

CHELMSFORD CITY COUNCIL

DRAFT STATEMENT OF ACCOUNTS

2024/25



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## 2. Introduction to the accounts

**This section gives an overview of our achievements, our direction and ambitions.**

### **Introduction by the Leader of the Council and the Chief Executive**

The Council continues to face many financial challenges but will continue to strive to deliver for its residents. A number of significant issues can be identified from events in 2024/25.

In February 2025, the Government announced that local government in many areas of England, including Essex, would be re-organised by April 2028. This means the City Council will be merged into a larger unitary council. The new unitary will provide Chelmsford and a larger geographic area with the services currently provided by the City Council and Essex County Council. The size and geography of the new unitary council will be determined by the Government by Spring 2026, following submissions made by Essex councils in September 2025.

Between now and April 2028, the City Council will continue to deliver the priorities set out in [Our Chelmsford, Our Plan](#). Additionally, our prudent management of the district's finances will continue, so we will ensure that the new unitary council gets off to the best possible start.

As reported last year, a key challenge for the Council is homelessness, which remains the largest concern, due to its impact on people and the Council's finances. The number of households in temporary accommodation was 464 in November 2023, forecast to rise to 620 by 31 March 2025 based on the prevailing trend. Through good management and investment in the Council's housing services team, the number of households in temporary accommodation was much lower than forecast at 523 at the end of March 2025. Financially in 2024/25, that led to a budget underspend on housing of £1.2m. However, given the ongoing national crisis, the numbers of homeless households will continue to rise, and so too the cost to the Council.

### **Help for residents**

The council provides numerous services to residents which are essential to having a healthy and prosperous community. It also provides direct and indirect financial support to residents. Over the last year:

- £27,000 was spent on Council Tax additional Hardship Payments to people in receipt of Council Tax Support.
- £7.4m was claimed by residents from the City Council under its Council Tax Support scheme
- Discretionary Housing Payments totaling £198,000 were paid to residents who needed additional help with housing costs. Housing Benefit of £35.3m was paid out to residents.

- During 2024/25, the council provided grants of £351,000 to charities, who through their work, supported residents.

### **The Council's finances**

As well as the financial costs of homelessness, there are other areas of expenditure which varied significantly in the year from what had been expected when the 2024/25 Council budget was set. As a result, the Council had a significant favorable financial position when the year ended, £3.8m better than its 2024/25 budget. This does mean the Council has more money than planned in its reserves.

Some of the favorable financial trends may continue in later years. There were also windfall gains that assisted in delivering the improved financial position in 2024/25. These included additional income from business rate retention, government grants, and interest.

However, looking ahead, there is a commitment from the Government to redistribute the funding given to local authorities from 2026/27 onwards. The City Council is likely to lose funding from these new arrangements, as money will be re-directed to more deprived areas. The expected loss will not be quantified by Government until late December 2025, giving little time to identify mitigations. The Council's financial planning has allowed for a potential government funding loss of £0.9m in 2026/27 and a further £1.8m in the following two years. The Council's financial strategy seeks savings and income to balance the budget and if necessary, the short-term use of reserves. The Council has a long history of fully identifying and delivering the specific measures required to balance its budget.

Another critical financial issue is Local Government Reorganisation (LGR). The costs of producing business cases for Government, which identify options for the configuration of new councils, planning the transition to the new authorities, and finally merging services such as combining IT and officer structures, will need to be mostly funded locally. The City Council's and other Essex Councils' reserves will be a potential source of funding.

A key aspect of the Council's financial management will remain maintaining a robust level of reserves to manage the risks of Government funding changes, increases in demand for services such as housing, the unknown extent of the shared costs of establishing new unitary councils and volatile global political risks.

There remains an ongoing national backlog or crisis in the provision of external audit services for local authority accounts. The position for Chelmsford is like that experienced by most councils nationally. The audits of 2021/22 and 2022/23 did not take place. The city's auditor at the time, BDO, disclaimed making an opinion on those accounts due to lack of audit resource. The Council had a new auditor, EY, for 2023/24, they undertook a significant amount of audit work. However, EY could not, within the legal deadlines, gather enough evidence to form an opinion, so have disclaimed the 2023/24 accounts. These failures are in no way caused by the Council.

It is unlikely that these 2024/25 accounts will be fully audited. In the opinion of the Council's chief finance officer, the audit process will continue to fail until sufficient actions are taken at national level to make the accounts and audit process more proportionate to the needs of Council stakeholders. The reader (and the public more generally) should know that these failed audits increase costs for the Council and significantly weaken its financial management. The view of the external auditor is that a full audit opinion is possible for 2026/27.

### **Our priorities for 2025/26**

Chelmsford is an ambitious, growing city, which has worked hard to bounce back from the disruption of the covid pandemic and its aftermath. Recently rated 'Best place to live in the East of England' by the Sunday Times, the district remains a popular and thriving place.

The next few months will see a step forward for big infrastructure projects, many years in the making in Chelmsford, with a new railway station on the Great Eastern Main Line opening in the district and the completion of a distinctive road bridge. Both will help to enable sustainable development in Chelmsford; the station will support a major area of growth and a new garden community just north of the city area, and the bridge will enable a major brownfield site in the heart of Chelmsford to realise its potential as a new quarter.

Chelmsford's cultural life is also entering a new and exciting phase, with the development of a new 10-year cultural strategy for the district, nurturing innovative schemes like the Arts Council England-funded Young Cultural Changemakers Programme. The city is also re-establishing itself as a destination for major acts and festivals, with Radio 2 in the Park secured for Hylands in 2025 and major acts appearing at Chelmsford City Racecourse over the summer.

Although there is much change ahead, we will do all we can to maintain Chelmsford's trajectory over the coming years and continue to support our most vulnerable residents as we prepare for a new, larger council in the area.



Councillor Stephen Robinson, Council Leader



Nick Eveleigh, Chief Executive

To make these accounts easier to understand, you can find in a more simplified format a summary of our income and expenditure for the year and a summarised Balance sheet in the Narrative report in section 4. We have included our full Comprehensive income and expenditure statement and Balance sheet in section 6 in the format set out by the Code of Practice on Local Authority Accounting in the United Kingdom.

The accounts and narrative report have been written avoiding technical terms wherever possible. If we have to use technical terms, we have explained them in the glossary.

For more on the statement of accounts, please write to:

The Accountancy Services Manager (Section 151 officer)  
Civic Centre  
Duke Street  
Chelmsford  
Essex  
CM1 1JE

**We have detailed below which council provides which services.**

<b>Chelmsford City Council</b>	<b>Essex County Council</b>
Abandoned cars Air quality Allotments Business rates Building control CCTV Cemetery and crematorium – including municipal funerals Council tax – including benefits Dangerous structures Dog litter Domestic waste Drains – private sewers Dropped kerbs Elections Environmental Services/Health Graffiti Grass cutting Homelessness Housing Land charges Leisure centres/sports centres Licensing (all forms of) Litter Museums Service Parking – car parks and residential permits Parks – including playing fields Planning Public toilets Refuse collection and recycling Road signs – street nameplates Street cleaning and sweeping Theatres City centre management Tree preservation orders Voting	Adoptions Care for the elderly Childcare Civic amenity sites County Records Office Cycle paths Disabled parking (Blue Badges) Drains – highway drains Educational services Footpaths Gritting Highways Incineration Lamp posts Libraries – including mobile Park & Ride Pavements Road signs – for traffic direction Roads Social Services Street lighting Trading standards Traffic management Travellers Waste disposal and management

### 3. Environmental issues

**This section gives an overview of our effect on the environment.**

On 16 July 2019 the Council declared a Climate and Ecological Emergency reflecting growing concerns about the impact of climate change on the local environment, natural resources and the conditions in which people live and work. The Climate and Ecological Emergency Declaration set out ambitions to reduce carbon and greenhouse gas emissions and develop plans to create a more sustainable future for the area. The Declaration also embraced a commitment to take appropriate action to make the Council's activities net-zero carbon by 2030. In January 2020 the Council agreed a Climate and Ecological Emergency Action Plan to deliver these ambitions.

In December 2023 these priorities were embedded in the Council's refreshed corporate plan 'Our Chelmsford Our Plan'. Prioritising sustainable and environmentally responsible growth, creating a distinctive sense of place, making the area more attractive, and strengthening the Council's green credentials, the key strategic actions identified include:

- Setting out the approach and planning principles to guide development, and housing and economic growth, that is sustainable, creating greener, fairer and more connected communities
- Promoting a net zero carbon future for new development through updated planning policies and planning guidance
- Managing in a sustainable way to help lower energy consumption, reduce waste and improve air quality, preserving natural resources and decreasing carbon and greenhouse gas emissions
- Encouraging people, communities and businesses to take responsibility for, and become actively involved in caring for their local environment, lessening their environmental impact, reducing the consumption of natural resources, and adopting more sustainable ways of living and working
- Protecting, expanding and improving the quality and accessibility of green spaces, improving wildlife habitats and increasing biodiversity, connecting people with the natural environment
- Improving the environmental quality, attractiveness, safety, leisure and recreational potential of public spaces, green areas, rivers and waterways

Progress on delivering the priorities identified in the Climate and Ecological Emergency was reviewed at Overview and Scrutiny Committee on 1 February 2021, 26 September 2022 and 10 March 2025. Details of the most recent review can be found at [item-12-appendix-1-caee-and-biodiversity-duty-report.pdf](#) broadly covering:

- Securing sustainable housing and economic growth and promoting net-zero carbon development
- Lowering energy consumption and reducing carbon and greenhouse gas emissions

- Protecting and expanding natural habitats and increasing biodiversity – meeting Chelmsford City Council’s biodiversity duty
- Encouraging people, communities and businesses to get involved in caring for their local environment and adopting more sustainable ways of living and working
- Achieving biodiversity net gain as the local planning authority

In 2023/24 total emissions arising from the activities and operations of the City Council equated to 3,728 tonnes CO<sub>2</sub>e. This compares to 5,370 tonnes CO<sub>2</sub>e recorded in the ‘baseline’ assessment undertaken in 2019/20. Greenhouse gas reports for the Council are published annually on the Love Your Chelmsford website, the latest being for 2023/24 [Green-house-gas-report-2023-24.pdf](#)

Emissions in 2023/24 fell by 25% compared to the previous year and by 30% against the baseline year [2019/2020]. Scope 3 emissions [vehicle use by staff] remained the same as the previous year despite more vehicle miles being reported. This is due to improvements in emissions standards of vehicles. The main changes that contribute to the reduction in greenhouse gases overall include:

- A change in use of fuels for recycling and waste collection, street care and grounds maintenance activities - emissions from vehicle fuel fell by around 61% compared to the baseline reflecting the switch to HVO fuel in October 2023
- Further investment in the LED lighting replacement programme

## 4. Narrative report

**This section gives an overview of our achievements and direction. It highlights the most important matters reported in the accounts, and comments on any issues that have had a major effect on our finances.**

### Background

Chelmsford City Council is situated in the heart of Essex, covering an area of 342 square kilometres, and is one of the fastest-growing centres in the East of England. It is the sporting venue for the Essex County Cricket Team, Chelmsford City Football Club and the Chelmsford City Race Course.

Chelmsford has a population of around 181,827 and is the focus for business, retail, leisure and culture in Essex. It will continue to be a major centre of development, with significant housing developments under way within the City Centre as well as north of Chelmsford.

During 2024/25, the employment in Chelmsford remained strong with 90,000 jobs in the heart of the city. The unemployment rate increased slightly to 3.0%. Chelmsford has particular strengths in the financial and business services sectors, research and development, and advanced manufacturing. Number of business units within Chelmsford has increased to 9,375.

### Chelmsford City Council

The Council is made up of 57 elected council members. Some of these members are then selected for various committees and panels that focus on important council functions or on more strategic matters. A key decision-making committee is the Cabinet. The Cabinet is made up of The Leader of the Council and other members whom each have responsibility for a particular group of council services, as shown below.

<b>Cabinet Member</b>	<b>Service area of responsibility</b>
<b>Cllr Steven Robinson</b> Leader of the Council	Communications and engagement Works with Chief Executive and Cabinet members to oversee our strategic direction.
<b>Cllr Lynne Foster</b> Deputy leader and Fairer Chelmsford	Housing Services Corporate Property Building Services
<b>Cllr Natacha Dudley</b> Active Chelmsford	Leisure and heritage Voluntary and community sector support
<b>Cllr Chris Davidson</b> Finance	Internal Audit Financial functions Revenues and Benefits

<b>Cabinet Member</b>	<b>Service area of responsibility</b>
<b>Cllr Rose Moore</b> Greener Chelmsford	Parks and Green spaces Planning
<b>Cllr Donna Eley</b> Safer Chelmsford	Community safety Waste management and recycling
<b>Cllr Jennie Lardge</b> Cultural services	Cultural activities and facilities Museum services
<b>Cllr Simon Goldman</b> Economic Development and Special projects	Local economic development & tourism Local business relations
<b>Cllr Joanne Hawkins</b> Support services	Central services (Human Resources, Customer Services, Legal and Democratic Services, Electoral Services) Digital services
<b>Cllr Terry Sherlock</b> Sustainable Transport	Car Parks including policies around sustainable transport and improvement of local transport connections, representation on South Essex Parking Partnership board

To deliver the above services, the cabinet are supported by officers lead by the Chief Executive Officer, Nick Eveleigh and Management Team, made up of Keith Nicholson (Director of Public Places), Paul Brookes (Director of Sustainable Communities) and Louise Goodwin (Director of Connected Chelmsford).

The Council's updated corporate plan has a strategy for creating a fairer, greener and more connected community, to shape Chelmsford as a leading place in the East of England.



We engage with other Local Authorities on various joint working arrangements, and work with a wide range of other organisations and agencies to help us achieve these priorities.

## Guide to the Statement of Accounts

Our annual statement of accounts summarises our financial affairs for 2024/25 and shows our financial position on 31 March 2025. The accounts are set out in format required by statute and include the following:

- **Statement of responsibilities for the Statement of accounts** – Who is responsible for individual aspects of the accounts.
- **Main financial statements:**
  - **Comprehensive income and expenditure statement** – This shows the cost of providing services in line with accounting practices, rather than the cost to be met by local taxation. The actual costs met by the local taxpayer is shown in the Movement in reserves statement.
  - **Movement in reserves statement** – This shows the movement on our reserves in the year. These are analysed into usable reserves, which can be applied to fund expenditure or to reduce local taxation, and unusable reserves. In the statement, the Total comprehensive income and expenditure line shows the true economic cost of providing the services. This is shown in more detail in the Comprehensive income and expenditure statement. These are different from the amounts we must charge to the General fund by law for setting the Council tax. In the statement, the line that gives the net increase or decrease shows the statutory General fund balance movement.
  - **Balance sheet** - This statement shows the value of our assets and liabilities at the Balance sheet date. Our net assets are matched by our reserves. The reserves are reported in two categories, usable and unusable. Usable reserves are those we can use subject to keeping a prudent level of reserves and any statutory limitations on their use (for example, we can only use the capital receipts reserve to fund capital expenditure or repay debt). Unusable reserves cannot be used to provide services. This type of reserve includes reserves that contain unrealised gains and losses (for example, the revaluation reserve) where the amount only becomes available for use when the asset is sold, and reserves that hold timing differences, for example in the amount owed for leave that has not been taken. These are shown in the Movement in reserves statement line 'Adjustments to move from the Comprehensive income and expenditure account to the costs met by local taxpayers.
  - **Cash-flow statement** - This shows the changes in our cash and cash equivalents during the year. It shows how we received and used those

amounts by classifying cash flows as operating, investing or financing activities. The cash flows in operating activities are a key indicator of how much is met by taxation, grants or from service users. Investing activities show how we have used cash outflows to buy resources intended to deliver future services. Cash flows arising from financing activities are useful in predicting claims on future cash flows.

- **Notes to the main financial statements** - These explain our accounting policies and some of the figures in the main financial statements.

The notes include the '**Expenditure and funding analysis**' which demonstrates how the funding available to the authority for the year has been used in providing services in comparison with the resources used or earned in accordance with generally accepted accounting practices. This supporting statement reconciles the net expenditure as presented in the Comprehensive income and expenditure statement to the net expenditure chargeable to the General fund as presented in our outturn reports.

If we had to make any changes to previous year's figures due to change in accounting policy, an error or a post balance sheet event with material impact, we will either clearly indicate in the individual statements or notes if they are restated and reason for the restatement or show the main impact of the changes in a separate 'restatements' note.

- **Collection fund** - A statement meeting the statutory obligation for us to keep a separate Collection fund. The statement shows all transactions in relation to the collection of money from taxpayers and the distribution of money to other local authorities and the Government of Council tax and Non-domestic rates.
- **Independent auditors' report** - A report that says whether our Statement of accounts presents a true and fair view of our financial position and financial performance for the year.
- **Glossary** - An explanation of the technical terms used in this Statement of accounts.

Alongside the Statement of accounts, we publish the **Annual governance statement** that explains how we manage our affairs and control our activities. The statement highlights any important areas of governance that may need to be addressed following an annual review.

**Summary tables**

A simplified statement showing the change on our Comprehensive income and expenditure account and General fund balance from	Gross Expenditure	Income	Net Expenditure
1 April 2024 to 31 March 2025	£ 000	£ 000	£ 000
Total Spending on Current services	135,321	(87,684)	47,637
Other Income and Expenditure	41,764	(98,106)	(56,342)
Total spending on services as presented in the Comprehensive Income and Expenditure account			(8,705)
add Adjustments between the Funding and Accounting bases			6,701
<b>Decrease/(Increase) in General fund (including Earmarked Reserves)</b>			<b>(2,004)</b>

The complete Comprehensive income and expenditure statement is shown in section 6.

The Expenditure and funding analysis in note 1 and the Note to Expenditure and funding analysis in note 6 in section 7 show the reconciliation between the net expenditure as presented in the Comprehensive income and expenditure statement and the net expenditure chargeable to the General fund as presented in our outturn reports.

The Comprehensive income and expenditure account includes capital adjustments and the pension adjustment made under generally accepted accounting principles that do not need to be met from the Council Tax.

Our Comprehensive income and expenditure statement recognises our share of Council Tax and Non Domestic Rates (NDR) transactions on the accrual basis, with the timing difference being adjusted through Council Tax and NDR adjustment account, reported on in the Movement in reserves statement.

**Simplified Balance sheet statement**

<b>A simplified Balance Sheet</b>	<b>31 March 2025</b>
	£ 000
<b>What we own</b>	
Assets	296,300
Stocks	313
Investments	9,053
	305,666
<b>What we are owed</b>	
Amounts due before 31 March 2026	34,245
Amounts due after 31 March 2026	2,424
	36,669
<b>What we owe</b>	
Amounts due before 31 March 2026	(25,942)
Amounts due after 31 March 2026	(12,785)
Provisions	(2,351)
Borrowing	(11,047)
	(52,125)
<b>Pension (deficit)/surplus</b>	(4,660)
<b>Cash and equivalents in hand or (overdrawn)</b>	14,176
<b>Net assets</b>	<b>299,726</b>
<b>Our reserves</b>	<b>31 March 2025</b>
	£ 000
Usable reserves	58,675
Unusable reserves	241,051
<b>Total reserves</b>	<b>299,726</b>

The complete Balance sheet is shown in section 6.

## **Pensions**

We offer our employees membership of the Local Government Pension Scheme. The scheme is funded by contributions from employees and employers and offers defined benefits that are paid when members retire. The scheme has been estimated to have a shortfall at the last triennial valuation, because its obligations to members are more than the assets and returns expected from the fund. We have agreed to make up the shortfall over time.

The value of our pension liabilities at the end of the accounting period is dependent on the financial assumption that the actuary makes. As one of the key assumptions to determine the value of our liabilities, the actuary determines a discount rate to be applied for the future value of the liability cash flows. Under the pension standard the discount rate is to be determined by reference to market yields on high quality corporate bonds. There has been a significant movement on the yields between March 2022 and March 2025 and as a result the discount rate has increased from 2.6% at 31 March 2022 to 5.8% at 31<sup>st</sup> March 2025. This increase in discount rate, significantly reduces the value of future liabilities for the fund. Together with other assumptions changes, the decrease in liabilities resulted in the fund being in surplus at the end of the March 2025.

We are only able to recognise pension surplus in our balance sheet to the extent to which we are able to recover that surplus either through reduced contributions in the future, or through refunds. Based on the assumption that any refunds are at the discretion of the pension fund and our future liability exceeds the value of the surplus, we applied an asset ceiling adjustment that resulted in a £5m reported deficit in the balance sheet.

You can find out more about the pension scheme in note 34 to the main financial statements.

## **Changes in accounting policies**

We produce our accounts in International Financial Reporting Standards (IFRS) format. This is to comply with agreed accounting practices. Where there is any material change in accounting practice, we restate last year's figures.

## **Borrowing**

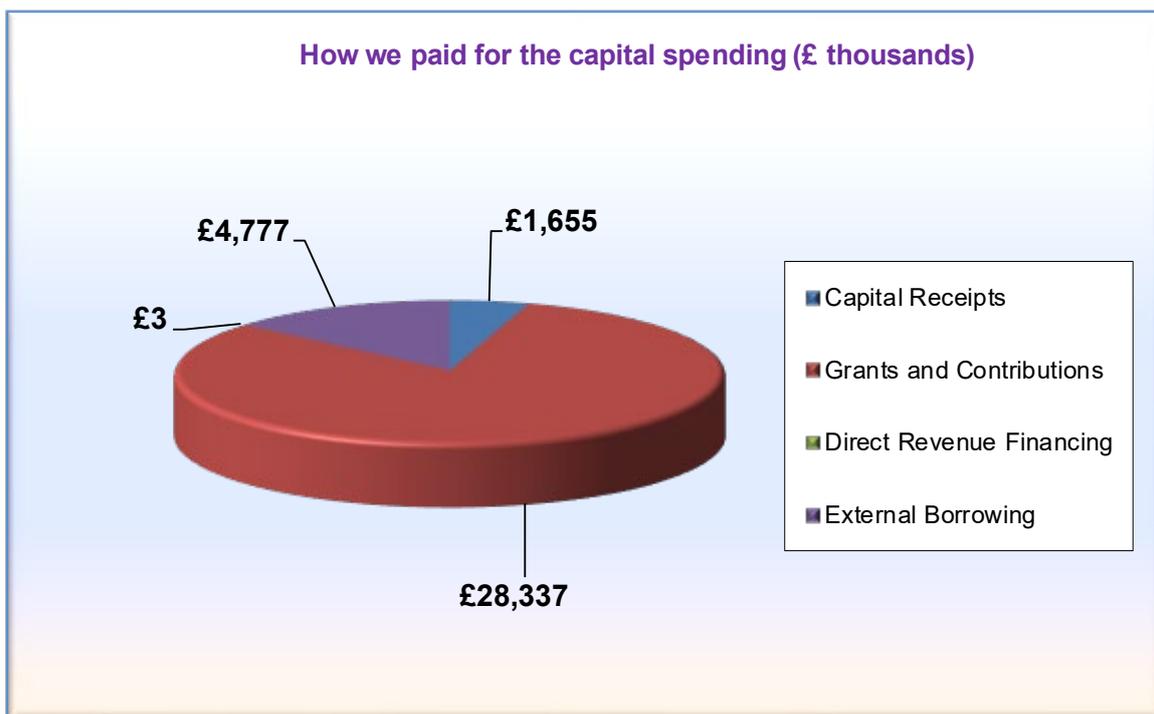
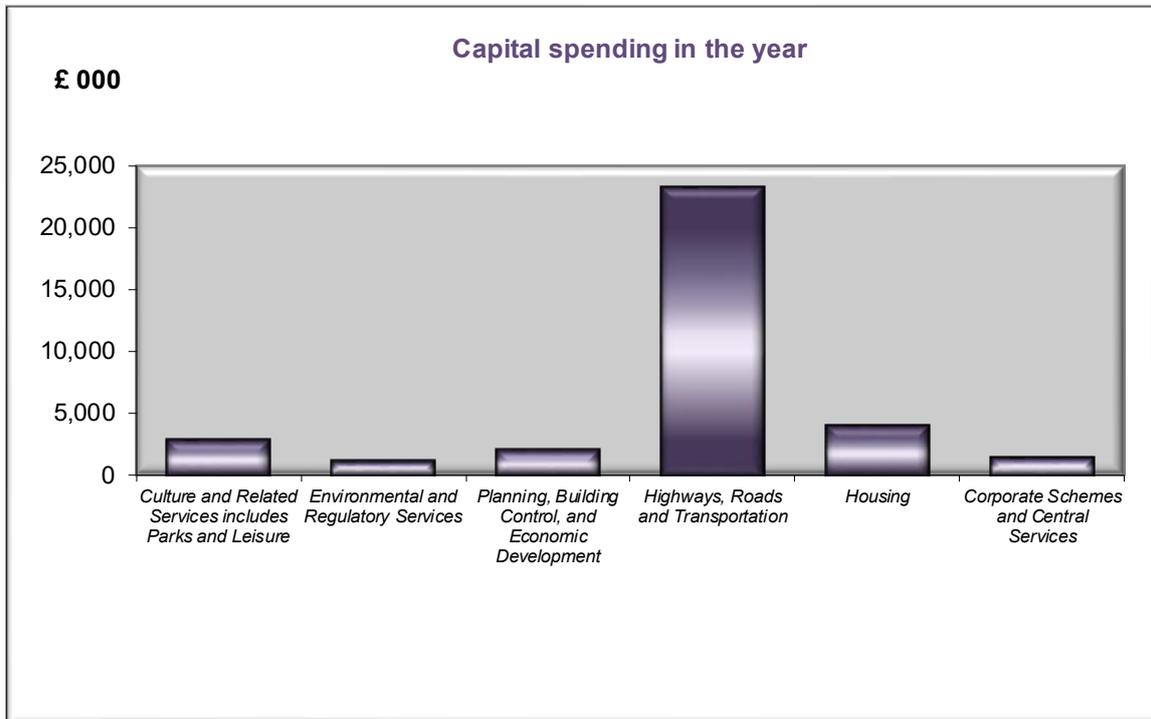
We have total external borrowing of £16.8m at the end of the year. This includes £11m short term, borrowed from other local authorities and finance leases of £5.8m, mostly relating to temporary accommodation for the homeless.

The outstanding balance on internal borrowing is £28.6m at the end of the year with total capital financing requirement (CFR) at £45.4m.

## **Capital spending**

During the year we spent £34.8m on capital schemes. Our asset values in the Balance sheet have not necessarily increased by the amount of our capital spending

as the Balance sheet shows the asset's change in value, after any impairments, and not necessarily the amount spent in creating that asset. Some of the capital spending was on assets we don't own and therefore not shown in the balance sheet. The following tables show the capital spending and how the spending was paid for (capital financing).



## Significant provisions or contingencies or material write-offs

The Council has a provision of £2.4m, for our share of the cost repayable for any successful appeals made by businesses against their business rates valuations.

## Auditors

Chelmsford is opted in to a national procurement scheme conducted by the Public Sector Audit Appointments for the appointment of external auditors. From 2023/24 we have been appointed new external auditors for five year period, to audit our accounts, Ernst and Young LLP. You can find details of their audit fees in note 30 to the main financial statements.

## Monitoring our performance during 2024/25

During 2024/25, the Overview and Scrutiny Committee has continued to monitor the Council's performance, in line with the new processes put in place during 2019/20. The approach has continued to be focused on having a wider insight into specific areas, whilst key performance indicators have continued to be monitored internally within each service.

As part of the Committee's performance monitoring role, they received updates from each of the Cabinet members, who outlined the work taking place in their directorate in addition to answering questions from the Committee. These updates are set to continue on an annual basis, with one Cabinet member at each meeting.

In October 2024, the Committee received an update from planning enforcement detailing operational processes. Additionally, the findings of a task and finish group in relation to the Theatre Refurbishment was brought to the Committee detailing lessons learned and recommendations for future projects. Lastly, an update was brought to the Committee detailing the Council's representatives on outside bodies which was noted.

In November 2024, a Cabinet decision was called in which was relating to the declaration of John Shennan Field as a Local Nature Reserve. This has allowed the Committee to ask further questions to the Cabinet Member and officers to receive further information and clarification on the decision. It was decided by the Committee to uphold the decision without any amendments.

In February 2025, the Committee received a joint presentation from the Safer Chelmsford Partnership and Essex Police detailing the work undertaken by the partnership, its impact in the prevention of anti-social behaviour, the structure of the Local Community Police and the Force Plan priorities for 2024-2026.

In March 2025, an update was provided to Members on actions taken following the Climate and Ecological Emergency Action Plan which was agreed in January 2020. Members engaged in the debate and noted the report.

The Committee will continue to monitor performance and receive updates from specific services, during 2025/26, along with receiving updates from each Cabinet member on their directorate

### **Financial Monitoring and Reporting**

As part of the management of our finances, we reported to the Cabinet and the Audit and Risk Committee at various times throughout the year. You can find copies of these reports on our website. The following are the main financial subjects we report on:

- The medium-term financial strategy.
- Setting the Council Tax.
- Revenue estimates.
- Revenue and capital monitoring.
- The outturn and the accounts.
- Treasury management activity.
- Various auditors' reports on the accounts and other matters.

The Council has a revenue and capital monitoring process. During 2024/25 senior managers had access to live monitoring information on our financial system, Management Team and Cabinet Members received an informal quarterly report and in October a report was presented for Cabinet, identifying actions to address any overspends where possible.

Audit and Risk Committee received the provisional Revenue Outturn report to review the key variances and actions identified.

This enables us to identify any financial shortcomings or potential savings throughout the year.

### **Revenue Outturn position**

The analysis of the provisional outturn of the net service revenue expenditure for 2024/25 identified £1.6m underspend compared to the budget.

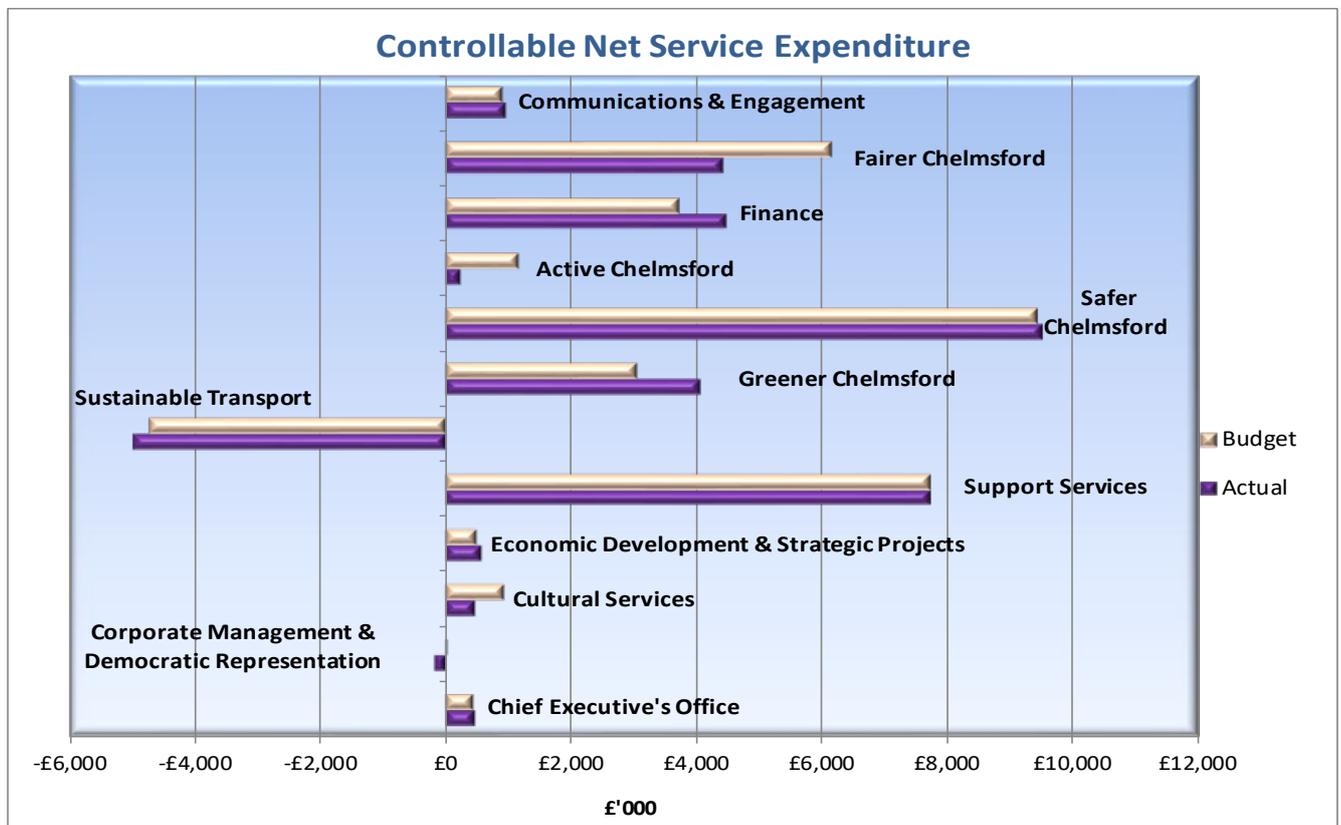
The increased demand for housing and cost of temporary accommodation was one of the main drivers behind Council's expenditure increases in recent years.

Favourably, the case loads were increasing at slower pace than estimated in the budget during 2024/25, resulting in net variance of £1.2 underspend compared to budget. The 2025/26 budget was already realigned to reflect the trend and will be further reviewed as part of the medium-term financial forecast estimates preparation.

The table below shows key service variations:

Reason for net service spend variation	Outturn +over/ -under £m
Employee costs	1.0
Additional cost of 2024/25 Pay Award	0.4
Gas and Electric costs less than budgeted due to lower unit prices	-1.0
Temporary accommodation reduced case load	-1.2
Capital spend written back to revenue	0.7
Saving on Business rates on vacant properties	-0.5
Additional income from Theatre due to increased activity	-0.6
Additional recycling income due to price increases for recycled material	-0.5
Council tax bad debt provision increase following a review	0.5
Reduced Crematorium income, less demand and increased competition	0.5
Additional grant funding towards cost pressures and schemes	-1.2
Leisure centre income partially offset by increased employee costs above	-0.8
Other approved variations to original budget	1.3
<b>Total service variations to latest Approved budget</b>	<b>-1.6</b>

The following graph shows the service revenue outturn against our latest budget.



### Non-Service budgets

The Council had several favourable variations to its non-service income, resulting in reported £3.8m underspend.

The Council is a member of the Essex Business Rates pool which enables us to retain some of the levy that we would otherwise pay over to the Government. The Council remains a member of the Essex Pool in 2025/26. Following publication of the provisional outturn report, the Council received update from the lead authority for the Essex Business Rates pool on income retained by the pool and the council proportion of that income, resulting in a reduction of £0.3m to income from the business rates pool.

The retained business rates income was £4.2m, however, £0.7m of this income will have to be paid to our preceptors in future years. The business rates income is volatile as it is affected by settlements of successful appeals against valuations and changes in the appeals provision. It is the Government's intention to reset the business rates scheme, and the Council may lose some income from the business rates as part of the reset. Therefore, the surplus above the budgeted income was put aside into reserves to deal with future volatility in business rates income.

Due to interest rates remaining at elevated levels for longer period than estimated, slippage in our spend and holding on to one-off contributions, the Council has earned £0.8m of additional interest earnings than originally budgeted for.

Below table shows the main non-service net expenditure variations:

Reason for non-service variations	Outturn +over/ under £m
Additional income from interest earnings	-0.8
Debt repayment reduced due to delay in need to borrow	-0.5
Revenue funding of capital reduced due to delay in spend	-0.3
One-off gain from disposal of the property fund investment	-1.1
Additional One-off grants relating business rates scheme	-0.4
Additional Business rates income	-0.8
<b>Total non-service variations to budget reported in provisional outturn</b>	<b>-3.9</b>
Adjustment for late pooling information	0.3
<b>Total non-service variation to budget</b>	<b>-3.6</b>

The gain from the sale of property fund was a one off gain and was transferred to reserve to mitigate any potential future adverse variations on other funds held by the Council.

The above favourable service and non-service variations contributed to or reduced the use of the general fund and reserves.

### **Medium Term Financial Strategy (MTFS) for 2024/25 to 2028/29**

The Council's Medium-Term Financial Strategy approved each year is the framework the Council uses to put in place the financial resources to deliver its strategic objectives.

The delivery of the Council's objectives has in recent years been in the context of a very challenging financial environment. The published strategies have for over the last decade shown forecast shortfalls of resources compared to the Council's need to fund its current plans and services. These financial forecasts are updated in the February Council meeting which sets Council tax for the following year.

In summary the MTFS and financial planning identify that.

- a target level of unearmarked reserves (to meet general contingencies) should remain at minimum of £9m for 2024/25.
- Individual reserves should be established to manage specific risks, such as fluctuations in rent income.
- Surplus income from the Business Rate Retention is set aside in 2024/25 to create a contingency to cover fluctuations in income or Government funding changes or fund cost of capital spend.
- Council assets and capital spend are managed in the most cost-effective manner.
- Savings and Efficiencies would be identified as part of the budget process.
- Fees and Charges should be reviewed annually.

### **Financial Risks when setting annual budgets.**

The MTFS reported to Cabinet in October 2023 identified the financial risks that were expected in 2024/25. These risks were updated in February and October 2024 but broadly were high inflation, higher than budgeted pay settlements, the costs associated with a rapid rise in homelessness cases and increasing costs of financing the capital programme.

Although the inflation has eased during 2024/25, mainly due to energy costs pressures being less than budgeted, there were still some problem areas such as inflation on maintenance costs of buildings and vehicles fleet that put pressure on Council finances.

The main area affected by inflation has been staff pay which makes up around 50% of Council costs. An increase of 3% was built into budget, but due to continued high costs of living, the final pay award agreed was 2.5% or £1,290, increasing ongoing costs by £0.5m.

The 2023/24 budget was overspent by some £1.8m on homelessness. The 2024/25 budgets were realigned to recognise these increasing costs. However, during 2024/25, the trend for homelessness costs and demand shown an ongoing pressure at a lower level than planned for, resulting in a net favourable variation of £1.2m at March 2025. The budgets for 2025/26 were realigned to recognise this change in trend as part of February 2025 budget setting process and will be reviewed again as part of October 2025 MTFS.

The Council does not have sufficient capital resources available to fund its capital programme and requires the use of borrowing. The revenue costs of financing capital are expected to rise as a consequence of delivering capital programme in accordance with the Our Chelmsford, our plan priorities.

The Council's approach to managing these financial challenges is to use reserves to initially fund the increase in cost, thereby avoiding making service changes. Decisions to fund the increased costs from ongoing sources such as additional income or service reductions will only be made when the long-term implications of the cost pressures are understood. The Council reserves will be managed to provide adequate levels to cover all risks. Should reserve levels fall below targeted levels then the approach to managing costs pressures would have to change.

## Council's principal risks and opportunities

It is the Council's policy to proactively identify, understand and manage the risks inherent in our services and associated with our plans and strategies, so as to:

- encourage responsible, informed risk taking
- reduce exposure to a tolerable level using a justifiable level of resources

The Principal Risk Register is central to the Council's risk management framework. Principal Risks (which may include strategic, operational, project or compliance risks) are those risks which require regular oversight at senior level.

Please find below the Council's Top Principal Risks, along with an assessment of their likelihood of occurrence and measures in place to mitigate them (as required by the Code):

<b>Risk event</b>	<b>Likelihood</b>	<b>Comments</b>
<b>Local Government Review</b> Unification, devolution, legislative changes	Very High	MT are monitoring and assessing the development of LGR and its impacts and will be establishing plans accordingly

<b>Risk event</b>	<b>Likelihood</b>	<b>Comments</b>
<p><b>Asset management funding and replacement</b></p> <p>Inadequate planning and investment in key assets which impacts of the ability to provide services or degrades income earning capacity</p>	Very High	There are a number of properties that require refurbishment or replacement, condition surveys identify requirements, but the necessary work must be planned and budgeted for.
<p><b>Budget and Financial Position</b></p> <p>The sustainability of the Council's financial position is challenged</p>	Very High	Ongoing financial pressures are being monitored and mitigated through Council's Medium-Term Financial Strategy, budget setting, and capital and revenue monitoring cycles
<p><b>Governance - Key person/Succession planning/recruitment and retention</b></p> <p>Loss of key staff may result in a significant loss of knowledge and experience which could seriously impact on service delivery</p>	Very High	Identify dependencies on key persons and implement succession planning
<p><b>Cyber Security</b></p> <p>Malicious attack results in significant loss of sensitive data and/or significant disruption to Council operations</p>	Very High	The Council continues to respond to the increasing cyber threat by completing a programme of work coordinated by its consulting Chief Information Security Officer
<p><b>Chelmer Waterside Development</b></p> <p>The housing and other development potential of Chelmer Waterside may not be realised in accordance with the new Local Plan</p>	Very High	Consultant project managers monitor and report monthly on project risk and performance.
<p><b>Health and Safety</b></p> <p>A serious health and safety incident occurs</p>	Very High	The Council annual Health and Safety (H&S) audit programme continues using H&S specialists, Peninsula

<b>Risk event</b>	<b>Likelihood</b>	<b>Comments</b>
<b>Pandemic</b> Occurrence of another pandemic severely impacts ability to provide key services	Very High	Maintain up to date contingency plans and measures to minimise the potential impact
<b>A12 Widening Project</b> A decision to not fund the previously agreed widening of the A12	Very High	If improvements to Junction 19 are not provided, key strategic sites in the Local Plan may not be deliverable. May result in reputational damage and increased cost

## **Workforce**

The Council's employees play an important role in delivering our objectives and we have clear policies and strategies in place which help to ensure we have the right people with the right skills to deliver quality services to our customers and residents. We continue to invest in staff development and promote regular dialogue through Our Conversations Framework.

Our workforce consists of 53% females and 47% males.

## **Other significant items**

We did not have any material or unusual charges to the accounts or any major changes in statutory functions during 2024/25.

## **5. Statement of responsibilities for the Statement of Accounts**

**This section explains our responsibilities for our financial affairs and how we make sure we fulfil them.**

### **Our responsibilities**

We must:

- Make arrangements for our financial affairs to be managed properly and for one of our officers to be responsible for managing those affairs, that officer is Accountancy Services Manager.
- Manage our affairs to use our resources economically, efficiently and effectively, and to protect our assets.
- Approve the Statement of accounts.

I certify that these accounts were considered and approved by the Audit and Risk Committee, on behalf of Chelmsford City Council.

.....  
**Cllr Nora Walsh**  
**Chair of the Audit and Risk Committee**

.....  
**Date**

### **The Accountancy Services Manager's responsibilities**

The Accountancy Services Manager, Section 151 officer, is responsible for preparing our Statement of accounts in line with the proper practices set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing this Statement of accounts, the Accountancy Services Manager has:

- selected suitable accounting policies and then applied them consistently.
- made judgements and estimates that were reasonable and prudent.
- followed the Code.

The Accountancy Services Manager has also:

- kept proper accounting records that were up to date, and
- taken reasonable steps to prevent and detect fraud and other irregularities.

I certify that the accounts set out in the Statement of accounts present a true and fair view of our financial position at 31 March 2025 and the income and spending for the year ended 31 March 2025.

30/06/2025

.....  
**Phil Reeves**  
**Accountancy Services Manager, Section 151 officer**

.....  
**Date**

## 6. The main financial statements

### Comprehensive income and expenditure statement

**This section is a summary of our spending on services. It also shows where we got the money from.**

The 2023/24 figures in the main financial statements were restated, where required, to reflect the reporting structure during 2024/25. This restatement had no impact on overall totals.

2023/24 Restated Gross spending £ 000	2023/24 Restated Income £ 000	2023/24 Restated Net spending £ 000	Money spent on services direct to the public	Notes	2024/25 Gross spending £ 000	2024/25 Income £ 000	2024/25 Net spending £ 000
358	(4)	354	Chief Executive's Office		447	-	447
338	(341)	(3)	Corporate Management & Democratic Representation		224	(407)	(183)
4,788	(3,549)	1,239	Cabinet Deputy for Cultural Services		5,012	(4,544)	468
2,347	(421)	1,926	Cabinet Deputy for Economic Development & Strategic Projects		2,142	(756)	1,386
8,147	(310)	7,837	Cabinet Deputy for Support Services		8,132	(338)	7,794
3,503	(8,578)	(5,075)	Cabinet Deputy for Sustainable Transport		3,269	(9,028)	(5,759)
13,136	(6,299)	6,837	Cabinet Member for a Greener Chelmsford		20,499	(6,328)	14,171
20,913	(7,774)	13,139	Cabinet Member for a Safer Chelmsford		20,945	(8,372)	12,573
13,387	(14,333)	(946)	Cabinet Member for an Active Chelmsford		14,567	(12,184)	2,383
38,423	(34,118)	4,305	Cabinet Member for Finance		37,133	(32,799)	4,334
20,847	(17,193)	3,654	Deputy Leader and Cabinet Member for a Fairer Chelmsford		22,011	(12,675)	9,336
944	(3)	941	Leader and Cabinet Member for Communications & Engagement		940	(24)	916
	(195)	(195)	Other Service costs/Income			(229)	(229)
127,131	(93,118)	34,013	<b>Spending on current services</b>		135,321	(87,684)	47,637
3,629	(565)	3,064	Other operating expenditure	11	4,240	(680)	3,560
11,982	(13,046)	(1,064)	Financing and investment	12	6,635	(9,595)	(2,960)
29,566	(65,251)	(35,685)	Taxation and general grants	13	30,889	(87,831)	(56,942)
172,308	(171,980)	328	<b>(Surplus) or deficit on Provision of Services</b>		177,085	(185,790)	(8,705)
			<b>Items that will not be reclassified to the Total spending on services</b>				
		13,286	(Surplus) or loss from our assets being revalued				(5,537)
		40,223	Remeasurement of the assets of the pension fund	34			754
			<b>Items that may be reclassified to the Total spending on services</b>				
		-	(Surplus) or loss from financial assets				-
		53,837	<b>Total income and expenditure</b>	25			(13,488)

### Movement in reserves statement

Movement in Reserves	General fund	Capital receipts reserve	Capital grants unapplied (note 36)	Total usable reserves	Unusable reserves (note 22) Restated	Total reserves
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
<b>Balance at 1 April 2023</b>	29,718	580	44,309	74,607	265,468	340,075
Total comprehensive income and expenditure	(328)	-	-	(328)	(53,509)	(53,837)
Adjustments from council tax levied and accounting regulations (note 9)	278	363	(10,908)	(10,267)	10,267	-
Net increase or (decrease)	(50)	363	(10,908)	(10,595)	(43,242)	(53,837)
<b>Balance at 31 March 2024</b>	29,668	943	33,401	64,012	222,226	286,238

Movement in Reserves	General fund	Capital receipts reserve	Capital grants unapplied (note 36)	Total usable reserves	Unusable reserves (note 22)	Total reserves
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
<b>Balance at 1 April 2024</b>	29,668	943	33,401	64,012	222,226	286,238
Total comprehensive income and expenditure	8,705	-	-	8,705	4,783	13,488
Adjustments from council tax levied and accounting regulations (note 9)	(6,701)	(875)	(6,466)	(14,042)	14,042	-
Net increase or (decrease)	2,004	(875)	(6,466)	(5,337)	18,825	13,488
<b>Balance at 31 March 2025</b>	31,672	68	26,935	58,675	241,051	299,726

## Balance sheet

**This section shows our financial position at the end of the financial year.**

31 March 2024	Balance Sheet		Notes	31 March 2025
£ 000				£ 000
	Long-term assets			
208,872	Property, plant and equipment *	14		240,490
54,090	Investment property	14		50,323
243	Intangible assets			141
3,893	Heritage assets *	15		5,346
9,244	Long-term investments	16		9,053
1,051	Long-term debtors			2,424
<b>277,393</b>				<b>307,777</b>
	Current assets			
341	Stocks			313
8,075	Short-term investments	16		-
34,948	Short-term debtors	18		34,245
8,852	Cash in hand and cash equivalents	19		14,176
<b>52,216</b>				<b>48,734</b>
	Current liabilities			
(19,804)	Short-term creditors	20		(25,942)
(5,031)	Short-term borrowing	16		(11,047)
(1,470)	Provisions	21		(1,352)
<b>(26,305)</b>				<b>(38,341)</b>
	Long-term liabilities			
(3,306)	Long-term creditors	37		(7,301)
(563)	Long-term Provisions	21		(999)
(7,885)	Capital grants received in advance	31		(5,484)
(5,312)	Liability relating to our pensions	34		(4,660)
<b>(17,066)</b>				<b>(18,444)</b>
<b>286,238</b>	<b>Net assets</b>			<b>299,726</b>

31 March 2024	Reserves		Notes	31 March 2025
£ 000				£ 000
	Reserves			
64,012	Usable reserves (see Movement in Reserves Statement)			58,675
222,226	Unusable reserves	22		241,051
<b>286,238</b>	<b>Total reserves</b>			<b>299,726</b>

\*Includes right-of-use assets (ROU)

## Cashflow statement

**This section shows what cash we spend and receive.**

2023/24	Cash Flow	Notes	2024/25
£ 000			£ 000
	<b>Operating activities</b>		
328	Net (surplus) or deficit on the provision of services		(8,705)
	<b>Adjustment for non cash movements</b>		
(7,787)	Depreciation		(8,836)
10,362	Impairments and valuation movements		1,665
(114)	Amortisation of intangible assets		(101)
(387)	Movement in provision for bad debts		(1,230)
(3,032)	Movement in debtors		2,059
9,858	Movement in creditors		(5,416)
38	Movement in inventories		(28)
3,483	Movement in pension liability		1,406
(335)	Carrying amount of non-current assets sold		(754)
(462)	Movement in other provisions		(354)
(5,246)	Other non-cash items charged to net surplus or deficit		6,703
	<b>Adjustments for items that are investing and financing activities</b>		
680	Proceeds from sale of property, plant and equipment		704
5,790	Grants received for the financing of capital expenditure		18,851
-	Gain/(Loss) on financial asset sale		(31)
13,176	<b>Net cash (inflow) or outflow from operating activities</b>	23	5,933
	<b>Investing activities</b>		
	<b>Spending</b>		
15,970	Buying non-current assets		21,924
	<b>Income</b>		
(680)	Selling non-current assets		(704)
(7,910)	Capital grants and contributions we received		(19,891)
(117)	Other contributions		137
(18,000)	Investment Inflows		(17,041)
14,000	Investment Outflows		9,000
3,263	<b>Net cash (inflow) or outflow from Investing activities</b>		(6,575)
16,439	<b>Net cash (inflow) or outflow before financing</b>		(642)
	<b>Financing activities</b>		
(5,000)	Cash receipts of short-term borrowing		(11,000)
-	Repayments of short-term borrowing		5,000
403	Finance lease liability		1,318
(4,597)	<b>Cash flow from financing activities</b>	24	(4,682)
11,842	<b>(Increase) or decrease in cash</b>		(5,324)
20,694	<b>Cash balance at the beginning of the year</b>		8,852
8,852	<b>Cash balance at the end of the year</b>		14,176

## 7. Notes to the Main Financial Statement

### 1. Expenditure and funding Analysis

The analysis of income and expenditure shown in the Comprehensive income and expenditure statement includes adjustments made under generally accepted accounting practices. The Expenditure and funding analysis shows how we report to the Management Team and Members and reconciles it to the Comprehensive income and expenditure statement.

The figures for 2023/24 financial year were restated, to reflect reporting structure during 2024/25, this had no impact on overall totals.

2023/24	2023/24	2023/24		2024/25	2024/25	2024/25
Restated	Restated	Restated				
Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting bases	Net Expenditure in Comprehensive Income and Expenditure Statement	<b>Expenditure and Funding Analysis</b>	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting bases	Net Expenditure in Comprehensive Income and Expenditure Statement
£ 000	£ 000	£ 000		£ 000	£ 000	£ 000
365	(11)	354	Chief Executive's Office	463	(16)	447
(3)	-	(3)	Corporate Management & Democratic Representation	(183)	-	(183)
946	293	1,239	Cabinet Deputy for Cultural Services	457	11	468
			Cabinet Deputy for Economic Development & Strategic			
670	1,256	1,926	Projects	549	837	1,386
7,712	125	7,837	Cabinet Deputy for Support Services	7,699	95	7,794
(4,259)	(816)	(5,075)	Cabinet Deputy for Sustainable Transport	(4,996)	(763)	(5,759)
4,320	2,517	6,837	Cabinet Member for a Greener Chelmsford	4,051	10,120	14,171
9,455	3,684	13,139	Cabinet Member for a Safer Chelmsford	9,489	3,084	12,573
1,411	(2,357)	(946)	Cabinet Member for an Active Chelmsford	208	2,175	2,383
4,754	(449)	4,305	Cabinet Member for Finance	4,466	(132)	4,334
3,718	(64)	3,654	Deputy Leader and Cabinet Member for a Fairer Chelmsford	4,412	4,924	9,336
966	(25)	941	Engagement	949	(33)	916
(195)	-	(195)	Other Service costs/Income	(229)	-	(229)
<b>29,860</b>	<b>4,153</b>	<b>34,013</b>	<b>Spending on current services</b>	<b>27,335</b>	<b>20,302</b>	<b>47,637</b>
3,244	(180)	3,064	Other operating expenditure	3,510	50	3,560
(921)	(143)	(1,064)	Financing and investment	(1,434)	(1,526)	(2,960)
(32,133)	(3,552)	(35,685)	Taxation and general grants	(31,415)	(25,527)	(56,942)
<b>50</b>	<b>278</b>	<b>328</b>	<b>Total spending on services</b>	<b>(2,004)</b>	<b>(6,701)</b>	<b>(8,705)</b>

2023/24 £ 000	Movement on General fund Balance (including Earmarked reserves)	2024/25 £ 000
29,718	Opening Balance	29,668
(50)	Surplus/(Deficit)	2,004
29,668	Closing Balance at 31 March	31,672

## 2. General Accounting policies

The Statement of accounts is a summary of our transactions for the financial year 2024/25 and our position at the year-end, 31 March 2025. The content, layout, and general rules we have used to prepare this Statement of accounts are stated in the Accounts and Audit (England) Regulations 2015. These regulations are embodied in the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 a statement of recommended practice ('the Code'), supported by International Financial Reporting Standards.

We use the following accounting policies in preparing the accounts. In order to streamline the accounts and make them simpler and clearer for the reader, we will only include in the published statement of accounts policies that relate to material items in the accounts.

### Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The valuation always assumes any asset is in its most profitable use. The Council measures some of its non-financial assets such as investment properties, surplus assets and some of its financial instruments such as pooled funds. The Council's assets and liabilities for its employee pension scheme are also measured at fair value.

### Going concern

The 'going concern' concept means that we prepare the financial statements on the assumption that our business is financially sound and not about to be liquidated. The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

We have based the valuations and financial data on the assumption that the business will remain in existence for an indefinite period.

An indefinite period means the foreseeable future or long enough for us to meet our objectives and to fulfil our commitments. It is important to note that the 'going

concern' concept assumes that the business will remain in existence long enough for all its assets to be fully used.

The Council has plans to hold a minimum level of reserves of £9m as set out by the Section 151 officer in the Medium-Term Financial Strategy. At the end of the March 2025, the Council held £14.2m in General fund and £17.4m in other earmarked reserves. This included £7.3m balance in business rates reserve, to deal with timing differences in collection and payments of business rates and smooth impact of fluctuations in the business rates income.

There are no concerns over cashflow over the next 12 months. The Council had £14.2m in cash and short-term investment balances as at 31 March 2025. We hold a minimum level of liquidity and have access to debt markets and Public Works Loan Board to manage our liquidity.

### **Overheads**

To present the information on the same basis as our management reporting we do not reallocate the cost of support services to other service lines of the Comprehensive income and expenditure statement.

### **Revenue and capital transactions**

Revenue and capital transactions are recorded on an income and expenditure (accruals) basis. This means we record income and grants, including government grants, in our accounts when we are owed it, rather than when we receive it. Likewise, we record spending in our accounts when we owe it, rather than when we actually make a payment. We do not accrue amounts under £1,000 where they would have no material impact.

Income from contracts with service recipients for goods and services is recorded in our income and expenditure statement when the goods or services are delivered to the service recipient, in accordance with the terms of the contract, rather than when we receive the payment.

We record revenue grants in the service they relate to. If a revenue grant does not relate to a specific service, we have shown it in the Comprehensive income and expenditure statement, below the total spending on services.

Where we are acting as an agent for another organisation (for example when collecting Council Tax and NDR) we only include income and expenditure and amounts owing that belong to us in the Comprehensive income and expenditure statement and Balance sheet. The Collection Fund includes all income and expenditure.

Where we have paid a full year's costs in the year, for example four quarterly electricity bills, we do not accrue amounts paid in advance or amounts owing at the year-end in the Balance sheet. The same applies for rents payable and rents received.

## **Revenue Expenditure Funded from Capital under Statute**

Some items of expenditure can be funded by capital resources under Government Statute even though they do not create an asset owned by the Council. These items of expenditure are charged to the relevant service in the Comprehensive Income and Expenditure Statement but funded by a transfer from the Capital Adjustment Account, so there is no impact on Council tax.

## **Value added tax**

VAT is not shown as spending, unless we cannot claim it back.

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

We need to disclose information relating to the impact of any changes in accounting standards that have been issued but not yet adopted for this financial year but will be used in preparing next year's accounts.

The following new standards require additional disclosures:

- IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.
- IFRS 17 Insurance Contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.
- The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8.

It is not expected that the above changes will have material implications on the Council's accounts.

## **4. Critical judgements in applying accounting policies**

We have made a number of judgements in preparing these accounts and have listed the more important ones below.

## Property and Investment Properties

Valuations require significant judgements to be made. The Council employs relevant experts to identify the most appropriate valuation techniques. The valuations provided reflect the best information available at the time of the production of the accounts. Assets are valued at either Market Value (MV), Existing use value (EUV) or Depreciated Replacement Cost (DRC) for specialised assets. Existing use asset valuations use inputs which can be corroborated as there is reliance on comparable market data. Significant judgement is required in the valuation of specialised assets due to the subjective nature of the valuation process. Valuations are based on the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation. It uses factors such as area, location, age and the condition of the asset.

The impact of changes in valuation are on the Council's Balance sheet and do not have a financial impact on service delivery.

All Investment and Surplus assets are re-valued annually. The valuation date was the 31 December 2024. The valuations are kept under review until 31 March 2025 and if necessary adjusted.

Other Land and Building assets will be valued at least every 5 years unless there is a material change identified in the asset or market that would materially impact the value of the asset.

In addition to the 5-year valuations, DRC Buildings will be indexed annually using an indexation provided by the valuer unless a new valuation is needed.

The carrying value of these assets as at 31/03/2025 is as follows:

- Other Land and Buildings £85m
- Other Land and Buildings DRC £91m
- Surplus £11m
- Investment £50m.

A 1% change in the valuation of these categories would be £2.4m

## Fair Value Measurements

The Code requires many of the Council's assets to be held on the Balance sheet at fair value, which is the price that an independent market participant would pay for the asset as at the balance sheet date.

Where possible, fair value is measured based upon quoted prices for identical assets in an active market (known as level 1 inputs).

However, where such prices are not available, other valuation techniques must be used. These can be based upon observable (level 2) or unobservable (level 3) inputs. Wherever level 1 inputs are not available for material assets or liabilities, we employ relevant experts to identify the most appropriate valuation techniques and to undertake valuations as required. The most significant assets held by the Council and valued using level 2 or level 3 inputs are its investment and surplus properties.

These judgements typically include considerations such as uncertainty and risk. Changes in the assumptions made could affect the value of the Council's assets and liabilities. Significant changes in any of the inputs could result in significantly lower or higher fair values. The value of investment properties measured at Fair Value as at 31/12/2024 was £50m. The value of surplus properties was £11m.

### **IFRS 16 Private Sector Landlord (PSL) Lease Term**

The code requires a lease term to be established based on the period of the lease that is non-cancellable plus any periods covered by an option to extend or cancel where reasonably certain to exercise. The Council has some leases that require the lease term to be assessed as they tend to go beyond the lease term. The Council has 80 Private Sector Landlord (PSL) leases at 31 March where the properties are likely to be leased for longer than the agreed contract term and the likely extension to the term is included in the liability. In assessing this the Council has assumed a take on lease term of 6 years on transition as at 01/04/2024 with a lease liability of £4.95m. If the take on lease term was 7 years, the liability would have been higher by £0.7m and similar, had the lease term been assumed to be 5 years, this would have removed £0.7m from the take on liability.

## **5. Uncertainty about the future and other assumptions**

The Statement of accounts contains estimated amounts that are based on historical knowledge and our judgements of the current and future conditions. There is therefore some uncertainty about the amounts included in the Statement. The most critical amounts estimated are as follows.

<b>Item</b>	<b>Uncertainties</b>	<b>Effect if assumptions change</b>
Bad Debt	The provision for bad debts is uncertain due to the unknown future impact of the current economic situation with rising costs and high inflation. Provision provided is based on the best information available at the time of the production of the accounts.	We have created a provision for our estimate of the amount of debt that we might not be able to collect to the 31 March 2025 for general, housing tenants, HB, NDR and Council Tax debtors. Our share of this provision is £5.3m. This provision reflects assumptions on businesses and individuals and their future ability to repay the money owed to us. Changes to these assumptions will result in a change to the provision.

<p>Property and Investment Properties</p>	<p>Valuations require significant judgements to be made. The Council employs relevant experts to identify the most appropriate valuation techniques.</p> <p>The valuations provided reflect the best information available at the time of the production of the accounts. Assets are valued at either Market Value, Existing use value or Depreciated Replacement Cost (DRC) for specialised assets.</p> <p>Existing use asset valuations use inputs which can be corroborated as there is reliance on comparable market data.</p> <p>Significant judgement is required in the valuation of specialised assets due to the subjective nature of the valuation process. Valuations are based on the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation. It uses factors such as area, location, age and the condition of the asset.</p> <p>Indexations are used to adjust the value of assets.</p>	<p>The impact of changes in valuation are on the Council's Balance sheet and do not have a financial impact on service delivery.</p> <p>All Investment and Surplus assets were valued by the external valuer at 31 December 2024.</p> <p>As the majority of the remaining land and building assets were previously revalued 31 March 2024 they were not scheduled for revaluation. Judgements were made as to whether any of these assets should be revalued or whether the previous valuations should be indexed.</p> <p>A representative sample of the income charging car parks were valued by the external valuer at 31 March 2025 to ascertain whether the yields had changed since the previous valuation. There was no change and the remaining income charging car park valuations were adjusted based on their updated 3-year average income.</p> <p>Assets held as dwellings and with a market value were reviewed by in-house valuers and an indexation applied.</p> <p>An indexation advised by our valuers was applied to all specialised (DRC) buildings assets not valued in year.</p> <p>The carrying value of these assets is as follows: -</p> <ul style="list-style-type: none"> <li>Other Land and Buildings £85m</li> <li>Other Land and Buildings DRC £91m</li> <li>Surplus £11m</li> <li>Investment £50m</li> </ul> <p>A 1% change in the valuation of these categories would be £2.4m.</p> <p>Note 14 provides further details on the value of our assets.</p>
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<b>Item</b>	<b>Uncertainties</b>	<b>Effect if assumptions change</b>
Fair Value Measurement	<p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model).</p> <p>Where Level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the Council's Corporate Property Manager and external valuer). The Council uses level 2 inputs (inputs that can be corroborated by observable market data) for valuing its investment and surplus properties. These valuations have utilised either the site area of the property based on newly agreed lease rents, or through utilising data on new rents of comparable buildings in the local market</p> <p>Where this is not possible judgement is required in establishing fair values (level 3). These judgements typically include considerations such as uncertainty and risk. Changes in the assumptions made could affect the value of the Council's assets and liabilities.</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 notes 14 and 16.</p>	<p>Investment and surplus property inputs are those that are developed using market data, such as publicly available information about actual events or transactions, and that reflect the assumptions that market participants would use when pricing the asset or liability. Professional valuers have applied their opinion where observable market data is applied to each individual property. Level 3 inputs are unobservable inputs that are used to measure fair value in circumstances where market data is not available as there is little, if any, market activity at the measurement date.</p> <p>Significant changes in any of the inputs could result in significantly lower or higher fair values.</p> <p>The value of investment properties measured at Fair Value is £50m and surplus £11m.</p>
Pensions liability	<p>The valuation of the pensions liability depends on many assumptions. The more important of these are how many years pension will be payable for, the change in discount rate for calculating the value of future liabilities, the rate of increase in salaries and pensions and the rate of inflation.</p>	<p>See note 34 for the effects of variations in these items.</p>

## 6. Note to the Expenditure and funding analysis

The following table further explains the funding adjustments made in the Comprehensive income and expenditure statement under generally accepted accounting practices as shown in the Expenditure and funding Analysis in Note 1. The figures for 2023/24 financial year were restated, to reflect the reporting structure during 2024/25. This restatement had no impact on overall totals.

2023/24						
Analysis of adjustments made to arrive at the Comprehensive Income and Expenditure Statement	Adjustments for Capital Charges	Net change for the Pensions Adjustment	Other Statutory Adjustments	Total Statutory Adjustments	Other (Non-statutory) Adjustments Restated	Adjustments between the Funding and Accounting bases
Restated	(Note 1)	(Note 2)	(Note 3)		(Note 4)	
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Chief Executive's Office	-	(11)	-	(11)	-	(11)
Corporate Management & Democratic Representation	-	-	-	-	-	-
Cabinet Deputy for Cultural Services	348	(53)	-	295	(2)	293
Cabinet Deputy for Economic Development & Strategic Projects	1,275	(20)	-	1,255	1	1,256
Cabinet Deputy for Support Services	258	(158)	-	100	25	125
Cabinet Deputy for Sustainable Transport	(735)	(78)	-	(813)	(3)	(816)
Cabinet Member for a Greener Chelmsford	2,636	(224)	-	2,412	105	2,517
Cabinet Member for a Safer Chelmsford	3,861	(309)	-	3,552	132	3,684
Cabinet Member for an Active Chelmsford	(2,165)	(184)	-	(2,349)	(8)	(2,357)
Cabinet Member for Finance	(21)	(646)	218	(449)	-	(449)
Deputy Leader and Cabinet Member for a Fairer Chelmsford	(2,225)	(101)	-	(2,326)	2,262	(64)
Leader and Cabinet Member for Communications & Engagement	-	(25)	-	(25)	-	(25)
Other Service costs/Income	-	-	-	-	-	-
<b>Spending on current services</b>	<b>3,232</b>	<b>-1,809</b>	<b>218</b>	<b>1,641</b>	<b>2,512</b>	<b>4,153</b>
Other operating expenditure	(180)	-	-	(180)	-	(180)
Financing and investment	4,093	(1,674)	(50)	2,369	(2,512)	(143)
Taxation and general grants	(6,709)	-	3,157	(3,552)	-	(3,552)
<b>Total spending on services</b>	<b>436</b>	<b>(3,483)</b>	<b>3,325</b>	<b>278</b>	<b>-</b>	<b>278</b>

2024/25						
Analysis of adjustments made to arrive at the Comprehensive Income and Expenditure Statement	Adjustments for Capital Charges	Net change for the Pensions Adjustment	Other Statutory Adjustments	Total Statutory Adjustments	Other (Non-statutory) Adjustments	Adjustments between the Funding and Accounting bases
	(Note 1)	(Note 2)	(Note 3)		(Note 4)	
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
<b>Chief Executive's Office</b>	-	(16)	-	(16)	-	(16)
<b>Corporate Management &amp; Democratic Representation</b>	-	-	-	-	-	-
<b>Cabinet Deputy for Cultural Services</b>	77	(66)	-	11	-	11
<b>Cabinet Deputy for Economic Development &amp; Strategic Projects</b>	861	(24)	-	837	-	837
<b>Cabinet Deputy for Support Services</b>	247	(177)	-	70	25	95
<b>Cabinet Deputy for Sustainable Transport</b>	(702)	(90)	-	(792)	29	(763)
<b>Cabinet Member for a Greener Chelmsford</b>	10,267	(268)	-	9,999	121	10,120
<b>Cabinet Member for a Safer Chelmsford</b>	3,351	(370)	-	2,981	103	3,084
<b>Cabinet Member for an Active Chelmsford</b>	2,379	(208)	-	2,171	4	2,175
<b>Cabinet Member for Finance</b>	(42)	(126)	36	(132)	-	(132)
<b>Deputy Leader and Cabinet Member for a Fairer Chelmsford</b>	2,831	(128)	-	2,703	2,221	4,924
<b>Leader and Cabinet Member for Communications &amp; Engagement</b>	-	(33)	-	(33)	-	(33)
<b>Other Service costs/Income</b>	-	-	-	-	-	-
<b>Spending on current services</b>	19,269	(1,506)	36	17,799	2,503	20,302
Other operating expenditure	50	-	-	50	-	50
Financing and investment	(386)	100	1,263	977	(2,503)	(1,526)
Taxation and general grants	(27,756)	-	2,229	(25,527)	-	(25,527)
<b>Total spending on services</b>	(8,823)	(1,406)	3,528	(6,701)	-	(6,701)

## 1. Adjustments for Capital Purposes

This column adds depreciation, impairments and revaluation gains and losses in the service lines, and for:

- Other operating expenditure – Capital disposals transferring income on the disposal of the assets and the amounts written off for the assets.
- Financing and investment income and expenditure – The statutory charges for capital financing including minimum revenue provision.
- Taxation and Non-specific grant income and expenditure – Capital grants received during the financial year without any conditions or where conditions were met during the financial year.

## 2. Net Change for the Pension Adjustments

For service lines this represents the removal of the employer pension contributions made by the authority 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 Comprehensive income and expenditure statement.

## 3. Other Statutory Adjustments

This shows any other amounts payable and receivable to be recognised under statute.

For Taxation and general grants this represents the timing difference with regards to the collection fund for income projected to be received and actual income received.

## 4. Other Non-Statutory Adjustments

This represents:

- a removal of transactions between segments of the income and expenditure account,
- removal of Trading accounts income and expenditure and Investment properties income so that they are shown in the Financing and investment line of the Comprehensive income and expenditure account.
- Allocating the cost of principal and interest for leased land and properties (right-of-use assets) to service segments, to reflect the management reporting.

## **7. Major classes of cash receipts and payments (Comprehensive income and expenditure statement)**

The movements in our Comprehensive income and expenditure statement include the following:

- Housing benefit payments £35.9m
- Government grant received in respect of housing benefit paid to the Council £30.6m
- Income from sales, fees and charges and rents £46m
- Employee costs excluding statutory payments on behalf of employees for tax and pensions £33.8m

## **8. Events after the Balance sheet date**

If anything material happens after the end of the year and before we issue the Statement of accounts, we will either amend the accounts if it affects anything we reported on in the year or add a note to say how it will affect future years.

## **9. Adjustments to expenditure to arrive at the final charge to council tax**

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### **Accounting Policy**

We set aside specific amounts as reserves for future purposes, or to cover contingencies, or to deal with the local authority legal requirements for capital and pension accounting. Reserves are created by moving amounts from the General fund in the Movement in reserves statement. When we incur expenditure that is due to be financed from a reserve, we charge it to the appropriate service in the Comprehensive income and expenditure statement. We credit the statement with an equal amount transferred from the reserve so that there is no charge to council tax.

The following are the main reserves we include in the Balance sheet.

Capital adjustment account	Includes amounts we have set aside to pay for fixed assets. It also includes capital receipts we have set aside to repay loans and other capital financing transactions, and revaluation gains before 1 April 2007. This is an unusable reserve.
Capital receipts reserve	Represents the money we have received, but not yet spent, from selling assets. This is a usable reserve.
Earmarked reserves	These are usable reserves set aside for a specific purpose.

Pension reserve	Represents the shortfall or surplus on assets needed to cover our future pension costs. This is an unusable reserve.
Revaluation reserve	Shows changes in the value of our fixed assets caused by revaluing them. It only has revaluation gains recognised after 1 April 2007. Any gains before that date are shown in the Capital adjustment account. This is an unusable reserve.

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The General fund balance movements include movements in Earmarked reserves, which are set aside for specific purposes. The detail of these can be found in note 10.

Movements in 2023/24	General fund	Capital receipts reserve	Capital grants unapplied	Total usable reserves	Unusable reserves Restated	Total reserves
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
<b>Reversal of items included in the Comprehensive income and expenditure statement (CI&amp;ES)</b>						
Depreciation and impairment of non-current assets	(7,787)	-	-	(7,787)	7,787	-
Revaluation losses on property, plant and equipment	10,362	-	-	10,362	(10,362)	-
Change in the market value of investment properties (+gain/-loss)	(5,794)	-	-	(5,794)	5,794	-
Amortisation of intangible assets	(114)	-	-	(114)	114	-
Capital grants and contributions applied to capital financing	919	-	-	919	(919)	-
Revenue expenditure funded from capital under statute	(5,693)	-	-	(5,693)	5,693	-
Gain or loss on the disposal of non-current assets	(219)	(116)	-	(335)	335	-
Unrealised gain or loss on Investments	50	-	-	50	(50)	-
<b>Inclusion of items not included in the CI&amp;ES</b>						
Statutory provision for the financing of capital investment	812	-	-	812	(812)	-
Capital expenditure charged to the General Fund	889	-	-	889	(889)	-
<b>Adjustments involving the capital receipts reserve</b>						
Asset sale proceeds credited to the CI&ES	565	(799)	-	(234)	234	-
Bad debt provision for Capital receipts debtors	(166)	166	-	-	-	-
Use of capital receipts to fund new capital spending	-	386	-	386	(386)	-
<b>Adjustments involving the capital grants unapplied account</b>						
Reversal of unapplied capital grants and contributions credited to the CI&ES	4,815	-	(4,815)	-	-	-
CIL grant	975	-	(975)	-	-	-
Grants applied to capital financing	-	-	16,698	16,698	(16,698)	-
<b>Adjustments involving the pension reserve</b>						
Reversal of post-employment benefits charged to the CI&ES	(3,467)	-	-	(3,467)	3,467	-
Employer's pension contributions paid in the year	6,950	-	-	6,950	(6,950)	-
<b>Adjustments involving the collection fund adjustment account</b>						
Adjustment for Council Tax collection fund income	85	-	-	85	(85)	-
Adjustment for Non-domestic rates collection fund income	(3,242)	-	-	(3,242)	3,242	-
<b>Adjustments involving the accumulating compensated absences adjustment account</b>						
Difference between costs charged under statutory requirements and those actually charged to the CI&ES	(218)	-	-	(218)	218	-
<b>Total adjustments</b>	<b>(278)</b>	<b>(363)</b>	<b>10,908</b>	<b>10,267</b>	<b>(10,267)</b>	<b>-</b>

Movements in 2024/25	General fund	Capital receipts reserve	Capital grants unapplied	Total usable reserves	Unusable reserves	Total reserves
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
<b>Reversal of items included in the Comprehensive income and expenditure account (CI&amp;ES)</b>						
Depreciation and impairment of non-current assets	(8,836)	-	-	(8,836)	8,836	-
Revaluation losses on property, plant and equipment	1,665	-	-	1,665	(1,665)	-
Change in the market value of investment properties (+gain/-loss)	(1,444)	-	-	(1,444)	1,444	-
Amortisation of intangible assets	(101)	-	-	(101)	101	-
Capital grants and contributions applied to capital financing	3,019	-	-	3,019	(3,019)	-
Revenue expenditure funded from capital under statute	(11,997)	-	-	(11,997)	11,997	-
Gain or loss on the disposal of non-current assets	(730)	(24)	-	(754)	754	-
Unrealised gain or loss on Investments	(191)	-	-	(191)	191	-
Gain or (loss) on Right of Use assets recognised at Fair Value	5,886	-	-	5,886	(5,886)	-
<b>Inclusion of items not included in the CI&amp;ES</b>						
Realised (gain) or loss on investment	(1,072)	-	-	(1,072)	1,072	-
Statutory provision for the financing of capital investment	1,827	-	-	1,827	(1,827)	-
Capital expenditure charged to the General Fund	3	-	-	3	(3)	-
<b>Adjustments involving the capital receipts reserve</b>						
Unattached asset sale proceeds and loans repaid credited to the CI&ES	680	(740)	-	(60)	60	-
Bad debt provision for Capital receipts debtors	-	-	-	-	-	-
Use of capital receipts to fund new capital spending	-	1,639	-	1,639	(1,639)	-
<b>Adjustments involving the capital grants unapplied account</b>						
Reversal of unapplied capital grants and contributions credited to the CI&ES	15,249	-	(15,249)	-	-	-
CIL grant	3,602	-	(3,602)	-	-	-
Grants applied to capital financing	-	-	25,317	25,317	(25,317)	-
<b>Adjustments involving the pension reserve</b>						
Reversal of post-employment benefits charged to the CI&ES	(5,240)	-	-	(5,240)	5,240	-
Employer's pension contributions paid in the year	6,646	-	-	6,646	(6,646)	-
<b>Adjustments involving the collection fund adjustment account</b>						
Adjustment for Council Tax collection fund income	(405)	-	-	(405)	405	-
Adjustment for Non-domestic rates collection fund income	(1,824)	-	-	(1,824)	1,824	-
<b>Adjustments involving the accumulating compensated absences</b>						
Difference between costs charged under statutory requirements and those actually charged to the CI&ES	(36)	-	-	(36)	36	-
<b>Total adjustments</b>	<b>6,701</b>	<b>875</b>	<b>6,466</b>	<b>14,042</b>	<b>(14,042)</b>	<b>-</b>

## 10. An assessment of our earmarked reserves

The following table shows details of movements in these reserves.

<b>Earmarked Reserves</b>	<b>Business Rates Reserve</b>	<b>Future replacement of assets</b>	<b>Other reserves</b>	<b>Total earmarked reserves</b>
	£ 000	£ 000	£ 000	£ 000
Balance at 31 March 2023	806	2,959	6,525	10,290
Transfers in	6,183	17	3,390	9,590
Transfers out	(498)	(953)	(3,397)	(4,848)
Balance at 31 March 2024	6,491	2,023	6,518	15,032
Transfers in	3,249	16	4,129	7,394
Transfers out	(2,493)	(37)	(2,464)	(4,994)
Balance at 31 March 2025	7,247	2,002	8,183	17,432

### **Business Rates Reserve**

To manage timing differences from payments and income from Business Rates Retention scheme as well as smooth any unexpected impact of fluctuations in business rates appeal on income collected.

### **Future replacement of assets Reserve**

To manage the cost of future spend on asset replacements.

## 11. Other operating expenditure

2023/24 Gross spending £ 000	2023/24 Income £ 000	2023/24 Net spending £ 000	<b>Other operating expenditure</b>	2024/25 Gross spending £ 000	2024/25 Income £ 000	2024/25 Net spending £ 000
3,244	-	3,244	Parish council precepts	3,510	-	3,510
219	-	219	(Gain) or losses on disposal of non-current assets	730	-	730
166	(565)	(399)	(Gain) or losses on disposal of unattached assets	-	(680)	(680)
3,629	(565)	3,064		4,240	(680)	3,560

## 12. Financing and investments

2023/24 Gross spending Restated £ 000	2023/24 Income £ 000	2023/24 Net spending £ 000		2024/25 Gross spending £ 000	2024/25 Income £ 000	2024/25 Net spending £ 000
			<b>Financing and investments</b>			
-	(2,884)	(2,884)	Interest and investment income	-	(1,835)	(1,835)
262	-	262	Interest we have to pay	581	-	581
-	-	-	Investment income or loss	31	-	31
-	(50)	(50)	Other unrealised investment income or loss	191	-	191
-	(1,674)	(1,674)	Pensions interest (note 34)	100	-	100
3,979	(4,245)	(266)	(Gains) or losses on trading operations (note 26)	3,957	(4,259)	(302)
5,794	-	5,794	Revaluation of investment properties	1,444	-	1,444
1,947	(4,193)	(2,246)	Investment properties (note 26)	331	(3,501)	(3,170)
<b>11,982</b>	<b>(13,046)</b>	<b>(1,064)</b>		<b>6,635</b>	<b>(9,595)</b>	<b>(2,960)</b>

## 13. Taxation and non-specific grants

2023/24 Gross spending £ 000	2023/24 Income £ 000	2023/24 Net spending £ 000		2024/25 Gross spending £ 000	2024/25 Income £ 000	2024/25 Net spending £ 000
			<b>Taxation &amp; general grants</b>			
-	(30,939)	(30,939)	National non-domestic rates	-	(31,474)	(31,474)
29,285	(5,382)	23,903	Government tariff and s31 grants	30,708	(6,154)	24,554
-	(18,356)	(18,356)	Demand on the collection fund	-	(18,795)	(18,795)
281	(10,574)	(10,293)	Capital grants, New homes bonus, contributions to/from the Business rates pool and other grants and contributions	181	(31,408)	(31,227)
<b>29,566</b>	<b>(65,251)</b>	<b>(35,685)</b>		<b>30,889</b>	<b>(87,831)</b>	<b>(56,942)</b>

## 14. Movements on our assets

### Accounting policies

#### Charges to Revenue for Assets

We charge service revenue accounts, central support services and trading undertakings for all the fixed assets (non-current assets) they use to provide their services. There are depreciation charges that cover the estimated loss in value over time of physical assets with lives in excess of one year, that each service has used which are spread on a straight-line basis over the asset's life.

### Investment Properties

Investment properties are those we use solely to earn rentals or hold in the expectation that they will increase in value. The property cannot be used to deliver Council services.

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 a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually 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 but reverse them out before they affect council tax. The same treatment is applied to gains and losses on disposal.

We credit rental income from the properties to the Financing and investment income line in the accounts.

### Property, Plant and Equipment (PPE)

Physical assets are used in providing Council services. They must provide benefit for more than one financial year to be recorded on the Council's balance sheet.

Spending on capital assets is recorded in our accounts when the work has been done, or when the asset has been delivered to us, rather than when we actually pay for it.

Different types of assets are recorded as follows:

- Vehicles and equipment such as freighters, computers or lawnmowers are held at cost of buying them and are depreciated over their life on a straight-line basis.
- Community assets such as parks are held at historic cost, unless the external valuers identify a more appropriate value.
- Infrastructure such as bridges are held at depreciated historical cost.
- Other assets such as land and buildings are valued at a price that would be paid for the asset in its existing use (EUV). Where there is no market-based evidence because the asset is so specialised, they are valued at depreciated replacement cost (DRC).
- Assets Held for Sale, when it becomes highly likely that an asset will be sold then the asset is revalued immediately before reclassification and then carried at the lower of this amount and its fair value less costs to sell. It should be newly classified as a current asset and no longer depreciated.
- Surplus assets are those not being used to deliver services, but which do not meet the criteria to be classified as either investment properties or assets held for sale. The fair value of surplus assets is the price that would be received to sell an asset or paid to transfer a liability in an

orderly transaction between market participants at the measurement date.

All Investment and Surplus assets will be re-valued annually. The valuation date is 31 December 2024.

Other Land and Building assets will be valued at least every 5 years with annual reviews to ensure valuations remain accurate. If there is a material change identified in the asset (e.g. capital expenditure) then the need for an updated valuation will be reviewed.

Within the 5-year revaluation cycle, indexation rather than seeking a new valuation will be used in following circumstances;

- Buildings previously valued using Depreciated Replacement Cost, that have not been valued in year will be indexed using advice from the Council's valuer.
- Assets valued using the Existing Use Value method will be reviewed annually and if considered necessary a new valuation will be made. If not revalued, indexation will be applied where there is a material change in the wider market that would apply to Council owned assets.

The valuation date for 2024/25 is 31 March 2025.

Increases in revaluations result in the property, plant and equipment values rising and a credit being made to the Revaluation reserve to recognise the unrealised gain. The unrealised gain means the asset is now worth more, but we have not sold it and realised that gain. Sometimes, if the asset had previously suffered a loss, the gain on revaluation will be credited to the Comprehensive income and expenditure statement, but the effect will be removed before it affects council tax.

We charge decreases in valuations as follows:

- If there is a balance on the Revaluation reserve from previous gains, we charge decreases against those gains.
- If there is no balance on the Revaluation reserve or if it is insufficient, we charge the shortfall to the Comprehensive income and expenditure statement. This is reversed out before it affects council tax.

Sometimes an asset falls in value because part of it has broken or worn out (impairment), for example if a roof starts to leak and needs to be replaced. The Council reviews its assets annually for these impairments. When an impairment occurs, we charge it as follows:

- When there is a balance in the Revaluation reserve, the impairment will be charged there.
- Where there is no balance on the Revaluation reserve, we make a charge to the service that uses the asset. This is reversed out before it affects council tax.

When we are deciding whether to reduce the value of our assets, we use the following rules:

We reduce the value of most of our assets steadily throughout their useful lives from the time they are ready for use (depreciation or amortisation). The exceptions to this are community assets, freehold investment properties and other assets held for sale (but only from the date we have decided to sell them). Land is not depreciated.

If the Council still owns equipment and intangible assets where they are fully depreciated, we take a decision to revalue them only if their value is over £10,000. Otherwise, the asset is written out of the Balance sheet on disposal.

The useful lives we have decided on for our assets are estimates and depend on the type of asset. We have set out below the shortest and longest time we expect each type of asset to be valuable:

- Buildings 5-50 years
- Vehicles and equipment 2-25 years

We decide each year whether the useful lives figures are still appropriate.

Any gain in the value of the asset recorded in the Revaluation reserve is reduced every year as the asset depreciates. This reflects the change in value as an asset wears out or becomes less useful. It is generally the cost to buy the asset minus any money we expect to gain from selling the asset, divided by the number of years the asset will be useful. We show the falling value of assets through a charge to the Capital adjustment account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. Proceeds from the disposal of capital assets are categorised as capital receipts.

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Independent external valuers are used to revalue our properties. The valuations for Investment and Surplus assets were undertaken by Montagu Evans on the 31 December 2024. Other assets valued were 31 March 2025. The following assets were valued in 2024/25: -

- All Investment Properties
- All Surplus Assets
- A representative sample of 7 income charging car parks.
- Specialised assets - Lionmede Park Tennis courts where the asset had been materially improved during the year.
- Specialised right-of-use assets with peppercorn leases were valued at 1 April 2024 for IFRS16 transition.

For the specialised assets not valued by Montagu Evans an indexation based on BCIS of 2.3% was applied to the buildings to reflect the increased replacement cost of the assets. This indexation rate was provided by Montagu Evans.

Based on the results of the representative sample of the income-charging car park valuations the remaining income-charging car parks valuations were increased based on the updated average three-year income. The increase in valuations was £4.1m. The gross carrying value of these assets is £34m.

A review of the other assets was undertaken to ascertain whether any additional indexation was required. This resulted in the indexation of dwellings which are held at market value. This was reviewed by in-house valuers and an indexation of 2.56% was applied against the previous valuations. The increase in valuations was £0.6m. The gross carrying value of these assets is £25m.

The assets the Council holds have not materially altered but there are changes to value and/or economic lives of assets. The impact of these changes does not result in any real change in the financial health of the authority or its ability to provide its services.

#### Major Changes to the Value of our Assets

The change in value of our commercial office accommodation is a decrease of £1.5m or 8% compared to 2023/24. These are now valued at £16.4m. This reduction is mainly due to one property which is currently vacant and due for a full refurbishment prior to letting.

All valuations are in line with the Statement of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors. The valuer did not inspect all our properties, as this was not possible or necessary.

<b>PROPERTY, PLANT AND EQUIPMENT (NON-CURRENT ASSETS)</b>	<b>Other land and buildings</b>	<b>Vehicles and equipment</b>	<b>Infra-structure</b>	<b>Community assets</b>	<b>Assets being built</b>	<b>Surplus assets</b>	<b>Total</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
Net book value on 1 April 2023 (after depreciation)	171,434	9,893	200	5,217	8,567	8,933	204,244
Total book value on 1 April 2023	171,950	22,509	227	5,217	8,567	8,933	217,403
Assets we have transferred	446	134	-	-	(1,899)	1,180	(139)
Assets we have bought, improved or were donated	701	1,895	-	-	12,728	-	15,324
Adjustment to accruals for assets we bought	-	-	-	-	-	-	-
Assets we have sold or disposed of	(264)	(366)	-	-	-	-	(630)
Assets no longer required	-	(518)	-	-	-	-	(518)
Assets we have impaired	-	-	-	-	-	-	-
Assets revalued recognised in the revaluation reserve	(18,578)	-	-	91	-	(400)	(18,887)
Assets revalued - recognised in the surplus/deficit on provision of	11,282	-	-	-	-	(920)	10,362
<b>Total book value on 31 March 2024</b>	<b>165,537</b>	<b>23,654</b>	<b>227</b>	<b>5,308</b>	<b>19,396</b>	<b>8,793</b>	<b>222,915</b>
Depreciation on 1 April 2023	516	12,616	27	-	-	-	13,159
Assets we have transferred	-	-	-	-	-	-	-
Revaluation adjustment	-	-	-	-	-	-	-
Amounts written out on assets we have disposed of	(8)	(810)	-	-	-	-	(818)
Impairments recognised in the cost of provision of services	-	-	-	-	-	-	-
Impairments recognised in the revaluation reserve	-	-	-	-	-	-	-
Impairments written out	-	-	-	-	-	-	-
Depreciation written out	(5,667)	-	-	-	-	(419)	(6,086)
Depreciation for the year	5,232	2,129	8	-	-	419	7,788
Depreciation on 31 March 2024	73	13,935	35	-	-	-	14,043
<b>Net book value on 31 March 2024 (after depreciation)</b>	<b>165,464</b>	<b>9,719</b>	<b>192</b>	<b>5,308</b>	<b>19,396</b>	<b>8,793</b>	<b>208,872</b>

<b>PROPERTY, PLANT AND EQUIPMENT (NON-CURRENT ASSETS)</b>	<b>Other land and buildings</b>	<b>Vehicles and equipment</b>	<b>Infra-structure</b>	<b>Community assets</b>	<b>Assets being built</b>	<b>Surplus assets</b>	<b>ROU Land and Buildings - leases</b>	<b>Total</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
Net book value on 1 April 2024 (after depreciation)	165,464	9,719	192	5,308	19,396	8,793	-	208,872
Adjustment for IFRS16 Transition	3,615	545	-	-	-	-	4,971	9,131
Adjusted Net Book Value 01/04/2024 (after depreciation)	169,079	10,264	192	5,308	19,396	8,793	4,971	218,003
Total book value on 1 April 2024	165,537	23,654	227	5,308	19,396	8,793	-	222,915
Adjustment for IFRS16 Transition	3,615	545	-	-	-	-	4,971	9,131
Adjusted Total book value on 1 April 2024	169,152	24,199	227	5,308	19,396	8,793	4,971	232,046
Assets we have transferred	1,801	15	318	-	(3,755)	3,325	-	1,704
Assets we have bought, improved or were donated	1,999	2,143	-	521	17,622	-	-	22,285
Adjustment to asset value lease modification	-	-	-	-	-	-	65	65
Assets we have sold or disposed of	(709)	(518)	-	-	-	-	-	(1,227)
Assets no longer required	-	(587)	-	-	-	-	-	(587)
Assets we have impaired	-	-	-	-	-	-	-	-
Assets revalued recognised in the revaluation reserve	2,065	-	-	(106)	-	(149)	-	1,810
Assets revalued - recognised in the surplus/deficit on provision of services	2,474	-	-	-	-	(809)	-	1,665
<b>Total book value on 31 March 2025</b>	<b>176,782</b>	<b>25,252</b>	<b>545</b>	<b>5,723</b>	<b>33,263</b>	<b>11,160</b>	<b>5,036</b>	<b>257,761</b>
<b>Depreciation on 1 April 2024</b>	<b>73</b>	<b>13,935</b>	<b>35</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,043</b>
Assets we have transferred	(2)	-	-	-	-	-	-	(2)
Revaluation adjustment	-	-	-	-	-	-	-	-
Amounts written out on assets we have disposed of	(27)	(1,034)	-	-	-	-	-	(1,061)
Impairments recognised in the cost of provision of services	-	-	-	-	-	-	-	-
Impairments recognised in the revaluation reserve	-	-	-	-	-	-	-	-
Impairments written out	-	-	-	-	-	-	-	-
Depreciation written out	(4,376)	-	-	-	-	(169)	-	(4,545)
Depreciation for the year	5,324	2,431	8	-	-	232	841	8,836
Depreciation on 31 March 2025	992	15,332	43	-	-	63	841	17,271
<b>Net book value on 31 March 2025 (after depreciation)</b>	<b>175,790</b>	<b>9,920</b>	<b>502</b>	<b>5,723</b>	<b>33,263</b>	<b>11,097</b>	<b>4,195</b>	<b>240,490</b>

The above table shows the breakdown of our assets by category including right-of-use assets, the detail of right-of-use assets included in the other land and buildings and equipment can be seen in note 33 that provides detail breakdown for our right-of use assets.

FAIR VALUE OF PROPERTY, PLANT AND EQUIPMENT	Other land and buildings	Vehicles and equipment	Infra-structure	Community assets	Assets being built	Surplus	ROU Land and Buildings - leases	Total
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Historic cost	2,873	25,252	545	5,401	33,263	-	5,036	72,370
Carrying fair value at:								
31 March 2025	140,745	-	-	205	-	11,160	-	152,110
31 March 2024 (valuation date 31/03/2024 )	33,043	-	-	117	-	-	-	33,160
31 March 2023 (valuation date 31/03/2023 )	121	-	-	-	-	-	-	121
31 March 2022 (valuation date 31/03/2022 )	-	-	-	-	-	-	-	-
31 March 2021 (valuation date 31/03/2021 )	-	-	-	-	-	-	-	-
<b>Total</b>	<b>176,782</b>	<b>25,252</b>	<b>545</b>	<b>5,723</b>	<b>33,263</b>	<b>11,160</b>	<b>5,036</b>	<b>257,761</b>

Surplus Properties Recurring fair value measurements using:	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2024
	£ 000	£ 000	£ 000
Balance on 31 March 2024	8,498	295	8,793
Balance on 31 March 2025	10,767	330	11,097

INVESTMENT PROPERTIES (NON-CURRENT ASSETS)	2023/24	2023/24	2023/24	2024/25	2024/25	2024/25
	Assets being built	Assets	Total	Assets being built	Assets	Total
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Balance on 1 April	1,009	57,899	58,908	-	54,090	54,090
Additions						
Properties we bought	-	-	-	-	-	-
Properties we built	-	-	-	-	-	-
Properties we improved	(962)	2,221	1,259	26	5	31
Disposals		(4)	(4)	-	-	-
Net gain or (loss) from fair value adjustments	-	(5,794)	(5,794)	-	(1,444)	(1,444)
Transfers (to) or from						
Stocks	-	-	-	-	-	-
Property, plant and equipment	-	(232)	(232)	-	(2,354)	(2,354)
Other changes	(47)	-	(47)	-	-	-
<b>Balance on 31 March</b>	<b>-</b>	<b>54,090</b>	<b>54,090</b>	<b>26</b>	<b>50,297</b>	<b>50,323</b>

The table above shows that a net £2.354k has been transferred from investment to surplus assets. Following a purchase of further land, £2.382k of land previously held under investment as development sites has been merged with existing surplus assets toward creating a parcel of land with the intention to use it for a future housing development in the city centre. The remaining £28k balance is for an asset, previously held as Land and Buildings which has been moved to Investment assets, following a new commercial lease agreement.

The operating costs and income from our investment properties can be found in note 26 of the notes to the main financial statements.

Recurring fair value measurements using:	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2024
	£ 000	£ 000	£ 000
Commercial Site	17,912	-	17,912
Development site	3,273	383	3,656
Pending Sale	-	-	-
Residential (market rental) properties	280	-	280
Retail Sites	32,242	-	32,242
<b>Balance on 31 March 2024</b>	<b>53,707</b>	<b>383</b>	<b>54,090</b>

Recurring fair value measurements using:	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2024
	£ 000	£ 000	£ 000
Commercial Site	16,460	-	16,460
Development site	1,329	-	1,329
Pending Sale	-	-	-
Residential (market rental) properties	332	-	332
Retail Sites	32,202	-	32,202
<b>Balance on 31 March 2025</b>	<b>50,323</b>	<b>-</b>	<b>50,323</b>

The categorisation inputs of assets involves the valuers making a judgement based on the latest available information. The £383k previously shown as input level 3 has been transferred to surplus assets and merged with other land with input level 2.

## Funding our capital expenditure

The Capital Finance Requirement (CFR) is a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

The opening balance for our CFR has increased by £5.4m due to the liability calculated from the IFRS16 transition effective from 1 April 2024.

We incurred the following amounts of capital expenditure in the year and these are shown together with a statement of the resources used to finance the expenditure below. The CFR balance is £45.4m. At the end of the year, we have an external debt liability of £5.8m outstanding on finance leases including the right-of-use assets, and £39.6m from capital expenditure funded by borrowing. This is split between external borrowing of £11m and internally borrowing of £28.6m.

<b>CAPITAL EXPENDITURE AND CAPITAL FINANCING</b>	<b>2023/24</b>	<b>2024/25</b>
	<b>£ 000</b>	<b>£ 000</b>
Opening capital finance requirement at 1 April	35,366	37,579
Take on liability IFRS16 Conversion		5,409
<b>Total Opening capital finance requirement at 1 April</b>	<b>35,366</b>	<b>42,988</b>
Expenditure on		
Property plant and equipment	14,950	21,717
Investment properties	1,212	31
Heritage assets	-	-
Intangible assets	10	-
Revenue expenditure funded from capital under statute and Loans	5,745	12,456
Lease modifications additional liability		65
Less sources of finance		
Capital receipts	(386)	(1,639)
Government grants and other contributions	(17,617)	(28,337)
Revenue funding	(889)	(3)
Minimum revenue provision	(812)	(1,827)
<b>Capital financing requirement at 31 March</b>	<b>37,579</b>	<b>45,451</b>
Movement in year	2,213	2,463
Breakdown for the movement in year:		
Increase in underlying need to borrow	2,401	3,913
Assets acquired under Finance Leases	624	312
Lease modifications right-of-use assets	-	65
Minimum Revenue Payment Provision	(812)	(1,827)
<b>Increase/(decrease) in capital financing requirement</b>	<b>2,213</b>	<b>2,463</b>

## 15. Heritage assets

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### Accounting Policies

#### Heritage assets

Heritage assets are items the Council owns that have historic importance. These may be on display in the Council's museums or in safe storage. The Council has, since 2011/12, been required to include valuations of its heritage assets in its accounts.

The Council records its heritage assets under the following headings:

1. Archaeology and Numismatics
2. Pottery, drinking glasses and pewter
3. Works of art
4. Natural History taxidermy, botanical and geological specimens
5. Social, agricultural and industrial history, including costume
6. Statues
7. Mayor's office

The Council will review its Heritage assets as follows:-

Statues will be based on historical cost allowing for indexation.

Other categories are based on the service held valuations. These valuations have been made using a range of methods; external valuers, previous in house experts, indexation and average valuations for groups of items.

The Council can add to its collection. However, these are not expensive or numerous purchases of heritage assets. We occasionally receive donated items, and these will be recorded at valuation on their acceptance by the Council if significant.

We revalue any heritage assets that suffer damage. We do not normally dispose of or sell heritage assets.

The collections of the Essex Regiment Museum are owned by separate Trustees, on loan to the Council. An agreement is currently in the process of being re-negotiated. These assets will be included on our Balance sheet under right-of-use assets due to the IFRS 16 standard being adopted from 1<sup>st</sup> April 2024.

#### Heritage Valuers

We have previously used the following external valuers to value our heritage assets:

- David S. Moulson, MBE, BSc (pewter valuations)
- Sotheby's the auction house, Seabys (international coin sellers) and J & S Rogers (silversmiths)
- Robert Dalgety
- Sworders

### Heritage assets by category

Heritage Assets	Archaeology and Numismatics	Natural History taxidermy, botanical and geological specimens	Pottery, drinking glasses and pewter	Social, agricultural & industrial history, including costume	Statues	Mayor's Office	Works of Art	Essex Regiment Collection (Right-of-use assets)	Total
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
31 March 2023	250	254	541	1,302	538	294	1,200	-	4,380
Additions	-	-	-	-	-	-	-	-	-
Revaluations	(71)	(37)	(40)	(194)	140	-	(285)	-	(487)
31 March 2024	179	217	501	1,108	678	294	915	-	3,893
1st April take on	-	-	-	-	-	-	-	2,271	2,271
Additions	-	-	-	-	-	-	-	-	-
Revaluations	(80)	(199)	24	(540)	22	-	(44)	-	(817)
31 March 2025	99	18	525	568	700	294	871	2,271	5,346

### Commentary on movements

The movement in heritage assets in 2024/25 results from a review. The council has taken the opinion it is not practicable or useful to provide a valuation for individual items that are too low in value or not appropriate to insure.

The Essex Regiment collection loaned to us has been recognised as right-of-use assets from 2024/25 at £2.27m based on the insurance valuation, to comply with the new IFRS16 accounting standard.

### Overview of our collection

Heritage assets owned by Chelmsford City Council are held by the Museums Service. Most are displayed at the Chelmsford Museum in Oaklands Park or stored in a warehouse at South Woodham Ferrers.

The industrial and agricultural collections are held at Sandford Mill where they are displayed or stored.

Some works of art and other items are displayed at Hylands House.

Mayoral regalia and mayoral gifts are held at the Civic Centre.

Chelmsford Museum is accredited with the Arts Council England Scheme (Number 579), which recognises minimum required standards for collections, care, visitor services and constitutional arrangements.

The Museum collection is added to from time to time, mainly through donation of objects by members of the public, but also by some purchase of objects. An Acquisition & Disposals Policy sets out the different strengths of the collection, current collecting themes, and criteria for collecting (broadly, items made or used in

the City of Chelmsford). No material purchases or disposals have occurred in the last two years.

## **16. Categories of financial assets and liabilities**

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### **Accounting policy**

#### **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 measure at

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

Examples of these are main classes are shown below

- Deposits with banks, building societies, the Government or other UK local authorities. These assets generate payments solely of principal and interest. We must show their value on the balance sheet, including interest yet to be paid to the Council. Any interest received or due at the balance sheet date is shown in the comprehensive income and expenditure statement. These types of investment are measured at amortised cost in accordance with IFRS9.
- We also invest some money in Pooled Investment Funds. Payments from these funds are not solely principal and interest as they are equity instruments with the Council earning dividends and redeeming shares at the prevailing market rate. The Council accounts for these as Fair Value through Profit and Loss (FVPL) in accordance with IFRS9.
- The income from the “FVPL” investments is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable.
- If the value of an FVPL asset changes from the price that it was originally invested at then the balance sheet shows the investment at its valuation at the balance sheet date. The difference between these values, being an unrealised gain or loss is charged to revenue and reversed out to the Pooled Funds Adjustment Account before it has any impact on Council Tax. The cumulative gain or loss held in the Pooled Funds Adjustment Account is charged to Comprehensive Income and Expenditure Statement when the investment is sold.

## **Financial liabilities**

Financial liabilities are recognised on the Balance sheet when the Council becomes party to the contractual provision of a financial instrument and are initially measured at fair value and are carried at their amortised costs. 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.

All our borrowing is shown on the balance sheet, including any interest owed by the Council. Interest payable for the accounting period is charged to the Comprehensive income and expenditure statement.

### Impairment provisions for financial assets

## **Investments**

The Council also makes impairment provisions against non-trade receivable financial assets in line with IFRS9 (if material). 12 month expected credit losses are applied to all assets held at amortised cost, with reviews made for lifetime losses where credit risk has increased significantly.

On recognition the Council makes a provision (if material) for 12 month expected credit losses on all of its financial assets held at amortised cost, excluding investments in the UK Government and other local authorities. Should the risk of loss increase significantly for a specific asset or category of assets then the provision will be increased to represent lifetime credit losses. This provision is charged to the Comprehensive income and expenditure statement and reduces the carrying value of the financial assets on the balance sheet.

Loss provisions are not required for assets held at Fair Value through Profit and Loss (FVPL) because current market prices as recorded in the accounts reflects market expectations of credit risk.

In line with CIPFA guidance, investments with the UK Government and UK Local Authorities are exempted from loss provisions.

## **Trade receivables, lease receivables and contract assets**

Impairment provisions for trade receivables, lease receivables and contract assets follow the simplified method as set out in the CIPFA code, where lifetime expected credit losses are provided for. For trade receivables Council makes specific allowances for known assets facing increased credit risk and then makes further provision for its receivables on a collective basis using historical patterns experienced by the authority.

The tables below show the categorisation of our financial assets and liabilities:

2023/24 Investments £ 000	2023/24 Cash & cash equivalents £ 000	2023/24 Receivables & payables £ 000	<b>SHORT-TERM</b>	2024/25 Investments / Borrowing £ 000	2024/25 Cash & cash equivalents £ 000	2024/25 Receivables & payables £ 000
			<b>Financial assets</b>			
6,072	8,141	-	Fair value through profit or loss	-	13,473	-
2,003	711	7,528	Amortised cost	-	703	8,173
8,075	8,852	7,528	<b>Total financial assets</b>	-	14,176	8,173
8,075	8,852	7,528	<b>Total assets</b>	-	14,176	8,173
			<b>Financial liabilities</b>			
(5,031)	-	(11,301)	Amortised cost	(11,047)	-	(7,112)
(5,031)	-	(11,301)	<b>Total financial liabilities</b>	(11,047)	-	(7,112)
(5,031)	-	(11,301)	<b>Total liabilities</b>	(11,047)	-	(7,112)

2023/24 Investments £ 000	2023/24 Receivables & payables £ 000	<b>LONG-TERM</b>	2024/25 Investments £ 000	2024/25 Receivables & payables £ 000
		<b>Financial assets</b>		
9,244	-	Fair value through profit or loss	9,053	-
-	807	Amortised cost	-	1,286
9,244	807	<b>Total financial assets</b>	9,053	1,286
9,244	807	<b>Total assets</b>	9,053	1,286
		<b>Financial liabilities</b>		
-	(1,264)	Amortised cost	-	(4,832)
-	(1,264)	<b>Total financial liabilities</b>	-	(4,832)
-	(1,264)	<b>Total liabilities</b>	-	(4,832)

### Fair value

The fair value is calculated by comparing investments made during the year to the interest rates available on 31 March 2025 for new investments that would end at the same time. The fair value of short term instruments is assumed to approximate the reporting amounts.

The following table sets out the reporting value and the fair value of the Council's assets:

Fair Value	Reporting £ 000	Fair value £ 000
<b>Fair Value At 31 March 2024</b>		
<b>Financial assets</b>		
Investments and cash	25,754	25,754
Cash	417	417
Long-term receivables	807	807
<b>Financial liabilities</b>		
Cash	-	-
<b>Fair Value At 31 March 2025</b>		
<b>Financial assets</b>		
Investments and cash	22,762	22,762
Cash	467	467
Long-term receivables	1,286	1,286
<b>Financial liabilities</b>		
Cash	-	-

The following table provides a breakdown of the valuation technique for our financial assets measured at fair value through profit and loss.

Money Market Funds have been excluded because there are regular changes in invested sums and due to MMF regulations the actual fair value price would always be £1 unless a fund was impaired.

Financial Assets measured at fair value:

Financial assets measured at fair value				
Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique to measure fair value	31st March 2024 £ 000	31st March 2025 £ 000
Local Authority Property Fund	Level 1	Unit Prices	6,072	0
Aegon Multi-Asset Diversified Income Fund	Level 1	Unit Prices	3,319	3,295
Ninety One Multi-Asset Diversified Income Fund	Level 1	Unit Prices	2,972	2,964
CCLA Better World Cautious Fund	Level 1	Unit Prices	2,953	2,794
<b>Total</b>			<b>15,316</b>	<b>9,053</b>

### The risks we face when we invest in financial instruments, and how to reduce those risks

The Council has money that it is not planning to spend straightaway, so it is invested to earn interest. When we invest millions of pounds, we must consider what could go wrong and how to avoid or minimise these dangers or risks. There are three main types of risk: credit risk, liquidity risk and market risk. This section explains what

these risks are and how we manage them to try to avoid them or reduce the effect when things go wrong.

Our risk-management process looks at the unpredictability of financial markets and tries to minimise any adverse effects on the resources available to pay for services.

### **Credit risk: Treasury Investments**

This is the danger that once we have invested money with another organisation they fail to pay interest or repay the original investment.

We will only invest in certain types of investment and place limits in the total we will invest with any one counter party or group. We estimate how safe an investment is depending on how likely it is that the organisation will be able to repay the money. How we measure this depends on the type of organisation, but this includes credit ratings, CDS swap information and advice from the Council's treasury advisors.

We present reports to Council meetings at the beginning of every year and half way through it to agree who we can lend money to. The type of investment we choose can help to reduce the risk of failure.

The table below summarises the credit risk exposures of the Council's treasury investment portfolio by credit rating and remaining time to maturity:

Credit Rating	2023/24 Short term £ 000	2024/25 Short term £ 000	2023/24 Long term £ 000	2024/25 Long term £ 000
AAA				
AA+				
AA				
AA-				
A+	294	236		
A				
A-				
BBB+				
Unrated local authorities	2,003	-		
Unrated Building Societies				
Unrated Housing Associations				
AAA-mmff	8,141	13,473		
Credit Risk not applicable (pooled funds)	6,072	-	9,244	9,053
<b>Total</b>	<b>16,510</b>	<b>13,709</b>	<b>9,244</b>	<b>9,053</b>

The following table gives the types and the maximum amounts that can be invested, as set out in the Council's Treasury Management Strategy (limits approved at February 2024 Full Council meeting).

Investments	Minimum Credit Criteria	Max. Limit £m	Max. maturity period
Enhanced Money Market Funds (Variable Unit Price) Up to 5 funds	AAA	£6m each fund	2-5 day notice
Money Market Funds (per fund)	AAA	£6m each fund	Instant access
Debt Management Agency Deposit Facility, Government Treasury Bills or Gilts	UK Government	No Limit	5 years
CCLA Local Authority Property Fund	Unrated	£8m	n/a
Local Authorities / Bank Deposits Collateralised (guaranteed against local authority loans)	UK Government	£10m for each authority	5 years
UK Banks	A-	£3m each group	365 days
Building Societies	A-	£3m each group	365 days
Non-UK Banks	AA-	£3m each group	365 days
Non-UK Banks	A-	£3m each group	100 days
Registered Social Landlord Loans (these deposits would be guaranteed on RSL assets or similar)	A-	£3m each	365 days
Covered Bonds (per bond)	AA-	£6m	3 years
Reverse Repurchase Agreements	AA-	£6m	365 days
Supranational Bonds (per institution)	AAA	£6m	3 years
Multi asset or bond funds	Unrated	£5m per fund	n/a

The Council calculates expected credit losses with reference to historic default data, credit ratings and any collateral protecting an investment. 12 month expected credit losses are not material for the Council's investment portfolio. Losses will be allowed for against an investment that suffers a significant increase in credit risk, but none have been experienced in the year ending 31/03/2025.

### **Credit risk: trade receivables**

Trade receivables are money owed to us by our customers for services which are not included in Council Tax and Non-domestic rates payments. In the past, some customers have failed to pay us money they owe us, so credit risk applies to them. The level of past default is based on our provision for bad debts from our customers reflecting the number of customers we think are unlikely to pay their debt. The nature of these debts varies, and this determines how we control and collect them. The debts are monitored so that at set trigger points, such as the age of the debt, or size of debt, we take specific action. Sometimes we have to accept that it would cost more to recover money than to lose it. However, because we are a public service we

sometimes have to provide services even if the risk of the customer being unable to pay is higher than private companies would accept.

The age of our debt is shown in the following table (this does not include debts for council tax and NDR).

2023/24 £ 000	Age of debt	2024/25 £ 000
4,991	Less than three months	5,243
233	Three to six months	786
699	Six months to a year	412
1,605	More than a year	1,732
<b>7,528</b>		<b>8,173</b>

We monitor repayment of all debts rigorously.

### Liquidity risk

This is the risk that we do not have enough cash in our bank accounts to pay our bills or staff. We control this risk by prioritising access to liquid cash in our investment strategy. In the event of unexpected shortages due to unforeseen expenses or failure of borrowers to repay us promptly, we have access to borrowing from other local authorities and the money markets. We have no long-term borrowings.

The table below shows the expected maturity profile for our financial assets:

2023/24 £ 000	Financial assets returned to the Council	2024/25 £ 000
14,507	Less than three months, including cash equivalents	13,709
2,003	Three to six months	-
-	Six months to a year	-
9,244	More than a year	9,053
<b>25,754</b>		<b>22,762</b>

### Market risk: interest rates

This is the possibility that the value and amount of income we receive from our investments will fall because of changes in interest rates or market prices. The Council plans its investment to invest more at fixed rates when interest rates are falling and more at variable rates when interest rates are rising.

As a significant proportion of our investments are in money market fund deposits, their value does not change in our accounts. We must note in our accounts the effect, if there had been one, of a 1% change in interest rates on our variable investments in

2024/25. The effect of a 1% increase in interest rates would have resulted in an extra income of £137K on variable rate investments for a full year.

The Council holds balances where interest is paid on them and if variable interest rates had been 1% higher with all other variables held constant the effect would have been to increase the interest paid by £44K.

The net effect of a 1% increase in interest results would be an increase in the surplus on the provision of services in the CIES of £93K. If interest rates had fallen by 1%, the loss of interest would have been the same amount.

### **Market risk: price risk**

A proportion of our investments are in pooled funds and so their value is determined by market prices at the reporting date. The Council's investments in money market funds are not materially exposed to price risk due to the controls on volatility in these funds.

However, the Council's investment in its 3 Multi-Asset Funds are all subject to price changes arising from changes in the economy, although any losses would be unrealised unless the Council elected to sell the asset.

An unrealised loss of £0.947m is held against the Council's 3 Multi-Asset funds. The unrealised gain or losses are charge to the Comprehensive income and expenditure statement, which would be reversed out unless the asset was sold. The Council has sold its CCLA property fund holding and used its realised gain to set up a provision of £1.04m that could be used to offset potential future losses should the losses be realised in the future on the asset funds.

## **17. Major commitments under capital contracts**

We are legally committed to the following material schemes. As at the 31st March 2025 the outstanding amounts were;

Chelmer Waterside Infrastructure Scheme - GPRS Relocation £3.3m.

Beaulieu Park Station S106 £9.6m grant payment to Essex County Council.

**18. Short-term debtors**

2023/24	Short-term debtors	2024/25
£ 000		£ 000
3,115	Government departments	3,316
1,435	Other local authorities	1,530
8,680	Sundry debts owed by other organisations and individuals	9,051
4,377	Payments in advance	2,187
2,323	HB overpayments	2,309
19,012	Other debtors *	21,135
(3,994)	Debts we may not be able to collect	(5,283)
<b>34,948</b>		<b>34,245</b>

\* Other debtors include money owed to us by Council tax and NNDR ratepayers and by the Collection Fund Preceptors.

2023/24	*Other debtors	2024/25
£ 000		£ 000
1,346	NNDR Preceptors	2,869
11,829	CT Preceptors	12,426
2,557	NNDR ratepayers	2,255
3,276	Council Tax ratepayers	3,578
4	Money owed by Council's employees	7
<b>19,012</b>		<b>21,135</b>

**19. Cash and cash equivalents**
**Accounting Policy**

Cash is represented by cash in hand and balances with banks where we can access the money within a day. Cash equivalents are investments that when made, last no longer than 100 days and where the amount we will receive is not subject to any material change in value.

2023/24	<b>Cash &amp; cash equivalents</b>	2024/25
£ 000		£ 000
19	Cash held by officers	18
398	Bank current accounts	449
8,435	Cash equivalents (short-term deposits)	13,709
<b>8,852</b>		<b>14,176</b>

## 20. Short-term creditors

2023/24	<b>Short-term creditors</b>	2024/25
£ 000		£ 000
1,438	Government departments	1,784
4,635	Other local authorities	11,069
8,530	Sundry creditors with other organisations and individuals	4,704
386	Leases and Right-of-use assets lease liability	1,338
3,195	Receipts in advance	5,309
1,620	Other creditors *	1,738
<b>19,804</b>		<b>25,942</b>

\* Other creditors include money owed to the Council tax and NNDR ratepayers including prepayments, money owed to the Collection Fund Preceptors and our employees for their untaken leave.

## 21. Provisions

### Accounting policy

We put a certain amount of money aside to meet specific service payments we expect to make in the future, if we are not sure how much the payments will be or when we will have to pay them. The money in the provision is charged to the service when the provision is set up.

Provisions	NDR appeals	Total
	£ 000	£ 000
Balance at 31 March 2023	1,789	1,789
Transfers in	244	244
Transfers out	-	-
Balance at 31 March 2024	2,033	2,033
Transfers in	318	318
Transfers out	-	-
Balance at 31 March 2025	2,351	2,351
Explanation	The amount that may be repayable if appeals against NDR valuations are successful	

## 22. Unusable reserves

The following table shows the transfers to and from these reserves. You can find an explanation of the headings at the bottom of the table.

Unusable Reserves	Revaluation reserve	Capital adjustment account	Pension reserve (note 33)	Collection fund adjustment account	Other unusable reserves	Total unusable reserves
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Balance at 31 March 2023	76,312	157,241	31,428	542	(55)	265,468
Change on the reserve during the year	(15,766)	12,589	(36,740)	(3,157)	(168)	(43,242)
Balance at 31 March 2024	60,546	169,830	(5,312)	(2,615)	(223)	222,226
Change on the reserve during the year	3,267	18,434	652	(2,229)	(1,299)	18,825
Balance at 31 March 2025	63,813	188,264	(4,660)	(4,844)	(1,522)	241,051
Explanation	The gains on revaluing our assets since 1 April 2007. See table below for details of movements	Capital spending to be financed from future resources. See table below for details of movements	Our liability to pay future pensions	Adjusting for paid and accrued council tax and NDR		

**Revaluation reserve**

2023/24	Revaluation Reserve	2024/25
£ 000		£ 000
76,312	Opening balance	60,546
(13,286)	Revaluation of assets	6,418
	Write-out of revaluations of heritage assets we have derecognised	(881)
(130)	Write-out of revaluations of assets we have sold	(150)
(2,350)	Difference between fair value and historic cost	(2,120)
60,546	Closing Balance	63,813

We moved any revaluation gains before 1 April 2007, the date the reserve was created, to the Capital adjustment account.

**Capital adjustment account**

2023/24	Capital Adjustment Account	2024/25
£ 000		£ 000
157,241	Opening balance	169,830
(7,901)	Allowance for depreciation and amortisation	(8,937)
2,350	Less depreciation and amortisation charged to the revaluation reserve	2,120
(5,693)	Revenue expenditure funded from capital under statute	(11,997)
130	Transfer from revaluation reserve on disposals	150
10,362	Revaluations charged to revenue	1,665
812	Minimum Revenue Provision	1,827
(235)	Repaid Capital loan receipts	(60)
18,893	Application of receipts and contributions	29,978
(335)	Assets disposed of	(754)
(5,794)	Movements in the value of investment properties in the CI&ES	(1,444)
-	Movements in the value of ROU Assets in the CI&ES	5,886
169,830	Closing balance	188,264

### 23. Cashflow – Operating activities

Included in the cash flows for operating activities are the following items:

2023/24	The cash flows from operating activities include the following items:	2024/25
£ 000		£ 000
(2,983)	Interest received	(1,935)
231	Interest paid	351
<b>(2,752)</b>		<b>(1,584)</b>

### 24. Cashflow statement – Financing activities

Reconciliation of liabilities arising from financing activities							
	2024/25 1st April	IFRS 16 Transition	Adjusted 1st April	Financing cash flows	Changes which are not financing cash flows		2025/26 31 March
					Acquisitions	Other non- financing cash flows	
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Short-term borrowings	(5,000)		(5,000)	(6,000)	-	(47)	(11,047)
Lease liabilities	(1,272)	(5,409)	(6,681)	1,318	(377)	-	(5,740)
	<b>(6,272)</b>	<b>(5,409)</b>	<b>(11,681)</b>	<b>(4,682)</b>	<b>(377)</b>	<b>(47)</b>	<b>(16,787)</b>

### 25. Expenditure and Income analysed by nature

The following table provides further analysis of our expenditure and income. Items for revaluations and disposal gains and losses were disaggregated to provide better understanding of transactions for the reader of the accounts and the 2023/24 figures were restated to reflect the new presentation. This had no impact on the overall figures.

2023/24 Restated £ 000	<b>Expenditure and Income Analysed by Nature</b>	2024/25 £ 000
	<b>Expenditure</b>	
41,544	Employee benefits expenses	41,449
73,427	Other services expenses	74,473
3,232	Capital Revaluations and Charges Direct to Services	19,269
262	Interest payments	581
3,244	Precepts and levies	3,509
0	Pension interest and return on investment	100
40,223	Remeasurement of the assets of the pension fund	754
(179)	(Gain) or loss on the disposal of assets	82
19,030	(Gain) or loss from our assets being revalued	(3,902)
180,783	<b>Total Expenditure</b>	<b>136,315</b>
	<b>Income</b>	
(46,845)	Fees, charges and other services income	(51,598)
(1,674)	Pension interest and return on investment	0
(2,884)	Interest and investment income	(1,835)
(18,356)	Income from Council Tax	(18,795)
(45,143)	Government grants incl Business Rate income, Housing Benefits grants and Covid19 grants	(44,341)
(5,334)	Other grants and contributions	(5,477)
(6,710)	Capital Grants and contributions	(27,757)
(126,946)	<b>Total Income</b>	<b>(149,803)</b>
53,837	<b>Total expenditure and income</b>	<b>(13,488)</b>

The following table shows income we received from contracts with service recipients.

2023/24 £ 000	<b>Revenues from contracts with service recipients</b>	2024/25 £ 000
(41,280)	Revenues from contracts with service recipients	(45,713)
482	Impairments of receivable or contract assets	359
(40,798)	<b>Total included in Comprehensive Income and Expenditure Statement</b>	<b>(45,354)</b>

## 26. Trading operations

We must prepare a statement that shows which of our operations work in a commercial environment and aim to cover their costs by charging other parts of the Council, other organisations or people. Any shortfall or surplus we make through trading is taken to the Comprehensive income and expenditure statement.

2023/24 Gross spending £ 000	2023/24 Income £ 000	2023/24 Net spending £ 000	Trading accounts not shown in Spending on current services	2024/25 Gross spending £ 000	2024/25 Income £ 000	2024/25 Net spending £ 000
			<b>Other operating expenditure</b>			
3,458	(3,630)	(172)	Grounds maintenance	3,434	(3,655)	(221)
521	(615)	(94)	Vehicle maintenance	523	(604)	(81)
3,979	(4,245)	(266)		3,957	(4,259)	(302)
			<b>Financing and investment</b>			
1,947	(4,193)	(2,246)	Investment properties	331	(3,501)	(3,170)
1,947	(4,193)	(2,246)		331	(3,501)	(3,170)
5,926	(8,438)	(2,512)	<b>Total trading activity</b>	4,288	(7,760)	(3,472)

Our Grounds Maintenance trading operation provides maintenance for public open spaces and recreational grounds owned by the Council, as well as providing grounds maintenance services for external parties.

The Vehicle Maintenance trading operation maintains the Council owned waste and recycling fleet and additionally provides MOT services and inspections for licenced taxi vehicles for external customers.

The Council owns several investments properties in its area, principally the High Chelmer shopping centre that generates a significant proportion of the rental income. During 2024/25 we reviewed and updated the properties for which income and expenditure is to be included in the above note. Any properties not held purely for investment were removed. This change did not result in a material movement for 2023/24 and therefore the figures were not restated.

## 27. South Essex Parking Partnership (SEPP)

From 1 April 2011 we began administering SEPP on behalf of Essex County Council. SEPP covers the six councils in the south of Essex. Any surplus or deficit from the operation is ring-fenced in what it can be used for and is held separately from our own funds. Each council is entitled to one member on the managing joint committee, and all decisions are taken by majority vote. All on-street enforcement costs and income are incurred and received by Chelmsford City Council, and we maintain a separate account for each of the member authorities. Before 2011/12 each individual council incurred these costs and the income directly. The income and expenditure are shown below.

Revenue expenditure	2023/24 SEPP £ 000	2024/25 SEPP £ 000	2023/24 Chelmsford £ 000	2024/25 Chelmsford £ 000
Expenditure	3,013	3,154	658	699
Income	(2,455)	(2,358)	(955)	(960)
<b>Net position</b>	<b>558</b>	<b>796</b>	<b>(297)</b>	<b>(261)</b>

## 28. Councillors' allowances

The table below gives details of the allowances we paid to Councillors and the Mayor during the year.

2023/24	Councillors allowances	2024/25
£ 000		£ 000
377	Basic allowance	387
168	Special responsibility allowance & expenses	181
19	Mayor and Deputy Mayor allowance	19
564	<b>Total we paid in the year</b>	587

You can find more information on the amounts paid on our website.

## 29. Employees pay

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### Accounting policy

Where we decide to terminate an officer's employment before their normal retirement age, or where the officer decides to accept voluntary redundancy, they may be entitled to a termination benefit. We charge these to the Comprehensive income and expenditure statement in the year that we become committed to the termination.

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Under the Accounts and Audit Regulations 2015 we must show the number of our staff costing more than £50,000 a year. Cost includes salary, travel and living costs, but not the employer's pension contributions. Where appropriate, we have also included subsidies for leased cars and redundancy payments.

The following table does not include chief officers' details, which are shown in the next table.

Employee pay band	Number of employees	Number of employees	Number who left in the year	Number who left in the year
£	2023/24	2024/25	2023/24	2024/25
<b>50,000 - 54,999</b>	26	24	-	-
<b>55,000 - 59,999</b>	16	13	-	-
<b>60,000 - 64,999</b>	10	13	-	-
<b>65,000 - 69,999</b>	5	6	-	-
<b>70,000 - 74,999</b>	3	1	-	-
<b>75,000 - 79,999</b>	6	3	-	-
<b>80,000 - 84,999</b>	1	5	-	1
<b>85,000 - 89,999</b>	6	2	-	-
<b>90,000 - 94,999</b>	4	6	-	-
<b>95,000 - 99,999</b>	1	1	-	-
<b>100,000 - 104,999</b>	-	1	-	-
<b>105,000 - 109,999</b>	-	-	-	-
<b>110,000 - 114,999</b>	-	-	-	-
<b>115,000 - 119,999</b>	-	-	-	-
<b>120,000 - 124,999</b>	-	-	-	-

We are not allowed to give any further information that links officers' names to the employee pay band (except for that shown in the chief officers' table below).

We have included a breakdown of the cost of our chief officers below, together with their names, where their annualised, full-time total cost is above £150,000. The costs in this table include the employer's pension contributions.

This note was updated to include our two statutory officers, the Section 151 officer and Monitoring officer, in the chief officers table as they play a key role in the council's structure in ensuring the Council's finances are managed in accordance with the law and regulations and there is a strong governance in place.

<b>Chief officers</b>	<b>Salary, fees and allowances £</b>	<b>Benefits in kind *** £</b>	<b>Compensation for loss of employment £</b>	<b>Employer pension contributions **** £</b>	<b>TOTAL £</b>
<b>2023/24</b>					
Chief Executive N Eveleigh	207,063	2,145		42,187	251,395
Directors of:					
Connected Chelmsford (L Goodwin)	139,963	1,716		28,609	170,288
Public Places (part-time) (K Nicholson)	113,331	1,716		22,648	137,695
Sustainable Communities Left 21/7/23	33,809	1,262	158,606	6,575	200,252
Sustainable Communities Started 1/11/23	47,041	358		10,817	58,216
Accountancy Services Manager and S151 Officer	96,454	531		20,332	117,317
Legal and Democratic services Manager and Monitoring Officer	96,454			20,332	116,786

<b>Chief officers</b>	<b>Salary, fees and allowances £</b>	<b>Benefits in kind *** £</b>	<b>Compensation for loss of employment £</b>	<b>Employer pension contributions **** £</b>	<b>TOTAL £</b>
<b>2024/25</b>					
Chief Executive N Eveleigh	211,016	3,674		43,242	257,932
Directors of:					
Connected Chelmsford (L Goodwin)	143,670	2,939		29,324	175,933
Public Places (part-time) (K Nicholson)	109,448	7,054		21,993	138,495
Sustainable Communities	112,706	2,451		26,975	142,132
Accountancy Services Manager and S151 Officer	89,061	1,470		20,840	111,371
Legal and Democratic services Manager and Monitoring Officer	97,842	735		20,840	119,417

The Director of Public Places post is part-time (75% of a full-time equivalent). The full-time cost of the post would be £180,243.

\*\*\* These amounts represent benefits that the employees receive on top of their salaries, for example contribution towards a healthcare plan and are therefore not paid to the employee.

\*\*\*\* These amounts are not paid to the employee. They are paid directly to the pension fund to provide a pension on retirement based on contribution rates set by the actuaries.

We terminated the employment of some of our employees as shown in the table below.

2023/24 £ 000	Termination benefits	2024/25 £ 000
	Termination benefits	
5	Redundancy costs	-
-	Additional pension costs	-
142	Other Termination Costs	82
<b>147</b>	<b>Total spending</b>	<b>82</b>
	No of employees whose employment was terminated	
2		3

Exit packages	2023/24	2024/25	2023/24	2024/25
	Leavers Number	Leavers Number	Cost £ 000	Cost £ 000
	£0 - £20,000	1	2	5
£20,001 - £50,000	-	-	-	-
£50,001 - £250,000	1	1	142	59
<b>Total</b>	<b>2</b>	<b>3</b>	<b>147</b>	<b>82</b>

In 2024/25 three employees terminated their employment by accepting compromise agreements. We made one employee compulsorily redundant in 2023/24 and one employee terminated their employment by accepting compromise agreement.

### 30. External audit costs

The table below gives details of the amounts payable to our external auditors for 2024/25 financial year as well as any outstanding amounts accrued or payable for previous years' audits. Due to ongoing audit delays, we did not accrue the basic audit fee or the Housing Benefits audit fee for 2024/25 in our accounts as neither of the audits have started by the 31<sup>st</sup> March 2025.

We received £23k grant from the Department for Levelling Up Housing and Communities towards 23/24 and 24/25 audit costs to mitigate the costs of Redmond Review implementation, both were accrued to be reflected in the years the audit fees were due.

2022/23 Housing Benefit audit was started by our new auditor Ernst and Young and initial fee of £11k was paid. Follow up tests were required and will be completed during 2025/26. The additional cost for this work is not known and will be reflected in

next year accounts. 2023/24 and 2024/25 Housing Benefit audits are yet to commence.

2023/24 £ 000	External audit costs	2024/25 £ 000
	<b>Amounts payable for audit work not recognised in our accounts, due to audit not taking place by 31st March:</b>	
	Fees payable to the auditor	
166	Basic audit fee	182
22	Housing Benefits audit (Estimate)	22
(23)	Government grant towards audit fees	(23)
<b>165</b>	<b>Total fees payable in future years relating to audit</b>	<b>181</b>
	<b>Amounts recognised in our accounts:</b>	
-	2023/24 basic audit fees payable during 24/25 due to timing of audit	166
	Housing Benefits audit fees for previous years	12
-	Government grant towards audit fees	(23)
(41)	Accrued costs relating to previous year's audit fees no longer expected to be due	-
<b>(41)</b>	<b>Total fees recognised in the accounts</b>	<b>155</b>

### 31. Grants

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#### Accounting policy

If we receive a grant or contribution that does not have any conditions, or we have met the conditions, we credit the amount to the Comprehensive income and expenditure statement on the relevant service line. If we have not met the conditions, we show the amount as a creditor on the Balance sheet until the conditions are met.

If the grant is a capital grant that does not affect the balance on the General fund, we reverse the grant out of the Comprehensive income and expenditure statement in the Movement of reserves statement to the Capital grants unapplied account.

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We receive grants that do not relate to specific services. These are shown in note 13. In addition to this, we received the following grants and contributions that are shown in specific services in the Comprehensive income and expenditure statement.

2023/24		2024/25
£ 000	<b>Grants and contributions</b>	£ 000
31,638	Housing benefits grants	30,634
119	COVID 19 grants and contributions for redistribution to support business and individuals	-
8,100	Other grants and contributions	8,794
<b>39,857</b>		<b>39,428</b>

We also received a number of grants and contributions that have conditions attached to them that may require us to return them. Once we have met these conditions, we will recognise them as income. The amounts involved are shown in the tables below.

2023/24		2024/25
£ 000	<b>Capital grants received in advance</b>	£ 000
6,684	Opening balance	7,885
2,120	Income in year	670
(919)	Spend in year	(3,019)
-	Other in year movements	(52)
<b>7,885</b>		<b>5,484</b>

## 32. Related party transactions

We have to disclose material transactions with organisations or individuals that have the potential to control or influence us, or that we have the potential to control or influence. This disclosure allows readers of these accounts to assess whether we have been able to act independently, or to assess whether we have the ability to limit somebody else's ability to act independently of the Council. These are called related party transactions.

Central Government sets the legal framework that we operate in, provides grants and sets out how we deal with other agencies and organisations (e.g. Council Tax collection and Housing Benefits). The details of our dealings with Central Government are shown in notes 13, 18, 20, 31 and 36 and in the Cash Flow in section 6 and the Collection Fund in section 8.

Details of our transactions with the Essex pension fund administered by Essex County Council are shown in note 34.

We must also give details of any transactions we had during the year with our Councillors and chief officers, or their close families. Each Councillor and chief officer have stated that they did not have any such transactions during the financial year 2024/25.

Some of our Members are also Parish Councillors and Councillors for Essex County Council. We receive S106 grants and income through the Community Infrastructure

Levy (CIL) from Developers. Parishes receive a proportion of CIL income that is determined by the Government Community Infrastructure Levy Regulations 2010 (as amended by the Community Infrastructure Levy (Amendment) Regulations 2011, 2012 and 2013). The following Parish Council's received CIL funding in 2024/25.

East Hanningfield Parish Council £1,465  
Great Baddow Parish Council £3,371  
Great and Little Leighs Parish Council £15,355  
Rettendon Parish Council £7,297  
South Woodham Ferrers Town Council £11,327

Additional amounts can be paid over to Parishes when Parish spending has been agreed to be funded from CIL receipts and S106 grants. There was one S106 payment of £6,211 to Great and Little Leighs Parish Council in 2024/25.

We made the following grants and payments during 2024/25 to the following organisations and some of our members sit on their boards or are trustees, but do not have a controlling interest.

Chelmsford Age Concern £474  
Chelmsford Citizens Advice Bureau (CAB) £118,648  
Chelmsford Community Radio £2,400  
Chelmsford Council for Voluntary Services (CVS) £107,180  
Chelmsford Cultural Development Trust £35,000  
East of England Local Government Association £21,292  
Essex Society for Archaeology and History £160  
Essex County Council £10,335,518  
New Hall Trust £8,974  
PATROL Parking and Traffic Regulations Outside London £13,797  
Sanctus £7,297  
YMCA £31,250

In addition, the following organisations made rent payments to us.

Chelmsford CAB £40,654  
Chelmsford CVS £16,078  
Chelmsford, Maldon and Braintree Liberal Democrats £704

### 33. Leases

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#### Accounting policies

Leases we get from other organisations

We have adopted IFRS16 (Leases) with effect from 1 April 2024. The adoption of the new standard brings on to the balance sheet the right-of-use assets and related lease liabilities in relation to former operating leases.

Contracts are reviewed to determine whether they give the right to control the use of an identified asset. The asset is controlled through rights to receive substantially all the economic benefits or service from that asset and to decide on its use during the contract period.

We recognise the right to use the property, plant or equipment as an asset in the balance sheet and a liability for the obligation to pay the lessor for the right. The lease liability is initially measured at the present value of the payments to be made after the start date. The cost of the right-of-use asset is considered to be the initial liability plus the costs of obtaining the lease and any payments made before the start date.

Payments are apportioned between:

- a charge for the acquisition of the right-of-use asset – applied to reduce the lease liability
- interest charges (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

We have not applied the transition to right-of-use assets for low value assets (below £10,000 when new) and for short-term leases i.e. existing leases that expire on or before 31 March 2025, and new leases with a duration of less than 12 months. The lease payments associated with these leases are treated as an expense on a straight-line basis over the lease term and are accounted for by charging payments to the relevant service line in our comprehensive income and expenditure statement.

Lease liabilities are measured at the present value of the remaining lease payments at 1 April 2024, discounted by the Council's incremental borrowing rate at that date. The incremental borrowing rate used to discount liabilities was the Public Works Loan Board (PWLB) interest rate available on the 2nd April 2024 (first available rate after transition).

New leases following transition will be measured at the present value of the lease discounted by the implicit borrowing rate within the lease where available, otherwise PWLB rates will be used.

The code allows for a practical expedient for a portfolio of leases to be assessed together where the leases have similar characteristics and the Council will apply this where appropriate for the application of IFRS 16.

For peppercorn rent leases we include the depreciated fair value of the asset in the Balance sheet, which is matched by a liability of the amount we have to pay the lessor (legal owner).

### **Leases we give to other organisations**

When we give a finance lease to an organisation or individual, we are handing over ownership of that asset, so we remove the asset's value from our Balance sheet. The value of the lease payments is then split using a calculation into interest paid to the Council and payment for the sale of the asset. A long-term debtor is created in our Balance sheet and when we receive a payment for the lease it reduces the value of the debtor and recognises a capital receipt. Interest income is then credited to the Comprehensive income and expenditure statement.

Where we grant an operational lease for land or equipment, we keep ownership of the asset. The income from the lease is credited to the Comprehensive income and expenditure statement.

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### **Leases we take on**

In 2024/2025 the authority applied IFRS 16 Leases in accordance with the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the new requirement is that for arrangements previously accounted for as operating leases (i.e. without recognising the leased property as an asset and future rents as a liability) a right-of-use asset and a lease liability are to be brought into the balance sheet at 1 April 2024. Leases for items of low value and leases that expire on or before 31 March 2025 are exempt from the new arrangements

IFRS16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS16 had always applied but recognised 2024/2025 and not by adjusting prior year figures. However, some practical expedients have been applied as required or permitted by the code:

- Lease liabilities are measured at the present value of the remaining lease payments at 1 April 2024, discounted by the authority's incremental borrowing rate at that date.
- The weighted average of the incremental borrowing rates used to discount liabilities was 4.86%
- Right-of-use assets are measured at the amount of the lease liability, adjusted for any prepaid or accrued lease payments that were in the balance sheet on 31 March 2024 – any initial direct costs have been excluded

This has resulted in the following additions to the balance sheet:

- £9.13m Property, plant and equipment (right-of-use assets)
- £2.27m Heritage Assets (right-of-use assets)
- £0.88m Current creditors (lease liabilities)
- £4.53m Non-Current creditors (lease liabilities)

The 2023/2024 financial statements did not include a disclosure for operating lease commitments at 31 March 2024 as the known commitments were deemed not material. There is therefore no comparable to the newly recognised lease liabilities recognised at 1 April 2024.

### Right-of-use (ROU) assets

This table below shows the change in the value of right-of-use assets held under leases:

Right-of-use Assets (NBV)	Land and Buildings Peppercorn	Land and Building Leases	Vehicles, plant & Equipment	Heritage Assets	Total
	£ 000	£ 000	£ 000	£ 000	£ 000
Balance at 31 March 2024	-	-	1,535	-	1,535
IFRS 16 conversion take on balance at 1 April 2024	3,615	4,971	545	2,271	11,402
<b>Balance at 1 April 2024</b>	<b>3,615</b>	<b>4,971</b>	<b>2,080</b>	<b>2,271</b>	<b>12,937</b>
Additions	319		312		631
Revaluations		65			65
Depreciation and Amortisation	(235)	(841)	(549)		(1,625)
Impairments					-
Disposals and derecognition	(308)				(308)
<b>Balance at 31 March 2025</b>	<b>3,391</b>	<b>4,195</b>	<b>1,843</b>	<b>2,271</b>	<b>11,700</b>

### Maturity analysis of lease liabilities

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

Lease Liabilities Due to be paid	2024/25
	£ 000
Less than a year	1,337
One to five years	4,357
More than five years	46
<b>Total Undiscounted Lease Liability</b>	<b>5,740</b>

## Leases we give to other organisations

The Council's other rental agreements are operational leases. Information about them is shown in the table below. Majority of the income shown comes from Commercial Properties. The figures are based on the minimum future lease payments.

2023/24	Operational Leases Minimum Income Due	2024/25
£ 000		£ 000
1,501	Lease payments due in less than a year	1,698
3,644	Lease payments due from 1 to 5 years	4,520
19,565	Lease payments due in more than 5	19,642
24,710	Total Undiscounted cash receipts	25,860

## 34. Pensions

### Accounting Policy

Our employees have the right to join the Local Government Pension Scheme. The scheme provides defined benefits to its members (retirement lump sums and pensions) when they retire. Charges and balances included in the Comprehensive income and expenditure statement and the Balance sheet are based on actuarial assessments of the current costs of the pension scheme. For a full explanation of the rules, see the Pensions note in the notes to the main financial statements. However, statutory rules stop us charging these amounts to council tax. Instead, we have to charge the actual amounts we pay to the pension fund, which is a different figure to the actuarial valuations.

Our employees are entitled to belong to the Essex Pension Fund. The pension fund is governed and operated by Essex County Council within the national regulations governing all Local Government Pension Schemes (LGPS). The investment managers of the fund are appointed by Essex County Council.

Both employees and employers make contributions that are invested in a pension fund. These contributions are set at a level intended to balance the scheme's assets with its liabilities. However, there will be times when the fund has more or less assets compared to the amount predicted as being needed to meet the current and future commitments of members. The difference between the predicted level of investments and those needed will depend on investment returns and the level of unexpected payments made to members. When the fund does not have enough assets, the employer is responsible for making up the shortfall. If the fund has more assets than it needs, the employer may be able to make lower contributions. The main risks to the funding of the scheme are the assumptions on how long pensioners will live,

statutory changes to the scheme, large changes in the number of employees in the scheme, changes to inflation and the returns achieved on the scheme's investments.

Members of the scheme are entitled to defined benefits when they retire under the terms of the scheme. This part of the scheme is funded through the contributions to the scheme. If members of the scheme are granted an early retirement, the additional cost of that commitment is calculated and paid by the employer at the same time as the member retires.

The scheme takes into account the Public Pensions Service Act 2013. The Act provides for scheme regulations to be made within a common framework, and to link pensions to career average salaries, rather than final salaries.

The scheme's cost is not simply the payments made into the pension fund in a year but must also reflect the actuary's view of gains or losses resulting from changes in the fund's liabilities and investments. This amount is shown in the total spending on services in the Comprehensive income and expenditure statement. However, the costs we charge to council tax payers are based on the actual cash we pay the pension fund in the year, so the costs identified by the actuary are reversed out of the Comprehensive income and expenditure statement and replaced by the actual contributions we make to the scheme. The actual charge we made to the General fund, and so to council tax payers, is shown in the table below.

2023/24 £ 000	<b>Charges to the Comprehensive income and expenditure account</b>	2024/25 £ 000
	Spending on services	
	Service cost	
4,924	Current service cost	4,965
-	Previous service cost	-
217	Administration expenses	175
	Other spending	
(1,674)	Net interest on the defined liability	100
3,467	Charge to the spending on current services in the comprehensive income and expenditure statement	5,240
	Other charges	
(4,499)	Remeasurement of the pension liability	(34,159)
(21,183)	Return on scheme assets (excluding interest)	(567)
65,905	Impact of asset ceiling	35,480
40,223	Other charges to the comprehensive income and expenditure statement	754
43,690	<b>Total charges to the comprehensive income and expenditure statement</b>	5,994
6,950	<b>Employer's contributions charged to the General fund</b>	6,646

The actuary have included an allowance in our liabilities for the estimated impact of the remedy action needed following a tribunal judgment on McCloud and Sargeant cases that ruled against the Government. The cases relate to discrimination against the aged based transitional provision put into place when new pension arrangements were introduced in 2015. As a result, the remedy will compensate members directly affected by the change to the career average benefits from 1 April 2014 as the tribunal found them discriminatory on grounds of age.

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled those certain historical amendments for contracted-out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. The judgment has been upheld by the Court of Appeal.

The Local Government Pension Scheme is a contracted out defined benefit scheme and amendments have been made during the period 1996 to 2016 which could impact member benefits. Work is being performed by the Government Actuary's Department as the Local Government Pension Scheme actuary to assess whether section 37 certificates are in place for all historic amendments to local government pension scheme. However, at the date of these financial statements, the full assessment is not complete. Until this analysis is complete, the actuary are unable to conclude whether there is any impact to the liabilities or if it can be reliably estimated.

As a result, we do not consider it necessary to make any allowance for the potential impact of the Virgin Media case in our financial statements.

In addition to the gains and losses included in the Comprehensive income and expenditure statement, we have included a remeasurement and return surplus identified by the actuaries of £34.7m in 24/25 and adjustment for asset ceiling of £35.5m (in 23/24 the remeasurements and returns totalled £25.7m and the asset ceiling adjustment was £65.9m).

31 March 2024	<b>Movements on pension fund assets and liabilities</b>	31 March 2025
£ 000		£ 000
	<b>Scheme liabilities</b>	
(229,868)	Value at 1 April	(232,040)
(4,924)	Current service cost	(4,965)
(1,798)	Member contributions	(1,860)
(10,818)	Interest costs	(11,168)
	Remeasurement	
4,499	Financial returns	34,159
-	Past service (gains) or costs	-
10,869	Benefits paid	10,229
(232,040)	Value at 31 March	(205,645)
	<b>Scheme assets</b>	
261,296	Value at 1 April	292,633
12,492	Interest	14,297
	Remeasurement	
21,183	Return on assets (excluding interest)	567
-	Other actuarial gains/(losses)	-
(217)	Administration expenses	(175)
6,950	Employer contributions	6,646
1,798	Employee contributions	1,860
(10,869)	Benefits paid	(10,229)
292,633	Value at 31 March	305,599
60,593	<b>Net pension (liability)/surplus</b>	99,954

All valuations are in accordance with the requirements of the IAS19 standard. The actuaries set the expected rate of return on scheme assets by looking at the rate of return on assets that are the same type as those held by the fund. The expected returns on fixed-interest investments are based on returns at the Balance sheet date. Expected returns on stocks and shares are based on long-term returns expected in the markets.

By March 2025 our net pension fund was £100m in surplus. According to the accounting standard, if our pension fund is in surplus, we are only able to recognise it in our balance sheet to the extent to which we are able to recover that surplus either through reduced contributions in the future, or through refunds. Based on the

assumption that any refunds are at the discretion of the pension fund and our future liability exceeds the value of the surplus, the asset ceiling is nil.

31 March 2024	<b>Asset ceiling</b>	31 March 2025
£ 000		£ 000
-	<b>Opening impact of asset ceiling</b>	65,905
-	Interest on impact of asset ceiling	3,229
65,905	Actuarial losses/(gains)	35,480
<b>65,905</b>	<b>Closing impact of asset ceiling</b>	<b>104,614</b>

The Pensions reserve absorbs the timing differences in the funding of pensions in accordance with accounting conventions and the statutory provisions. We account for the cost of pensions in the Comprehensive income and expenditure statement as the benefits are earned by the employees. However, the statutory provisions require us to charge amounts to council tax as they are actually paid to the pension fund. The balance on the pension reserve shows the difference between the benefits accrued by the employees and the resource set aside to meet these liabilities. The statutory provisions will ensure that funding will have been set aside by the time benefits are paid.

<b>Pension fund balances</b>	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Present value of scheme liabilities	(275,255)	(346,614)	(329,172)	(229,868)	(232,040)	(205,645)
Fair value of assets	183,458	237,698	262,662	261,296	292,633	305,599
(Deficit)/Surplus on the pension fund	(91,797)	(108,916)	(66,510)	31,428	60,593	99,954
Impact of Asset Ceiling					(65,905)	(104,614)
(Deficit)/Surplus on the pension fund recognised in Balance sheet	(91,797)	(108,916)	(66,510)	31,428	(5,312)	(4,660)

The liabilities show our underlying long-term commitments to pay pensions. Due to changes in assumption driven by current economic climate, mainly increase in inflation and interest rates, the Council has in 2024/25, calculated on the IAS19 basis, net surplus of £100m, that is subject to asset ceiling adjustment. The assumptions can vary significantly each year. The fund tries to keep employers' contribution rate as constant as possible. The pension fund deficit as identified in the triennial valuation will be met by contributions over 16 years. We expect to pay £6.3m in employer contributions to the fund next year.

The actuaries have made an estimate of the pensions that will have to be paid in future years based on their assumptions, for example, about life expectancy and salary levels. The pension fund liabilities have been assessed by Barnett

Waddingham, an independent firm of actuaries, and are based on the latest full valuation in 2022.

The main assumptions used in the valuation of the fund are shown in the table below.

2023/24	Assumptions used in the valuations of the fund	2024/25
	<u>Years we expect to pay current pensioners</u>	
<b>20.8</b>	Men	<b>20.7</b>
<b>23.3</b>	Women	<b>23.3</b>
	<u>Years we expect to pay pensioners retiring in 20 years</u>	
<b>22.0</b>	Men	<b>22.0</b>
<b>24.7</b>	Women	<b>24.7</b>
<b>%</b>		<b>%</b>
<b>2.95</b>	Rate of inflation – CPI	<b>2.90</b>
<b>3.25</b>	Rate of inflation – RPI	<b>3.20</b>
<b>3.95</b>	Rate of increase in salaries	<b>3.90</b>
<b>2.95</b>	Rate of increase in pensions	<b>2.90</b>
<b>4.90</b>	Discount rate	<b>5.80</b>

In valuing the pension liability, the actuary will, for example, make assumptions about investment returns, and the rates of increase in pensions, salaries and inflation. If these vary they will affect the value of the pension fund shown in the accounts. The table below shows the effect on the value of the pension fund if the above assumptions change.

Sensitivity analysis of adjustment to life expectancy assumptions	Increase in assumption + 1 Year	Decrease in assumption - 1 Year
	£'000	£'000
Present value of total obligation (decrease)/increase	8,005	(7,657)

Sensitivity analysis of adjustment to:	Increase in assumption +0.5%	Increase in assumption +0.1%	Decrease in assumption -0.1%	Decrease in assumption -0.5%
	£'000	£'000	£'000	£'000
	(decrease)/increase in liability			
Rate of increase in salaries	1,194	235	(234)	(1,152)
Rate of increase in pensions, or inflation	14,456	2,752	(2,687)	(12,819)
Rate for discounting scheme liabilities	(13,547)	(2,839)	2,908	15,273

The weighted average duration of the pension obligation for scheme members is 15 years in 2024/25 (16 years 2023/24).

The liabilities of the pension fund arise largely in the long term as pensions become payable. Broadly speaking, the investments of the fund are made to secure long term gains and reduce volatility in the fund returns. Investments are managed with a view to meeting future pension liabilities. The statement of the fund's Investment Principles and the Annual Report can be obtained from:

Essex County Council, County Hall, Chelmsford, Essex, CM1 1JZ

The scheme's assets can be put into the following types:

31 March 2024	Scheme assets	31 March 2025
£ 000		£ 000
7,834	<b>Cash and cash equivalents</b>	5,960
	<b>Stocks and shares (by type)</b>	
-	UK investments	-
148,946	Overseas investments	154,647
148,946		154,647
	<b>Bonds (by sector)</b>	
-	UK Corporate	-
5,193	UK Government	4,632
5,193		4,632
	<b>Property (by type)</b>	
5,190	Listed	4,568
15,568	Unlisted	20,100
20,758		24,668
11,682	<b>Private equity</b>	13,142
	<b>Other investment funds</b>	
29,543	Infrastructure	29,895
8,863	Timber	9,152
5,908	Illiquid and Private Debt	7,016
53,906	Other Managed Funds	56,487
98,220		102,550
292,633	<b>Total</b>	305,599

31 March 2024	<b>Stocks and Shares</b>	31 March 2025
£ 000		£ 000
	<b>Stocks and shares (by company size)</b>	
148,946	Listed	154,647
-	Unlisted	-
<b>148,946</b>		<b>154,647</b>

### **35. Contingent liabilities**

#### **Accounting Policy**

A contingent liability arises where an event gives rise to a possible obligation that will only be confirmed by a possible future event outside our control. A contingent liability can also arise where we would need to raise a provision but we cannot determine the amount of that provision. Contingent liabilities are not recorded in the Balance sheet but are instead recognised in a note to the accounts.

The Council entered into an agreement to indemnify Essex County Council up to a sum of £5m should the City Council fail to make all reasonable endeavours to enable the delivery of key housing sites and affordable housing provision in a number of sites located in Chelmsford. We think it is very unlikely that this payment will need to be made in the future.

### **36. Government and non-government grants**

The Council recognises grants as income in the Revenue account when any conditions to the grant have been met. If the grant has no conditions, it is recognised in the Revenue account straight away.

We record capital grants that have passed through the Revenue account on the Balance sheet as Capital grants unapplied, until they are spent. We record grants where the conditions have not been met as Capital grants received in advance, until we meet the conditions or spend the money. The table below shows the main items received to date and not spent.

2023/24		2024/25
£ 000	<b>Grants and contributions</b>	£ 000
	<b>Grant received in advance</b>	
7,885	Money received as part of planning agreements	5,484
	<b>Capital grants unapplied</b>	
4,100	Money received as part of planning agreements	5,275
3,345	Government grants	4,887
2,506	Empty Homes grant	2,630
23,328	Community Infrastructure Levy	13,207
122	Other	936
33,401		26,935
41,286	<b>Total</b>	32,419

### 37. Long term Creditors

2023/24		2024/25
£ 000	<b>Long-term Creditors</b>	£ 000
994	Section 106 contributions	844
886	Leases and Right-of-Use assets lease liability	4,402
378	Property transaction creditor	430
1,048	Recreational Avoidance Mitigation Strategy	1,625
3,306		7,301

We have adopted IFRS16 (Leases) with effect from 1 April 2024 resulting in the long-term lease creditor increasing by the right-of-use assets liabilities.

### 38. Community Infrastructure Levy (CIL)

We started receiving CIL Payments from April 2014. We have billed £1.6m in 2024/25 which was credited to the Capital Grants Unapplied account. The levy is a planning charge, introduced by the Planning Act 2008 as a tool for local authorities to help deliver infrastructure to support the development of their area. This year £13.8m was applied from this grant. £13.1m was used towards funding a new road and bridge in the city centre to enable access to land for future housing development. The balance held 31 March 2025 is £13.2m.

## 8. Collection fund

**This section summarises how the money we collected through the collection fund is distributed between the precepting authorities.**

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### **Accounting Policy**

The Collection Fund is a statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement 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).

We recognise in our Comprehensive Income and Expenditure Statement our share of the NDR and Council Tax transaction on accrual basis, with the timing difference being adjusted through Council Tax and NDR adjustment account, reported on in the Movement in Reserves Statement.

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2023/24 Council Tax £ 000	2023/24 Non-Domestic Rates £ 000	2023/24 Total £ 000	Collection Fund	2024/25 Council Tax £ 000	2024/25 Non-Domestic Rates £ 000	2024/25 Total £ 000
(143,321)	-	(143,321)	<b>Income</b>			
			Council tax (Note 1)	(151,429)	-	(151,429)
			Transfers from the General fund			
-	(72,908)	(72,908)	Non-domestic rates (Note 2)	-	(79,333)	(79,333)
-	(5,467)	(5,467)	Transitional protection	-	(973)	(973)
(143,321)	(78,375)	(221,696)		(151,429)	(80,306)	(231,735)
			<b>Spending</b>			
			Precepts and demands			
-	41,791	41,791	Central Government	-	43,317	43,317
102,618	7,522	110,140	Essex County Council	108,916	7,797	116,713
18,464	33,432	51,896	Chelmsford City Council	19,356	34,654	54,010
16,520	-	16,520	Essex Police Authority	17,628	-	17,628
5,681	836	6,517	Essex Fire Authority	5,910	866	6,776
			Subsidy paid towards the costs of collecting Non-domestic rates			
-	221	221	Increase or (decrease) in our provision for amounts that we may not be able to collect	-	219	219
613	(509)	104	Amounts written off	3,763	326	4,089
263	706	969	Provision for appeals	269	281	550
-	611	611		-	794	794
			Distribution of previous year's surplus or (shortfall)			
-	933	933	Central Government	-	(1,695)	(1,695)
(1,078)	168	(910)	Essex County Council	(867)	(305)	(1,172)
(193)	746	553	Chelmsford City Council	(156)	(1,356)	(1,512)
(167)	-	(167)	Essex Police Authority	(140)	-	(140)
(58)	19	(39)	Essex Fire Authority	(48)	(34)	(82)
142,663	86,476	229,139		154,631	84,864	239,495
			<b>Movements on the Collection Fund</b>			
(658)	8,101	7,443	(Surplus) or shortfall for the year	3,202	4,558	7,760
1,985	(1,990)	(5)	(Surplus) or shortfall at start of the year (Note 3)	1,327	6,111	7,438
1,327	6,111	7,438	(Surplus) or shortfall at end of the year (Note 3)	4,529	10,669	15,198

## Notes to the collection fund

### 1. Council tax

Council tax income comes from charges we make depending on the value of homes. Each home is put into one of eight valuation bands using their value on 1 April 1991. We work out each charge by estimating the amount of income each of the preceptors on the collection fund needs for the coming year and dividing this amount by the council tax base. The council tax base is the total number of properties in each band adjusted by a proportion of the band D charge. In 2024/25, the council tax base was 71,536 (in 2023/24 it was 70,763). The basic amount of council tax for a property in band D was £2,122 (£2,025 in 2023/24). This is multiplied by the appropriate proportion for the particular band to give the actual amount due for that band.

Council tax bills were based on the following proportions for bands A to H.

Council tax band	Total number of properties	Number of chargeable properties	Proportion of Band D charge	Number of Band D equivalent properties
A	4,773	3,822	6 / 9	2,548
B	10,999	9,057	7 / 9	7,044
C	23,858	21,288	8 / 9	18,922
D	18,289	13,079	9 / 9	13,079
E	11,311	10,657	11 / 9	13,025
F	6,481	6,221	13 / 9	8,986
G	4,462	4,269	15 / 9	7,115
H	435	408	18 / 9	817
<b>Total</b>	<b>80,608</b>	<b>68,801</b>		<b>71,536</b>

### 2. Non-domestic rates (NDR)

NDR is a national charge. The Government sets an amount for each pound of rateable value – Small Business Rate Multiplier 49.9p in 2024/25 (49.9p in 2023/24) and the Standard Business Rate Multiplier 54.6p in 2024/25 (51.2p in 2023/24). Depending on the effects of any changes, local businesses pay rates that are worked out by multiplying their rateable value by the relevant Business Rate Multiplier. We are responsible for collecting the rates due in our area and pay these into the Collection fund. We share the money collected between the Government, Essex County Council and the Essex Fire Authority.

On 31 March 2025, our NDR income after relief totalled £79,479,090 based on the total non-domestic rateable value for our area of £206,026,181.

### 3. Contributions to the collection fund – surpluses and shortfalls

The balance on the Collection Fund is made up of the following and is allocated to the preceptors on the fund as shown in the table below.

2023/24	2023/24	2023/24		2024/25	2024/25	2024/25
Council Tax	Non-Domestic Rates	Total	Contributions to the collection fund - (surpluses) and shortfalls	Council Tax	Non-Domestic Rates	Total
£ 000	£ 000	£ 000		£ 000	£ 000	£ 000
-	3,056	3,056	Central Government	-	5,335	5,335
171	2,444	2,615	Chelmsford City Council	576	4,268	4,844
951	550	1,501	Essex County Council	3,247	960	4,207
153	-	153	Essex Police Authority	529	-	529
52	61	113	Essex Fire Authority	177	106	283
<b>1,327</b>	<b>6,111</b>	<b>7,438</b>		<b>4,529</b>	<b>10,669</b>	<b>15,198</b>

Depending on whether there is a surplus or shortfall on the collection fund for the county, police, and fire authorities, the balance we owe them (or they owe us) will be shown as a creditor or debtor in the Balance sheet. Our part of the balance is shown as an earmarked reserve.

### 4. Non-domestic rate appeals

There are several outstanding appeals. We have estimated the effect of these outstanding appeals and adjusted the provision for the likely amount that we will have to repay to non-domestic ratepayers. The cost of the provision has been charged to the Collection fund and is shared between the preceptors as shown in the table below.

Non-domestic rate appeals	Share	Provision
	%	£ 000
Central Government	50	397
Chelmsford City Council	40	318
Essex County Council	9	71
Essex Fire Authority	1	8
	<b>100</b>	<b>794</b>

## **5. Non-domestic rate pooling**

On 1 April 2024, Chelmsford continued in a Non-domestic rating pool with 14 other authorities for the 2024/25 financial year. We did this to increase our Non-domestic rating income over that which we would have received if we were not in a Pool. We benefited by reducing the levy that we need to pay to the Government on our business income, for 2024/25 the reduction was £0.4m.

## **6. Business Improvement District**

From 1 April 2018, a Business Improvement District (BID) arrangement has been operating within the Chelmsford area where local business pay additional levy on top of their non-domestic rates to generate additional income to be invested on improvements to the area. The Council acts as an agent, collecting the BID charges on behalf of the BID body. This income is not shown in our Comprehensive income and expenditure account as it is not our money. We only show expenditure and income relating to cost of administrating the scheme and income from the BID agency towards these costs.

## **9. Independent auditors' report**

We will insert here the Independent auditor's report following the conclusion of the independent audit.

## 10. Glossary

**This section explains the technical terms that have been used throughout this document.**

### **Actuary**

An expert on rates of death and insurance statistics who assesses whether we have enough money in our pension fund.

### **Amortisation**

A reduction in the value of an intangible asset over time, for example due to wear and tear or the asset becoming obsolete.

### **Asset Ceiling (Pensions)**

Restriction on the amount of accounting surplus which can be recognised, limited by the amount we are able to recover either through reduced future contributions or refunds.

### **Audit and Risk Committee**

A committee of nine members of the Council who consider financial matters and reports from Internal Audit, and approve and monitor our code of corporate governance, and risk management.

### **Cabinet**

The Cabinet is made up of six members of the Council and the Leader and three deputies that are not members of the Cabinet but support Cabinet members with specific areas of responsibility. The Cabinet are responsible for making most of the essential decisions about running the Council. Each member of the Cabinet is responsible for a specific service.

### **Capital receipt**

Income from selling assets that have a long-term value.

### **Capital spending**

Spending on assets that have a lasting value, for example, land and buildings.

### **Collection fund**

A fund we use to show what happens to the council tax and NNDR income.

### **Community assets**

Assets we do not plan to sell and which have no definite useful life. Examples of community assets are parks and historic buildings.

### **Corporate governance**

The way we decide our future direction, processes and controls.

### **Councillor**

An elected Member of the Council.

**Creditors**

Money we owe for work, goods or services that have not been paid for by the end of the financial year.

**Current assets**

These are the short-term assets we have at the date of our Balance sheet, which we can use in the following year.

**Current liabilities**

These are the short-term liabilities we owe at the date of our Balance sheet, which we will pay in the following year.

**Debtors**

Money that is owed to us, but is not paid by the end of the financial year.

**Depreciation**

The reduction in the value of a tangible asset over time, due to wear and tear.

**Earmarked reserves**

Money we set aside for a specific purpose.

**Fair value**

The value of the asset on the open market.

**Gross spending**

The total cost of providing a service.

**IAS19**

A statement of recommended accounting practice telling us how we have to account for pensions.

**Incremental borrowing rate**

Is the rate of interest that a lessee would have to pay to borrow over a similar term, and with similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset.

**Impairment**

The loss in value of an asset caused by something happening to make it less useful.

**Infrastructure**

Assets we cannot sell and do not have an alternative use. Valued at historical depreciated cost.

**Intangible assets**

Assets we plan to own for more than one year, but which are not physical assets like a building or a lorry; for example, computer software licenses.

**Leases**

A way of paying for vehicles, plant and equipment by spreading payments over the asset's life. We do not become the legal owners of the asset. Leases can either be operational leases, where the risks of ownership rest with the owner of the asset and the asset does not appear on our Balance sheet, or finance leases, where the asset is included on our Balance sheet.

**LGPS (Local Government Pension Scheme)**

The fund that pays and manages our staff pensions.

**Liabilities**

Our debts and responsibilities.

**Liquid resources**

Money we have invested but which we can draw on quickly.

**Management Team**

A meeting of the Chief Executive and the Directors.

**Member**

In papers about the Council, this usually means an elected Member of the Council, i.e. a Councillor.

**MRP (Minimum revenue provision)**

The amount we have to set aside out of our revenue, to repay loans.

**NDR – Non-domestic rates**

A charge that all businesses must pay for their premises. It is worked out by multiplying a property's rateable value by a nationally set multiplier. Non-domestic rates are paid into a pool, which the Government controls. This money is then shared between local authorities depending on the population in their area.

**Net book value**

This is the original value of the asset, less the depreciation up to the current date.

**Net spending**

This is the cost of providing a service after we have taken into account income from government grants and our own fees and charges.

**Parish Council**

An organisation that delivers some services within the Parish boundary, rather than across the City as a whole.

**Peppercorn**

A lease with nil or nominal consideration.

**Performance indicators**

A way of measuring our performance by comparing it to how we performed in the past, or to how other organisations have performed.

**Precept**

A demand made by Essex County Council, the Police and Crime Commissioner for Essex, Essex Fire Authority, and Town and Parish Councils for money they want us to collect for them.

**Provision**

Money set aside to meet specific service liabilities at the date of the accounts, and to meet spending.

**Registered social landlord**

An organisation delivering subsidised housing to the public that is registered with the Housing Corporation.

**Reserve**

Savings we have built up from surpluses.

**Restatement**

We normally show the amounts that were in last year's accounts as the same figure, but where there is a change in the accountancy rules, we have to change last year's figure to meet the current rules.

**Right-of-Use Assets (ROU)**

An asset that the Council does not own but has a contractual right to use for a specified period of time such as a lease, contract hire agreement or loaned item.

**Surplus**

At the end of the year, if an account such as the Comprehensive income and expenditure account shows that we have received more income than we have spent, that account is known as being 'in surplus'.

**Tax base**

The number of houses we can charge our council tax on.

**Trading undertakings**

Part of our activities where the service could also be provided by others outside the Council.

**Unrealised Gain**

The amount an asset or investment has increased in value since we purchased it. However, the gain is only realised when we sell the asset or investment.