance management system will continue into 2025/26</p>			
--	--	--	--	--	--	--

F - Managing risks and performance through robust internal control and strong public financial management	4	Review the Council's relationship with Seven Arches Investments Ltd	An external review of SAIL has been undertaken and was considered at the meeting of the Finance and Resources Committee held on 16th October 2024. The committee resolved to commission a business case to explore future options associated with SAIL. The Council is currently undertaking a review of Seven Arches Investment Limited as a commercial vehicle for the	Strategic Director Commercial & Regeneration	Mar 25	Ongoing into 25/26
			<p>Council. This review looks at three options</p> <p><b>Option 1:</b> Improve SAIL Retain SAIL in its current form, updating governance and clarifying its purpose..</p> <p><b>Option 2:</b> Partial Internalisation Bring the key strategic (Council-owned) asset back under direct BBC control, while SAIL continues to hold purely commercial properties.</p> <p><b>Option 3:</b> Full Internalisation Transfer or sell all remaining SAIL-owned assets, eventually wind down SAIL, and fully absorb its functions into the Council. This achieves maximum strategic alignment and eliminates the overhead of running a separate company.</p> <p>The Full Business case on the preferred option will be presented to September 25 committee.</p>			

	5	Review and update Contract Procedure Rules to ensure they are fit for purpose and support/enable an effective organisation	New Contract Procedure Rules were presented to Audit, Governance & Appointments Committee on 10 December 2024 that update the previous Rules, complement the new Financial Regulations and reflect (or are adaptable for) the Procurement Act. They will be presented to Council for approval and incorporation into the Constitution.	Strategic Director Resources	Dec 24	Complete
	6	Review and update Financial Regulations to ensure they are fit for purpose and support/enable an effective organisation	New Financial Regulations were presented to Audit, Governance & Appointments Committee on 10 December 2024 that update the	Strategic Director of Resources	Dec 24	Complete
			previous Regulations and complement the new Contract Procedure Rules. They will be presented to Council for approval and incorporation into the Constitution.			
	7	Review the corporate approach to engaging with internal audit throughout the audit assignment process and devise a robust system of compliance to ensure audit recommendations are implemented in a timely fashion	Actions were agreed between Corporate Leadership Team and Internal Audit and presented to Audit, Governance & Appointments Committee on 24 September 2024 in the Internal Audit Progress report.	Strategic Director of Resources	Sep 24	Complete

G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability	8	Adequately induct new Members following the 2024 municipal election	Officers are working with Members to develop a new Members' Training and Development Programme. This programme will include inhouse training, mandatory training and career development for political groups. This is due for consideration by committee early in the new year, ready for implementation in the new municipal year.	Director of People & Governance	Mar 25	Complete
---	---	---	---	---------------------------------	--------	----------

## 5. Internal Audit Opinion of Brentwood Borough Council's Governance Arrangements

### Head of Internal Audit Opinion

The role of internal audit is to provide an opinion to the Council, through the Audit and Governance Committee, on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas reviewed.

The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation's risk management, control and governance processes, within the scope of work undertaken by our firm as outsourced providers of the internal audit service.

It also summarises the activities of internal audit for the period. The basis for forming my opinion is as follows:

- An assessment of the design and operation of the underpinning Assurance Framework and supporting processes;
- An assessment of the range of individual opinions arising from risk based audit assignments contained within internal audit risk based plans that have been reported throughout the year; This assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses; and
- Any reliance that is being placed upon third party assurances.

Overall, we provide **Moderate Assurance** that there is a sound system of internal controls, designed to meet the Council's objectives, that controls are being applied consistently across various services. In forming our view, we have considered that:

- We completed a total of 10 reviews (eight assurance audits and two advisory reviews).
- The advisory reviews related to Equality, Diversity and Inclusion (EDI) and Leisure Services and did not carry an opinion. EXECUTIVE SUMMARY Brentwood Borough Council 2.
- For the eight assurance audits, two were rated substantial, five moderate and one limited in the design of the controls. This is an improvement on the prior year when none were rated substantial, six were rated moderate and six limited in the design of the controls.

- Two were rated substantial, four moderate and two limited in their operational effectiveness. This is an improvement on the prior year when one was rated substantial, four moderate and seven limited in operational effectiveness.
- The limited opinions in 2024/25 related to Cyber Security Culture/Governance and Procurement. For Cyber Security Culture/Governance two high priority findings were made around the absence of a Cyber Security Strategy which could lead to a lack of direction and coherence; and the need for enhanced training on cyber security. For Procurement, one high priority finding was raised regarding incomplete procurement records, and we found several reoccurring exceptions in our testing of the procedures and controls.
- Our ten reports for the year resulted in a total of 31 recommendations (High: 3, Medium: 22 and Low: 6), compared to 68 recommendations the year before (High: 17, Medium: 43 and Low: 8), although we have not included the 52 areas for consideration identified by our EDI review in the numbers of recommendations for 2024/25. Nevertheless, the decrease in formal recommendations is reflective of the improved opinion ratings in the year.
- Overall, the Council has improved its implementation of our audit recommendations compared to the prior year although there is still scope for further improvement. As at the end of May 2025, there are 6 recommendations in progress (High: 1, Medium: 5) and 8 recommendations overdue (High: 3, Medium

## 6. Governance Areas of focus for 2025/2026

The Council, Chief Executive and wider senior Offices are committed to ensure the high standards of governance are maintained and remain embedded across the authority. Governance will also remain an area for further development and 2025/26 the following actions are planned. In each case the issue and planned action links the CIPFA-SOLACE framework principle and then details the planned action.

### **PRINCIPLE A**

#### **Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

Issues/actions identified and Director responsible:

1. Develop the Information Governance Framework to ensure a structured approach to managing information within the authority, ensuring it is handled ethically, legally, and securely (Director of Customer and Digital).
2. Review the Council's Equality and Diversity Policy and Strategy (Director of Policy and Transformation)

### **PRINCIPLE B**

#### **Ensuring openness and comprehensive stakeholder engagement**

Issues Identified:

3. Review and develop the council's approach to recording and publishing of officer and undertake a review of the Scheme of Delegation (Monitoring Officer).

### **PRINCIPLE E**

#### **Developing the entity's capacity, including the capability of its leadership and the individuals within it**

Issues Identified:

4. Develop and enhance the arrangements for Member and Officer Training and Development (Director of People & Governance).

**PRINCIPLE G**

**Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

Issues Identified:

5. Complete the review of the Local Government Transparency Code (Director of Policy & Transformation)

## 7. Certification

In the Corporate Strategy 2024-2028 Brentwood Borough Council has committed to priorities and expected outcomes in terms of financial stability, early intervention, maximising use of assets and enabling communities.

For such a commitment to be achieved the Council must have a solid foundation of good governance, supported by sound financial management. The Council operates under the principles identified in The Chartered Institute of Public Finance and Accountancy (CIPFA)/ Society of Local Authority Chief Executives and Senior Managers (SOLACE) Framework 2016 'Delivering Good Governance in Local Government'.

In November 2020 a revised Local Code of Corporate Governance (The Code) was adopted, which details these principles and links to the Business Plan. The Code is supported by a significant range of policies and procedures that form The Governance Framework which sets out how the Council should do what it does.

Each year the Council is legally required to conduct an annual review of the effectiveness of its systems of risk management and internal control, i.e., governance arrangements, through the publication of an Annual Governance Statement (AGS).

This AGS provides assurances on compliance with The Code for the year ending 31st of March 2025 but will include the position up to the date of sign-off of the Annual Accounts.

The Leader of the Council and Chief Executive both recognise the importance of having a solid foundation of good governance and sound financial management.

They have been advised on the outcome of the result of the review of the effectiveness of the Governance Framework and consider that the arrangements provide adequate assurance and continue to be regarded as fit for purpose. They pledge their commitment to address the matters highlighted in this Statement, and to further enhance governance arrangements to enable delivery of the Corporate Plan.

Councillor Barry Aspinell  
Leader of the Council

Jonathan Stephenson  
Chief Executive