CHELMSFORD CITY COUNCIL

DRAFT STATEMENT OF ACCOUNTS

2025/26

1. Contents

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

Chelmsford City Council's Statement of accounts for 2025/26, ending on 31 March 2026, demonstrates the Council's strong governance, prudent financial management, and ambitious approach to delivering for residents and businesses.

During 2025, the Government announced two significant changes affecting the Council. First, Chelmsford City Council will receive an additional £3.4 million of funding from 2026/27 onwards, reflecting need (primarily related to the shortage and cost of emergency housing). Second, in February 2025, the Government confirmed that local government across many areas of England, including Essex, will be reorganised by April 2028.

As a result, from 1 April 2028 Chelmsford City Council will merge with Maldon and Brentwood district councils into a new unitary authority, which will also assume the local service responsibilities currently delivered by Essex County Council. This represents a once-in-a-generation opportunity to reshape local government, creating streamlined services, stronger financial resilience, and improved outcomes for residents.

Between now and April 2028, Chelmsford City Council will continue to deliver the priorities set out in Our Chelmsford, Our Plan, while also playing a leading and constructive role in planning for a successful transition to the new unitary authority.

Providing the best possible services and best value for local taxpayers remain core principles. Our disciplined approach to financial management will ensure that Chelmsford enters unification from a position of strength, stability, and credibility.

One of the most significant challenges facing the Council in recent years has been the large increase in homelessness. The Council has a statutory duty to provide temporary accommodation for any households that meet the legal definition of homelessness, and demand has risen substantially. The number of households placed in temporary accommodation has increased markedly since 2020/21, with associated annual costs rising from £1.4 million to £7.6 million in the 2026/27 budget.

The additional Government funding from 2026/27, in large part, is due to the pressure homelessness places on Chelmsford City Council's finances.

Alongside service delivery, the Council must now ensure sufficient funding is available to support the costs of transitioning to the new unitary structure. While the Government has provided some funding, it will not fully cover transition costs. To protect residents and maintain financial resilience, Chelmsford City Council has proactively set aside £6 million in reserves to meet its share of these costs.

Other councils within Essex are also setting aside funding. The Government-approved business case anticipates savings of approximately £104 million per year across Essex once the unitary authorities are fully established. Although the early years will see transitional and one-off investment costs, annual savings are expected to be realised by 2031, with the full benefits achieved after 2034.

Chelmsford City Council will set one further budget and produce two more sets of accounts prior to unification. The final budget for 2027/28 will be constrained by statutory requirements to seek joint approval with partner councils for major financial decisions, including significant contracts and land disposals.

Like many councils nationally, Chelmsford continues to face challenges arising from the national backlog in local authority audits. The majority of councils, including Chelmsford, have received disclaimed audit opinions, reflecting national shortages in audit capacity and disproportionately complex audit requirements, rather than weaknesses in local financial management.

As in recent years, it is unlikely that the 2025/26 accounts will be subject to a fully completed audit. In the professional opinion of the Council's Chief Finance Officer, meaningful reform at national level is essential to ensure that the audit system becomes proportionate, timely, and effective in supporting transparency and accountability. Until then, delayed and incomplete audits continue to impose additional costs and undermine effective financial stewardship.

Notwithstanding these national challenges, Chelmsford City Council remains well-led, financially responsible, and firmly focused on delivering value, quality services, and long-term benefits for the communities we serve.

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:

- £29,000 was spent on Council Tax additional Hardship Payments to people in receipt of Council Tax Support.
- £7.7m was claimed by residents from the City Council under its Council Tax Support scheme.
- Discretionary Housing Payments totaling £200,000 were paid to residents who needed additional help with housing costs. Housing Benefit of £27.4m was paid out to residents.
- During 2025/26, the Council provided grants of £243,000 to charities, who through their work, supported residents.

Our priorities for 2026/27

- Finalising and submitting the reviewed Chelmsford Local Plan (to 2041) to the Government for independent examination, ensuring future growth is planned and infrastructure-led. This will ensure desperately needed housing and facilities are built but in the best way for the current and future residents of Chelmsford.

- Continuing to tackle housing need and homelessness, including investment in homelessness prevention and temporary accommodation support for Chelmsford households, supported by new ring-fenced Government funding in 2026/27.
- Delivering cleaner streets: the 2026/27 budget included proposals to increase dog bin and street care services across the district. Specific funding has been allocated as a replacement for some of the work undertaken by the highways rangers service formerly paid for by the county council, that kept hedges and other foliage from becoming overgrown.
- Using our financial reserves to fund additional initiatives that make Chelmsford a great place to live, including measures to reduce anti-social behaviour, an urban grant scheme to further improve the city centre and more funding for discretionary grants for charities doing great work in the community.
- Developing Chelmsford's reputation as a great place for festivals and culture with the launch of Festival Republic's 'State Fayre' at Hylands. Continuing to support Chelmsford Theatre as a centre of excellence for performing arts and an increasing commercial success, with a packed programme and new corporate sponsors.
- Preparing for Local Government Reorganisation (LGR), ensuring financial stability and service continuity ahead of the transition to a new unitary authority in April 2028.

Chelmsford is an ambitious city with a reputation as a great place to live and work. The district is regularly recognised nationally, and it was again named one of the Best Places to Live in the UK by Sunday Times this year.

Last year saw the delivery of several big infrastructure projects in our council area, including the successful opening of Beaulieu Park Station, the first new railway station on the Great Eastern Main Line for more than a century.

Although major projects like this don't come along every year, 2026 will see a major step forward for Chelmsford Garden Community, an area served by the new station. Several major planning applications for new phases of the Garden Community were approved in late 2025, with the rest expected to come forward in mid-2026. These applications include new roads, schools, health facilities, homes and destination parks.

As the Council prepares to join other local authorities in a new Mid Essex unitary authority, delivering for Chelmsford residents remains our focus for the year ahead. We will continue to do all we can to help those who need us most as we prepare for this transition.

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:

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

We have detailed below which council provides which services.

Chelmsford City Council	Essex County Council
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 in response to concerns about climate change and its impact on the local area. It committed to reducing emissions, creating a more sustainable future, and making its own operations net zero by 2030. An action plan to deliver these ambitions was approved in January 2020.

Emissions Performance

Scope	Baseline 2019/20 (tCO_2e)	2025/26 (tCO_2e)	Reduction (tCO_2e)	% Reduction against baseline
Scope 1 (Fuel sources directly burnt by our operations such as gas and heating oil and fuel for transport we own and operate)	3,637	1,822	**1,815**	**49.91%**
Scope 2 (Electricity used by our operations)	1,663	994	**669**	**40.20%**
Scope 3 (Car business mileage from employee mileage claims)	70	25	**45**	**64.29%**
Total	**5,370**	**2,841**	**2,529**	**47.09%**
Intensity measurement*: Number of full time equivalent staff	833	836		

* The intensity measurement helps put our emissions into context. It shows our emissions relative to the size of the organisation, using the number of full-time equivalent staff. This allows us to compare performance more fairly over time, even if the size of the Council changes.

Corporate greenhouse gas emissions are 9% lower than 2024/25 and overall emissions are now 47% lower than the 2019/20 baseline.

Key Drivers of Reduction

- **Fleet decarbonisation**: Switching heavy goods vehicles from diesel to Hydrotreated Vegetable Oil (HVO) has significantly reduced direct emissions.
- **Efficient buildings**: Well-maintained buildings including modern lighting, air conditioning systems, and variable speed motors help minimise energy use.
- **Reduced travel and energy use**: Continued reductions in business mileage and improved energy efficiency across the estate.

Improving Our Operations

The Council continues to invest in practical measures to reduce environmental impact in its day-to-day operations:

- **LED lighting upgrades** across corporate buildings, including Hylands House offices, with motion sensors to reduce unnecessary energy use
- **Replacement of older boilers.** In 2025/26 four corporate sites had boilers replaced with more efficient modern systems, improving performance while reducing fuel consumption
- **Street lighting improvements**, Some areas of City Centre street lights were replaced with LED lamps improving services and reducing energy demand

Wider Environmental Impact

Alongside emissions reduction, the Council is taking a broader approach to improving the environment for residents, businesses and visitors. Some achievements for 2025/26 include:

- Installation of several beehives on Council land and buildings to support pollinators
- In 2025/26 85 trees were planted, plus 12,755 young trees ("whips")
- 1,200 trees were given to residents, encouraging community involvement
- Creation of a new community orchard in South Woodham Ferrers
- 11,571 volunteer hours contributed to conservation including wildlife monitoring
- Enhancements to green spaces, including a new book box at John Shennan Nature Reserve
- Grants provided to help businesses reduce single-use plastics and improve water efficiency
- Support for the Green Skills Fair with Chelmsford College
- Promotion of the “Litter is No Small Problem” campaign
- Partnership work on litter picking and river clean-up events
- Ongoing Carbon Literacy training for staff to embed sustainable behaviours
- Hylands Estate joined the Green Events Code of Practice (GECoP) to improve sustainability standards
- Introduction of plant-based catering options at Council venues

Planning for Sustainable Growth

The Council is leading by example through its planning policies and approach to growth. Including policies that address community benefit from renewables infrastructure and building towards the Future Homes and Passivhaus standards.

This approach helps ensure that new development contributes to long-term environmental sustainability and resilience.

Governance and Accountability

Progress on reducing greenhouse gas emissions is regularly reported and reviewed. Updates are provided to the Overview and Scrutiny Committee and the latest report (March 2025) is publicly available here.

Updates were also provided to September's Overview and Scrutiny Committee on the "Our Chelmsford – Our Plan" Progress report which can be found here.

Looking Ahead

The Council will continue to explore further opportunities to reduce its environmental impact. The Council will ensure that future investments balance environmental benefits with value for money.

Future work streams include:

- Renewable energy procurement options to reduce emissions from electricity use
- Electrification of heating systems where practical and cost-effective
- Expanded use of on-site renewable energy technologies, such as solar power

Summary

The Council has made significant progress in reducing emissions and improving environmental performance and has almost halved emissions since 2019/20. Through continued investment, strong governance, and collaboration with residents and businesses, the Council remains committed to creating a cleaner, greener and more sustainable future.

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 188,803 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.

Employment in Chelmsford remained strong with 97,000 jobs in the heart of the city. Chelmsford has particular strengths in the financial and business services sectors, research and development, and advanced manufacturing. The number of business units within Chelmsford has increased by 10 to 9,385.

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 and deputies whom each have responsibility for a particular group of council services. Below is the structure as at 31 March 2026.

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

Cabinet Member	Service area of responsibility
Cllr Rose Moore Greener Chelmsford	Parks and Green spaces Planning
Cllr Donna Eley Safer Chelmsford	Community safety Waste management and recycling
Cllr Jennie Lardge Cultural services	Cultural activities and facilities Museum services
Cllr Simon Goldman Economic Development and Property	Local economic development & tourism Local business relations Corporate Property
Cllr Joanne Hawkins Support services	Central services (Human Resources, Customer Services, Legal and Democratic Services, Electoral Services) Digital services
Cllr Terry Sherlock 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 led 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).

Due to upcoming retirement of the Director of Public Places, from 1st of April 2026, the structure of Management Team will change. The two remaining directors will take over the responsibilities from the Director of Public Places but will be supported by two assistant directors; Mark De'ath (Assistant Director – Culture, Leisure and Open Space) and Jeremy Potter (Assistant Director – Planning and Place Shaping).

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.

Our Chelmsford, Our Plan

A fairer and more inclusive place
Promoting sustainable and environmentally responsible growth to stimulate a vibrant, balanced economy, a fairer society and provide more homes of all types.

A greener and safer place
Creating a distinctive sense of place, making the area more attractive, promoting its green credentials, and ensuring that people and communities are safe.

A more connected place
Bringing people together and working in partnership to encourage healthy, active lives, building stronger, more resilient communities so that people feel proud to live, work and study in the area.

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 2025/26 and shows our financial position at 31 March 2026. The accounts are set out in the 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 are 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 a 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 1 April 2025 to 31 March 2026	Gross Expenditure £ 000	Income £ 000	Net Expenditure £ 000
Total Spending on Current services	138,961	(85,306)	53,655
Other Income and Expenditure	38,705	(92,362)	(53,657)
Total spending on services as presented in the Comprehensive Income and Expenditure account			(2)
Add Adjustments between the Funding and Accounting bases			241
Decrease/(Increase) in General fund (including Earmarked Reserves)			239

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

A simplified Balance Sheet	31 March 2026 £ 000
What we own	
Assets	302,556
Stocks	267
Investments	6,568
	309,391
What we are owed	
Amounts due before 31 March 2027	33,707
Amounts due after 31 March 2027	1,554
	35,261
What we owe	
Amounts due before 31 March 2027	(24,242)
Amounts due after 31 March 2027	(15,040)
Provisions	(2,420)
Borrowing	(14,037)
	(55,739)
Pension (deficit)/surplus	(5,790)
Cash and equivalents in hand or (overdrawn)	12,496
Net assets	295,619

Our reserves	31 March 2026 £ 000
Usable reserves	48,680
Unusable reserves	246,939
Total reserves	295,619

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 surplus at the last triennial valuation. This is a change from the previous triennial valuation where it was estimated to have a shortfall because its obligations to members were more than the assets and returns expected from the fund.

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 6.1% at 31st March 2026. 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 2026.

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 £5.8m 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

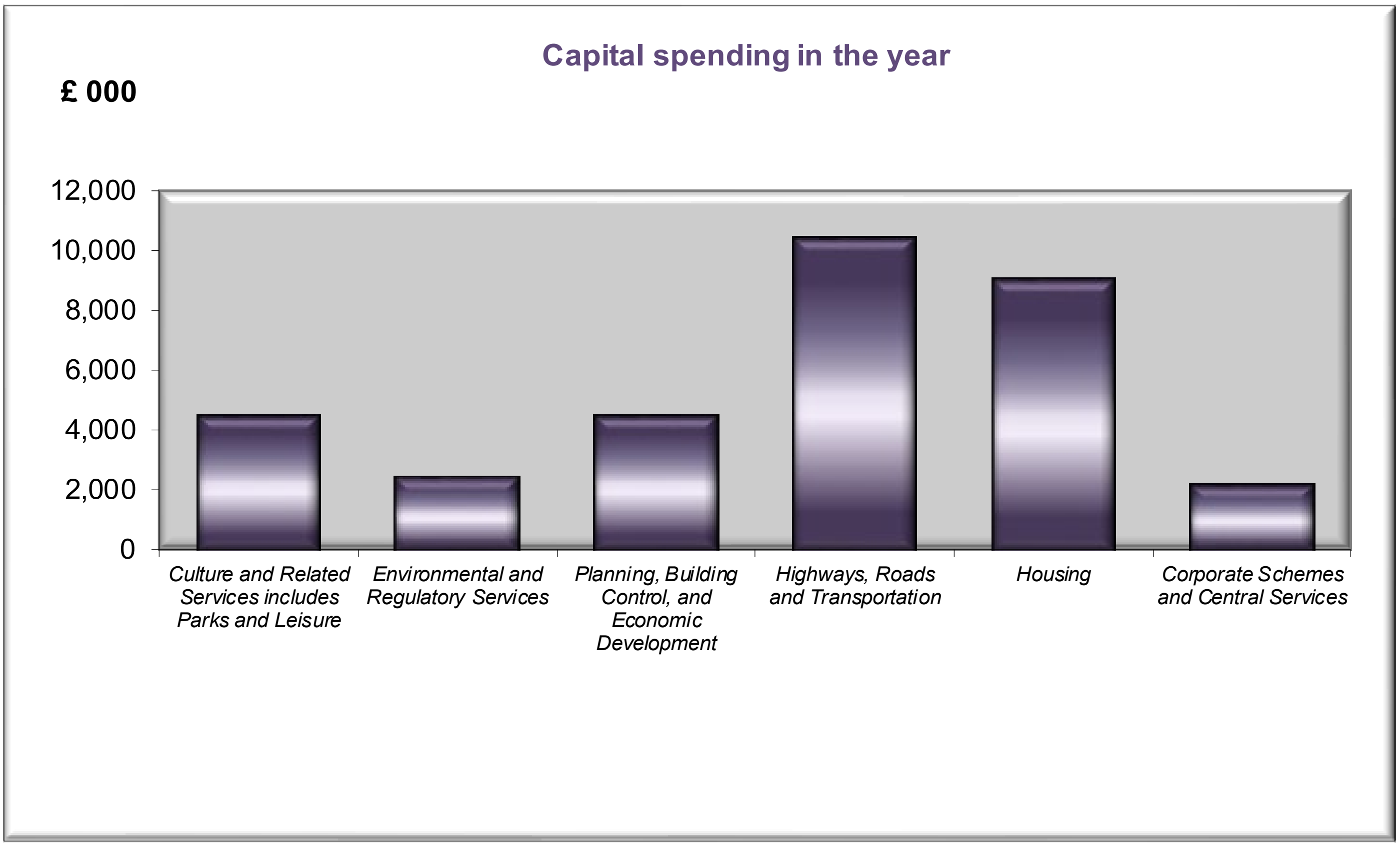
We produce our accounts in International Financial Reporting Standards (IFRS) format. This is to comply with agreed accounting practices. Where there is any material change in accounting practice, we restate last year’s figures.

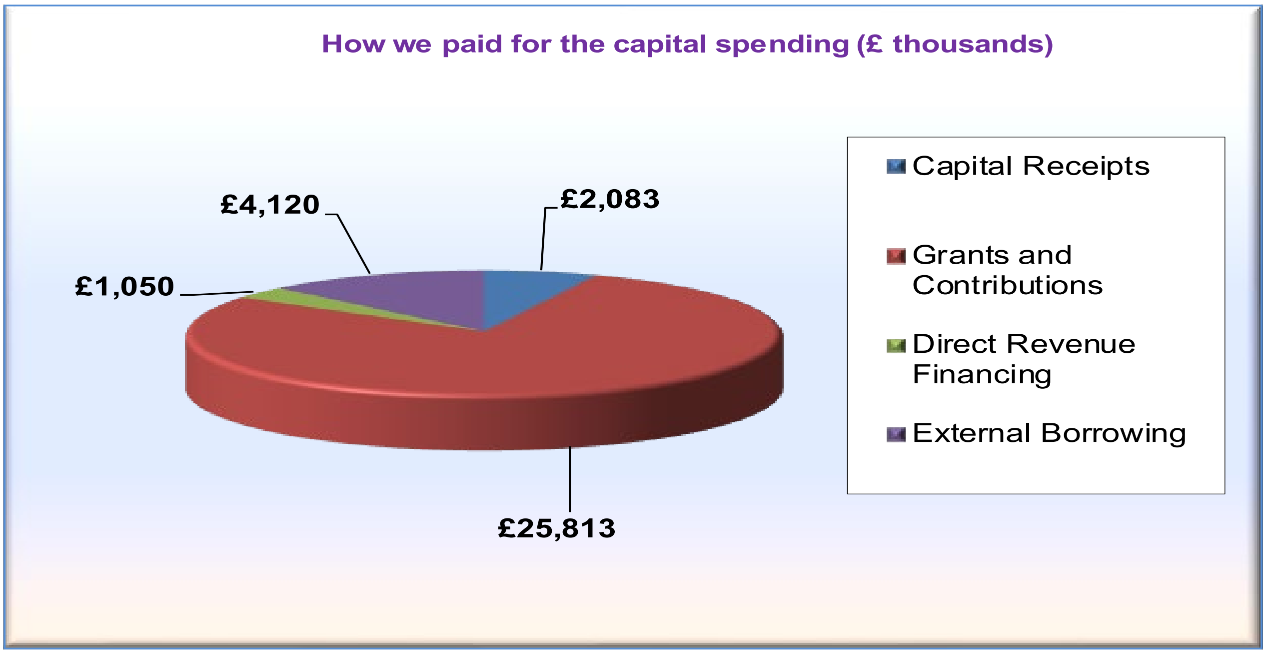
Borrowing

We have total external borrowing of £20.3m at the end of the year. This includes £14m short term, borrowed from Public Works Loans Board (PWLB) and finance leases of £6.3m, mostly relating to temporary accommodation for the homeless. The outstanding balance on internal borrowing is £25.6m at the end of the year with total capital financing requirement (CFR) at £45.9m.

Capital spending

During the year we spent £33.1m on capital. 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 spend was in relation to assets we own or where we lease or have the ROU. Some of the spending was on assets we do not own. 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 2025/26

During 2025/26, 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.

In September 2025, the Committee received an update from Management Team detailing the progress made in implementing the strategic actions that supported the delivery of the ambitions and priorities set out in 'Our Chelmsford Our Plan'.

In November 2025, the Committee received an update detailing housing delivery monitoring statistics for 2024/25 and were provided with an update on existing, new, and proposed national and local initiatives that impacted on the delivery of new housing.

In February 2026, the Committee received a joint presentation from the Safer Chelmsford Partnership and Essex Police detailing the work undertaken by the partnership and its impact in the prevention of anti-social behaviour and the structure of the Local Neighbourhood Police and the Force Plan priorities for 2024-2026. An additional meeting was held in February due to a Cabinet decision being called in which was related to the Community Infrastructure Levy. 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 March 2026, an additional meeting was held to provide the project history, funding and decisions enabling the Chelmer Waterside regeneration and construction of Bow

Bridge as requested by members of the Overview and Scrutiny Committee. Members engaged in the debate and noted the report.

The Committee will continue to monitor performance and receive updates from specific services, during 2026/27, 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 and capital 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 2025/26 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.

The 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 2025/26 identified £2.5m underspend compared to the budget.

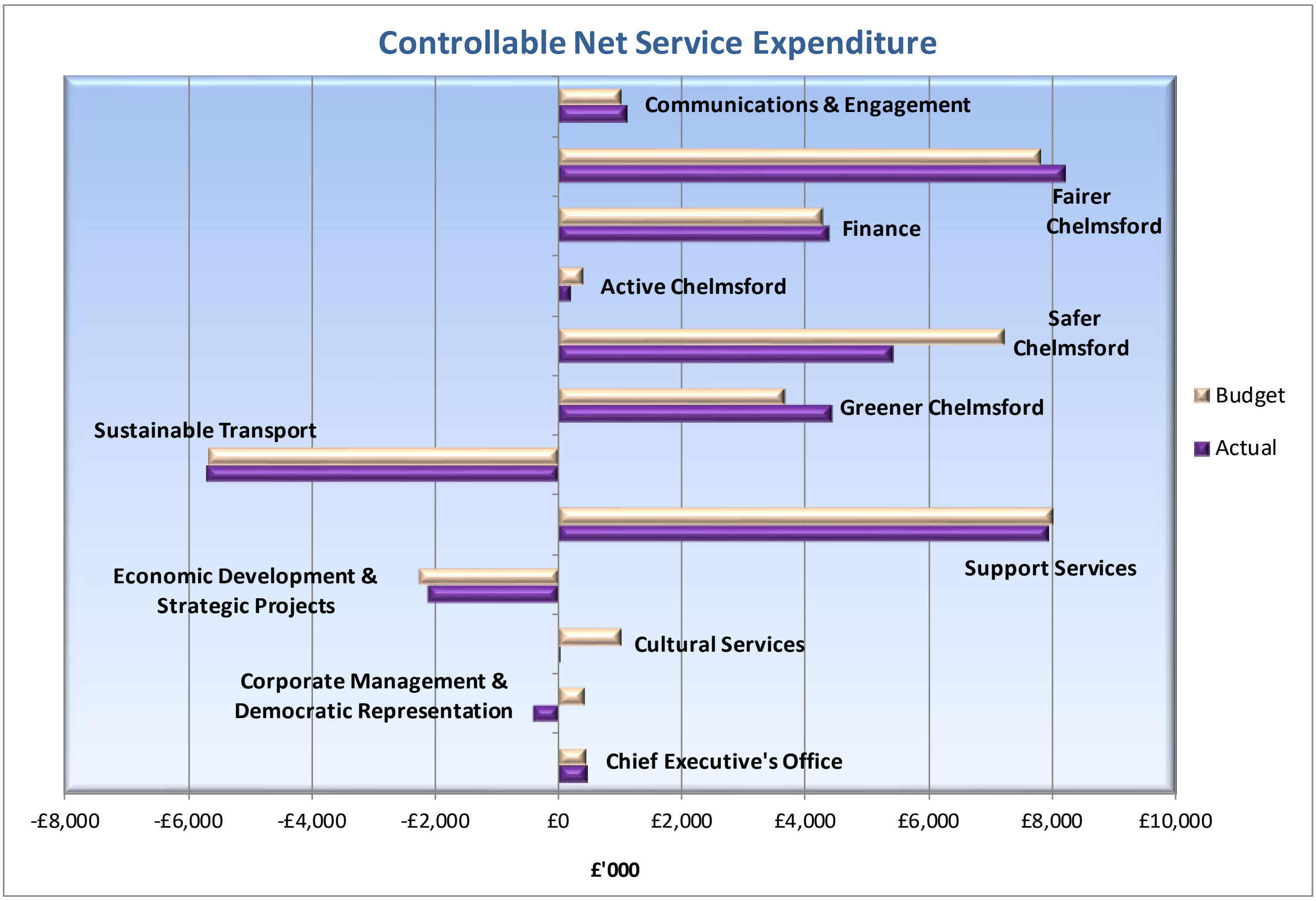
The increased demand for housing and cost of temporary accommodation was one of the main drivers behind Council's expenditure increases in recent years. The cost per case has increased during 2025/26 above the budgeted amount, resulting in a net overspend of £0.9m above the budget. The 2026/27 budget was already realigned to reflect the trend and will be further reviewed as part of the medium-term financial forecast estimates preparation.

The Council has generated higher than anticipated income from discretionary fees and charges. This was mainly driven by stronger than expected uptake of the new garden waste subscriptions, alongside increased revenues from theatres due to a more diverse programme, and increased memberships and activity levels within our leisure centres.

The table below shows key service variations:

Reason for net service spend variation	Outturn +over/-under £m
Net employee costs variance	-0.4
Additional cost of 2025/26 Pay Award	0.2
Saving on electricity and gas, due to lower unit prices	-0.2
Saving on vehicle costs due to pre-agreed prices as part of contract	-0.2
Temporary accommodation increased cost per case	0.9
Additional grants above budgeted level	-1.1
Income above budget from the Extended Producer Responsibility scheme	-0.8
Additional net income from Theatre due to increased activity	-0.8
Higher than anticipated garden waste subscriptions uptake	-1.2
Additional income from successful tax refund and legal claims	-0.3
Reduced Crematorium income, less demand and increased competition	0.9
Consultancy costs due to increased public planning inquiries	0.2
Additional audit fees for prior year audits	0.2
Leisure centre income due to increased memberships and activity	-0.6
Other approved variations to original budget	0.7
Total service variations to latest Approved budget	**-2.5**

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 budget, resulting in reported £0.9m underspend.

Business Rates income

The Council is a member of the 2025/26 Essex Business Rates pool which enables us to retain some of the levy that we would otherwise pay over to the Government. Following the Government's reset of the business rates scheme there is no Essex Pool in 2026/27. The Council is expected to lose some income from the business rates as part of the reset.

After 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 £0.1m to income from the business rates pool.

The retained business rates income was £1.6m above the baseline. The business rates income is volatile as it is affected by settlements of successful appeals against valuations and changes in the appeals provision. Income received in prior years has been put aside into reserves to deal with future volatility in business rates income and has been used to fund shortfall against the budget of £0.7m.

Other non-service variations

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

Reason for other non-service variations	Outturn +over/-under £m
Additional income from interest earnings	-0.3
Debt repayment reduced due to delay in need to borrow	-0.6
Revenue funding of capital reduced due to delay in spend	-0.1
One-off loss from disposal of multi-asset fund investment	0.3
Additional One-off grants mainly relating to business rates scheme	-0.2
Total non-service variations to budget reported in provisional outturn	**-0.9**

Due to interest rates remaining at elevated levels for a longer period than estimated, slippage in our spend and holding on to one-off contributions, the Council has earned £0.3m of additional interest earnings than originally budgeted for.

The loss from the sale of the multi asset fund was a one-off loss and was funded by previously set aside realised gains from investments.

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 2025/26 to 2029/30

The Council’s Medium Term Financial Strategy, approved annually, sets the financial framework for delivering the Council’s strategic objectives over a five-year period.

In recent years, delivery of the Council’s objectives has taken place within a highly challenging financial environment. For more than a decade, published strategies have forecast funding shortfalls against the resources required to deliver the Council’s plans and maintain current services. These forecasts are updated at the February Council meeting, when Council Tax is set for the following year.

Under Local Government Re-organisation, the Council will merge with neighbouring authorities to form a Mid-Essex Unitary Council on 1st April 2028. The MTFS prepared by the City Council up to that date will help ensure that the new unitary council begins operation on the strongest possible financial footing.

In summary, the latest published MTFS and supporting financial plans identify that:

- Maintain unearmarked reserves at a minimum target level of £9 million in 2025/26 to meet general contingencies.
- Maintain specific earmarked reserves to manage identified risks, such as fluctuations in rental income.
- Establish a specific Local Government Re-organisation (LGR) reserve in 2026/27 to manage the financial costs and risks associated with LGR.
- The Business Rate Retention funding scheme was expected to be reset in 2026/27. A contingency reserve to cover fluctuations in income or Government funding changes or fund cost of capital spend would be maintained. Post development of the MTFS, as part of the December 2025 Government funding settlement, the system was reset and the Government guaranteed to cover in 2026/27 any fluctuations in retained business rates. The reserve will no longer be needed given the funding guarantee.
- Manage Council assets and capital expenditure in the most cost-effective manner.
- Identify savings and efficiencies through the annual budget process.
- Review fees and charges annually.

The key financial risks identified when setting the 2025/26 annual budget were:

- Local Government Re-organisation. At the time the budget was set, the Government had proposed LGR, but no decision on the final structure had been taken.
- Continued growth in homelessness has made annual increases in the cost of temporary accommodation the Council's most significant financial challenge.
- At the time the MTFS was produced, the details of the proposed Government funding changes for 2026/27 were not known. The Council expected that the system might direct more funding towards areas of deprivation without adequately reflecting the financial impact of homelessness, which could have resulted in a significant loss of funding. Since then, the Government's revised funding allocations have provided significant additional support for homelessness, and the Council's funding position has improved accordingly.
- The Council does not have sufficient capital resources to fund its capital programme and therefore requires borrowing. As a result, the revenue costs of financing capital expenditure are expected to rise as the capital programme is delivered in support of the Our Chelmsford, Our Plan priorities. These costs may also increase further because of higher interest rates or unexpected increases in scheme costs. The MTFS reflects the current cost of the capital

programme, and financial planning over the period of the strategy is intended to address the resulting budget pressures.
- Higher-than-expected inflation in pay and in the cost of purchased services remains a risk, particularly where wider geopolitical or economic events affect price levels.

The Council's approach to managing these financial challenges is, where necessary, to use reserves initially to absorb increased costs and avoid immediate changes to service provision. Decisions on how to fund those costs on an ongoing basis, whether through additional income or service reductions, are then taken once the longer-term implications are better understood. Reserves will continue to be managed to ensure that they remain sufficient to cover the Council's key financial risks. If reserve levels fall below target, the Council's approach to managing cost pressures would need to change.

Council's principal risks and opportunities

It is the Council's policy to proactively identify, understand and manage the risks inherent in its services and associated with its plans and strategies, so as to encourage responsible, informed risk taking within its risk appetite and reduce exposure to a tolerable level using a justifiable level of resources.

An effective risk management framework should:

- provide risk information to support decision-making and resource allocation
- improve compliance with policies, procedures, laws and regulations and stakeholder expectations; and
- provide assurance to internal and external stakeholders that the Council is well-managed.

The Principal Risk Register is central to the risk framework. Principal Risks (which may include strategic, operational, project or compliance risks) are those risks which, due to their nature or severity, 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):

Risk event	Risk Rating	Comments
Local Government Reorganisation Disruption to governance, service delivery, and financial stability during the transition to a new local government structure may lead to reduced service quality, staff uncertainty and increased costs	Very High	Core Change Group and Management Team are monitoring and assessing the development of LGR and its impacts and establishing plans accordingly.
Succession Planning (Loss of Key Personnel) Loss of key staff may result in a significant loss of knowledge and experience which could seriously impact on service delivery	Very High	Future planning has been focussed on supporting managers and staff to ensure the delivery of key services while preparing for LGR.
A12 Improvements Failure to secure future infrastructure funding for A12 J19 may lead to key strategic sites in the Local Plan not being deliverable, which may stall housing and economic growth as well as increasing congestion	Very High	Discussions continuing with key stakeholders.
Loss or damage to the crematorium The Council may be unable to meet its obligations as the burial and cremation authority for the area	Very High	Discussions continuing with key stakeholders.
Homelessness Inability to meet our statutory obligations to the homeless and provide suitable temporary accommodation may lead to legal breaches, financial penalties, reputational damage, and increased pressure on staff and services	Very High	The Council continues to develop additional supply of supported housing as alternative to Temporary Accommodation (TA) where possible.
Cyber Security Malicious attack(s) may result in significant disruption to critical services, including the Council's statutory emergency response, and may lead to data breaches, regulatory penalties and financial losses.	Very High	The Council continues to respond to the increasing cyber threat by completing a programme of work following the 2025 posture review.
Chelmer Waterside Failure to deliver the Chelmer Waterside development as planned may result in financial and reputational loss, missed housing and funding opportunities, and impacted relationships with key partners.	Very High	Discussions continuing with key stakeholders.

Risk event	Risk Rating	Comments
Health & Safety A serious health and safety incident may result in injury or death, trigger costly regulatory investigations, damage the Council's reputation, and negatively impact staff morale and service delivery.	Very High	The Council annual Health and Safety (H&S) audit programme continues using H&S specialists, Peninsula
Information Governance A serious data breach and/or other significant instance of non-compliance with data legislation may result in costly regulatory investigations leading to significant fines, and damage to the Council's reputation	Very High	The Council continues to undertake mitigating activities to reduce the likelihood and impact of risk relating to data governance.

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 54% females and 46% males.

Other significant items

We did not have any material or unusual charges to the accounts or any major changes in statutory functions during 2025/26.

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 The Financial 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 **Date**
Chair of the Audit and Risk Committee

The Financial Services Manager's responsibilities

The Financial 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 Financial 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 Financial 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 2026 and the income and spending for the year ended 31 March 2026.

25/06/2026
……………………………………………….. …………………………
Phil Reeves **Date**
Financial Services Manager, Section 151 officer

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 2024/25 figures below were restated, where required, to reflect the reporting structure during 2025/26, without an impact on overall totals. The 2024/25 figures were also restated to reflect the change in treatment of trading account units. Details of this restatement can be found in the Restatements note 39.

2024/25 Gross spending Restated £ 000	2024/25 Income Restated £ 000	2024/25 Net spending Restated £ 000	Money spent on services direct to the public	Notes	2025/26 Gross spending £ 000	2025/26 Income £ 000	2025/26 Net spending £ 000
447	-	447	Chief Executive's Office		454	-	454
224	(407)	(183)	Corporate Management & Democratic Representation		511	(914)	(403)
5,012	(4,544)	468	Cabinet Deputy for Cultural Services		5,547	(5,213)	334
4,678	(1,129)	3,549	Cabinet Deputy for Economic Development & Property		2,989	(926)	2,063
8,132	(338)	7,794	Cabinet Deputy for Support Services		8,148	(287)	7,861
3,212	(9,028)	(5,816)	Cabinet Deputy for Sustainable Transport		3,283	(8,800)	(5,517)
20,711	(6,691)	14,020	Cabinet Member for a Greener Chelmsford		22,088	(6,493)	15,595
20,947	(8,449)	12,498	Cabinet Member for a Safer Chelmsford		24,863	(12,935)	11,928
14,567	(12,184)	2,383	Cabinet Member for an Active Chelmsford		15,705	(11,723)	3,982
37,133	(32,799)	4,334	Cabinet Member for Finance		31,917	(27,922)	3,995
19,456	(12,302)	7,154	Deputy Leader and Cabinet Member for a Fairer Chelmsford		22,381	(9,821)	12,560
940	(24)	916	Leader & Cabinet Member for Communications & Engagement		1,075	(20)	1,055
-	(229)	(229)	Other Service costs/Income		-	(252)	(252)
135,459	(88,124)	47,335	**Spending on current services**		138,961	(85,306)	53,655
4,240	(680)	3,560	Other operating expenditure	11	4,114	(1,070)	3,044
2,678	(5,336)	(2,658)	Financing and investment	12	1,178	(15,610)	(14,432)
30,889	(87,831)	(56,942)	Taxation and general grants	13	33,413	(75,682)	(42,269)
173,266	(181,971)	(8,705)	**(Surplus) or deficit on Provision of Services**		177,666	(177,668)	(2)
			Items that will not be reclassified to the Total spending on services				
		(5,537)	(Surplus) or loss from our assets being revalued				393
		754	Remeasurement of the assets of the pension fund	34			3,716
			Items that may be reclassified to the Total spending on services				
		-	(Surplus) or loss from financial assets				-
		(13,488)	**Total income and expenditure**	25			4,107

Movement in reserves statement

Movement in Reserves	General fund £ 000	Capital receipts reserve £ 000	Capital grants unapplied (note 36) £ 000	Total usable reserves £ 000	Unusable reserves (note 22) Restated £ 000	Total reserves £ 000
Balance at 1 April 2024	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
Balance at 31 March 2025	31,672	68	26,935	58,675	241,051	299,726

Movement in Reserves	General fund £ 000	Capital receipts reserve £ 000	Capital grants unapplied (note 36) £ 000	Total usable reserves £ 000	Unusable reserves (note 22) £ 000	Total reserves £ 000
Balance at 1 April 2025	31,672	68	26,935	58,675	241,051	299,726
Total comprehensive income and expenditure	2	-	-	2	(4,109)	(4,107)
Adjustments from council tax levied and accounting regulations (note 9)	(241)	1,117	(10,873)	(9,997)	9,997	-
Net increase or (decrease)	(239)	1,117	(10,873)	(9,995)	5,888	(4,107)
Balance at 31 March 2026	31,433	1,185	16,062	48,680	246,939	295,619

Balance sheet

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

31 March 2025 £ 000	Balance Sheet	Notes	31 March 2026 £ 000
	Long-term assets		
240,490	Property, plant and equipment *	14	240,810
50,323	Investment property	14	59,205
141	Intangible assets		96
5,346	Heritage assets *	15	2,445
9,053	Long-term investments	16	6,568
2,424	Long-term debtors		1,554
307,777			310,678
	Current assets		
313	Stocks		267
-	Short-term investments	16	-
34,245	Short-term debtors	18	33,707
14,176	Cash in hand and cash equivalents	19	12,496
48,734			46,470
	Current liabilities		
(25,942)	Short-term creditors	20	(24,242)
(11,047)	Short-term borrowing	16	(14,037)
(1,352)	Provisions	21	(2,101)
(38,341)			(40,380)
	Long-term liabilities		
(7,301)	Long-term creditors	37	(9,466)
(999)	Long-term Provisions	21	(319)
(5,484)	Capital grants received in advance	31	(5,574)
(4,660)	Liability relating to our pensions	34	(5,790)
(18,444)			(21,149)
299,726	**Net assets**		295,619

31 March 2025 £ 000	**Reserves**	Notes	31 March 2026 £ 000
	Reserves		
58,675	Usable reserves (see Movement in Reserves Statement)		48,680
241,051	Unusable reserves	22	246,939
299,726	**Total reserves**		295,619

*Includes right-of-use assets (ROU)

Cashflow statement

This section shows what cash we spend and receive.

2024/25 £ 000	Cash Flow	Notes	2025/26 £ 000
	Operating activities		
(8,705)	Net (surplus) or deficit on the provision of services		(2)
	Adjustment for non-cash movements		
(8,836)	Depreciation		(9,683)
1,665	Impairments and valuation movements		(1,571)
(101)	Amortisation of intangible assets		(73)
(1,230)	Movement in provision for bad debts		(40)
2,059	Movement in debtors		(1,368)
(5,416)	Movement in creditors		(229)
(28)	Movement in inventories		(46)
1,406	Movement in pension liability		2,586
(754)	Carrying amount of non-current assets sold		(411)
(354)	Movement in other provisions		63
6,703	Other non-cash items charged to net surplus or deficit		9,834
	Adjustments for items that are investing and financing activities		
704	Proceeds from sale of property, plant and equipment		1,070
18,851	Grants received for the financing of capital expenditure		13,681
(31)	Gain/(Loss) on financial asset sale		1
5,933	**Net cash (inflow) or outflow from operating activities**	23	13,812
	Investing activities		
	Spending		
21,924	Buying non-current assets		10,093
	Income		
(704)	Selling non-current assets		(3,104)
(19,891)	Capital grants and contributions we received		(15,059)
137	Other contributions		158
(17,041)	Investment Inflows		(2,795)
9,000	Investment Outflows		-
(6,575)	**Net cash (inflow) or outflow from Investing activities**		(10,707)
(642)	**Net cash (inflow) or outflow before financing**		3,105
	Financing activities		
(11,000)	Cash receipts of short-term borrowing		(14,000)
5,000	Repayments of short-term borrowing		11,000
1,318	Finance lease liability		1,575
(4,682)	**Cash flow from financing activities**	24	(1,425)
(5,324)	**(Increase) or decrease in cash**		1,680
8,852	**Cash balance at the beginning of the year**		14,176
14,176	**Cash balance at the end of the year**	19	12,496

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 2024/25 financial year were restated, to reflect reporting structure during 2025/26 and for revised treatment of trading accounts activities, as detailed in the Restatements note 39. This had no impact on overall totals.

2024/25 Restated	2024/25 Restated	2024/25 Restated		2025/26	2025/26	2025/26
Net Expenditure Chargeable to the General Fund £ 000	Adjustments between the Funding and Accounting bases £ 000	Net Expenditure in Comprehensive Income and Expenditure Statement £ 000	**Expenditure and Funding Analysis**	Net Expenditure Chargeable to the General Fund £ 000	Adjustments between the Funding and Accounting bases £ 000	Net Expenditure in Comprehensive Income and Expenditure Statement £ 000
463	(16)	447	Chief Executive's Office	483	(29)	454
(184)	-	(184)	Corporate Management & Democratic Representation	(403)	-	(403)
458	11	469	Cabinet Deputy for Cultural Services	1	333	334
(1,569)	5,118	3,549	Cabinet Deputy for Economic Development & Strategic Projects	(2,101)	4,164	2,063
7,699	95	7,794	Cabinet Deputy for Support Services	7,918	(57)	7,861
(4,996)	(820)	(5,816)	Cabinet Deputy for Sustainable Transport	(5,690)	173	(5,517)
4,051	9,969	14,020	Cabinet Member for a Greener Chelmsford	4,411	11,184	15,595
9,491	3,007	12,498	Cabinet Member for a Safer Chelmsford	5,399	6,529	11,928
208	2,175	2,383	Cabinet Member for an Active Chelmsford	205	3,777	3,982
4,466	(132)	4,334	Cabinet Member for Finance	4,365	(370)	3,995
6,528	626	7,154	Deputy Leader and Cabinet Member for a Fairer Chelmsford	8,190	4,370	12,560
949	(33)	916	Leader & Cabinet Member for Communications & Engagement	1,120	(65)	1,055
(229)	-	(229)	Other Service costs/Income	(252)	-	(252)
27,335	20,000	47,335	**Spending on current services**	23,646	30,009	53,655
3,510	50	3,560	Other operating expenditure	3,704	(660)	3,044
(1,434)	(1,224)	(2,658)	Financing and investment	2,020	(16,452)	(14,432)
(31,415)	(25,527)	(56,942)	Taxation and general grants	(29,131)	(13,138)	(42,269)
(2,004)	(6,701)	(8,705)	**Total spending on services**	239	(241)	(2)

2024/25 £ 000	Movement on General fund Balance (including Earmarked reserves)	2025/26 £ 000
29,668	Opening Balance	31,672
2,004	Surplus/(Deficit)	(239)
31,672	Closing Balance at 31 March	31,433

2. General Accounting policies

The Statement of accounts is a summary of our transactions for the financial year 2025/26 and our position at the year-end, 31 March 2026. The content, layout, and general rules we have used to prepare this Statement of accounts are set out in the Accounts and Audit (England) Regulations 2015, as amended. These regulations are embodied in the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 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 at fair value. 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 the Council 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 Council 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 Council will remain in existence long enough for all its assets to be fully used.

Financial Resilience

The Council has a well-established annual budget-setting process and in year monitoring processes, enabling it to respond flexibly to changing circumstances and ensure that a legally balanced budget is set.

Key risks and actions identified within the Medium-term financial forecast are detailed in the narrative report.

Reserves position

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 2026, the balances held in the reserves remained above the minimum level. The Council held £14.4m in General fund and £17.2m in other earmarked reserves to manage specific risks. This included £6.5m balance in business rates reserve, to deal with timing differences in collection and payments of business rates and to smooth the impact of fluctuations in the business rates income.

Cashflow and liquidity

There are no concerns over cashflow over the next 12 months. The Council had £12.5m in cash and cash equivalents balances as at 31 March 2026. We hold a minimum level of liquidity and have access to debt markets and Public Works Loan Board to manage our liquidity.

Local Government Reorganisation (LGR)

The Council is part of Government led Local Government Reorganisation (LGR) process of restructuring council services. Under LGR, the Council will transition to a new unitary authority. The new unitary authority will continue to deliver all the Council's statutory functions and maintain sound and robust financial management arrangements, therefore meets the criteria for adoption of the going concern assumption.

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:

- Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024
- Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024.

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

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, Existing use value or Depreciated Replacement Cost 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 is reflected on the Council's Balance sheet and do not have a financial impact on service delivery.

All Investment assets will be re-valued annually. 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 impair the value of the asset. In this circumstance the impaired asset will be valued from the date of impairment.

Indexations

Indexation is an approximation of market changes – it is not a valuation of a specific asset.

In addition to the 5-year valuations, wherever possible all other assets will be indexed annually using an indexation provided by internal or external valuers. Where there is no appropriate index available a desktop valuation will be undertaken in year 3.

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 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 31/3/2026 was £59m. 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 a judgement to be made on the length of the lease as they tend to go beyond the lease term. The Council has 78 Private Sector Landlord (PSL) leases at 31 March 2026 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 lease term of 6 years on transition to the accounting standard at 1 April 2024. The outstanding lease liability at 31 March 2026 is £3.76m. If a seven-year term had originally been assumed, the lease liability would have been £0.8m higher. If a five-year term had been assumed on transition, the lease liability at 31 March 2026 would have been £0.9m lower.

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:

Item	Uncertainties	Effect if assumptions change
Fair Value Measurement	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). 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 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. 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.	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. 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 is £59m and surplus £11m.

Item	Uncertainties	Effect if assumptions change
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, Existing use value 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. Indexations are used to adjust the value of assets.	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, Land and Building Right of Use Assets and Surplus assets were valued by the external valuer at 31st March 2026. The carrying value of the valued assets is £90m. 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. Assets held as dwellings that were not valued and with a market value were reviewed by in-house valuers and an indexation was applied. An indexation advised by our valuers was applied to all specialised (DRC) buildings assets not valued in year and other Land and building property not valued and where an index is available. The carrying value of the indexed assets is £105m. Total revalued assets in 2025/26 are £195m. The carrying value of our assets is as follows: - Other Land and Buildings £88m Other Land and Buildings DRC £85m Surplus £11m Investment £59m A 1% change in the valuation of these categories would be £2.4m. Note 14 provides further details on the value of our assets.

Item	Uncertainties	Effect if assumptions change
Pensions liability	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.	See note 34 for the effects of variations in these items.
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 2026 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.

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 2024/25 financial year were restated, to reflect the reporting structure during 2025/26 and revised treatment of trading accounts activities as detailed in the restatement section. This restatement had no impact on overall totals.

2024/25 Analysis of adjustments made to arrive at the Comprehensive Income and Expenditure Statement Restated	Adjustments for Capital Charges (Note 1) £ 000	Net change for the Pensions Adjustment (Note 2) £ 000	Other Statutory Adjustments (Note 3) £ 000	Total Statutory Adjustments £ 000	Other (Non-statutory) Adjustments Restated (Note 4) £ 000	Adjustments between the Funding and Accounting bases £ 000
Chief Executive's Office	-	(16)	-	(16)	-	(16)
Corporate Management & Democratic Representation	-	-	-	-	-	-
Cabinet Deputy for Cultural Services	77	(66)	-	11	-	11
Cabinet Deputy for Economic Development & Property	1,991	(38)	-	1,953	3,165	5,118
Cabinet Deputy for Support Services	247	(177)	-	70	25	95
Cabinet Deputy for Sustainable Transport	(702)	(90)	-	(792)	(28)	(820)
Cabinet Member for a Greener Chelmsford	10,267	(268)	-	9,999	(30)	9,969
Cabinet Member for a Safer Chelmsford	3,350	(370)	-	2,980	27	3,007
Cabinet Member for an Active Chelmsford	2,379	(208)	-	2,171	4	2,175
Cabinet Member for Finance	(42)	(126)	36	(132)	-	(132)
Deputy Leader and Cabinet Member for a Fairer Chelmsford	1,702	(114)	-	1,588	(962)	626
Leader & Cabinet Member for Communications & Engagement	-	(33)	-	(33)	-	(33)
Other Service costs/Income	-	-	-	-		-
Spending on current services	19,269	-1,506	36	17,799	2,201	20,000
Other operating expenditure	50	-	-	50	-	50
Financing and investment	(386)	100	1,263	977	(2,201)	(1,224)
Taxation and general grants	(27,756)	-	2,229	(25,527)	-	(25,527)
Total spending on services	(8,823)	(1,406)	3,528	(6,701)	-	(6,701)

2025/26 Analysis of adjustments made to arrive at the Comprehensive Income and Expenditure Statement	Adjustments for Capital Charges (Note 1) £ 000	Net change for the Pensions Adjustment (Note 2) £ 000	Other Statutory Adjustments (Note 3) £ 000	Total Statutory Adjustments £ 000	Other (Non-statutory) Adjustments (Note 4) £ 000	Adjustments between the Funding and Accounting bases £ 000
Chief Executive's Office	-	(29)	-	(29)	-	(29)
Corporate Management & Democratic Representation	-	-	-	-	-	-
Cabinet Deputy for Cultural Services	447	(114)	-	333	-	333
Cabinet Deputy for Economic Development & Property	1,125	(68)	-	1,057	3,107	4,164
Cabinet Deputy for Support Services	226	(308)	-	(82)	25	(57)
Cabinet Deputy for Sustainable Transport	360	(166)	-	194	(21)	173
Cabinet Member for a Greener Chelmsford	11,656	(465)	-	11,191	(7)	11,184
Cabinet Member for a Safer Chelmsford	7,154	(646)	-	6,508	21	6,529
Cabinet Member for an Active Chelmsford	4,157	(380)	-	3,777	-	3,777
Cabinet Member for Finance	(21)	(217)	(132)	(370)	-	(370)
Deputy Leader and Cabinet Member for a Fairer Chelmsford	5,572	(206)	-	5,366	(996)	4,370
Leader & Cabinet Member for Communications & Engagement	-	(65)	-	(65)	-	(65)
Other Service costs/Income	-	-	-	-		-
Spending on current services	30,676	(2,664)	(132)	27,880	2,129	30,009
Other operating expenditure	(660)	-	-	(660)	-	(660)
Financing and investment	(13,786)	78	(615)	(14,323)	(2,129)	(16,452)
Taxation and general grants	(12,698)	-	(440)	(13,138)	-	(13,138)
Total spending on services	3,532	(2,586)	(1,187)	(241)	-	(241)

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 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 £28.3m
- Government grant received in respect of housing benefit paid to the Council £25.5m
- Income from sales, fees and charges and rents £48.2m
- Employee costs excluding statutory payments on behalf of employees for tax and pensions £35.5m

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.

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 2024/25	General fund £ 000	Capital receipts reserve £ 000	Capital grants unapplied £ 000	Total usable reserves £ 000	Unusable reserves Restated £ 000	Total reserves £ 000
Reversal of items included in the Comprehensive income and expenditure account (CI&ES)						
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)	-
Inclusion of items not included in the CI&ES				-	-	-
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)	-
Adjustments involving the capital receipts reserve				-	-	-
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)	-
Adjustments involving the capital grants unapplied account				-	-	-
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)	-
Adjustments involving the pension reserve				-	-	-
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)	-
Adjustments involving the collection fund adjustment account				-	-	-
Adjustment for Council Tax collection fund income	(405)	-	-	(405)	405	-
Adjustment for Non-domestic rates collection fund income	(1,824)	-	-	(1,824)	1,824	-
Adjustments involving the accumulating compensated absences adjustment account				-	-	-
Difference between costs charged under statutory requirements and those actually charged to the CI&ES	(36)	-	-	(36)	36	-
Total adjustments	6,701	875	6,466	14,042	(14,042)	-

Movements in 2025/26	General fund £ 000	Capital receipts reserve £ 000	Capital grants unapplied £ 000	Total usable reserves £ 000	Unusable reserves £ 000	Total reserves £ 000
Reversal of items included in the Comprehensive income and expenditure account (CI&ES)						
Depreciation and impairment of non-current assets	(9,683)	-	-	(9,683)	9,683	-
Change in Revaluation on property, plant and equipment (+gain/-loss)	(1,571)	-	-	(1,571)	1,571	-
Change in the market value of investment properties (+gain/-loss)	10,508	-	-	10,508	(10,508)	-
Amortisation of intangible assets	(73)	-	-	(73)	73	-
Capital grants and contributions applied to capital financing	1,288	-	-	1,288	(1,288)	-
Revenue expenditure funded from capital under statute	(19,349)	-	-	(19,349)	19,349	-
Gain or loss on the disposal of non-current assets	(410)	(2,034)	-	(2,444)	2,444	-
Unrealised gain or loss on Investments	309	-	-	309	(309)	-
Gain or (loss) on Right of Use assets recognised at Fair Value	(2,271)	-	-	(2,271)	2,271	-
Inclusion of items not included in the CI&ES						
Realised (gain) or loss on investment	306	-	-	306	(306)	-
Statutory provision for the financing of capital investment	2,228	-	-	2,228	(2,228)	-
Capital expenditure charged to the General Fund	1,050	-	-	1,050	(1,050)	-
Adjustments involving the capital receipts reserve						-
Unattached asset sale proceeds and loans repaid credited to the CI&ES	1,070	(1,137)	-	(67)	67	-
Bad debt provision for Capital receipts debtors	-	-	-	-	-	-
Use of capital receipts to fund new capital spending	-	2,054	-	2,054	(2,054)	-
Adjustments involving the capital grants unapplied account						
Reversal of unapplied capital grants and contributions credited to the CI&ES	11,072	-	(11,072)	-	-	-
CIL grant	2,609	-	(2,609)	-	-	-
Grants applied to capital financing	-	-	24,554	24,554	(24,554)	-
Adjustments involving the pension reserve						
Reversal of post-employment benefits charged to the CI&ES	(4,156)	-	-	(4,156)	4,156	-
Employer's pension contributions paid in the year	6,742	-	-	6,742	(6,742)	-
Adjustments involving the collection fund adjustment account						
Adjustment for Council Tax collection fund income	329	-	-	329	(329)	-
Adjustment for Non-domestic rates collection fund income	111	-	-	111	(111)	-
Adjustments involving the accumulating compensated absences adjustment						
Difference between costs charged under statutory requirements and those actually charged to the CI&ES	132	-	-	132	(132)	-
Total adjustments	241	(1,117)	10,873	9,997	(9,997)	-

10. An assessment of our earmarked reserves

The following table shows details of movements in these reserves.

Earmarked Reserves	Business Rates Reserve £ 000	Future replacement of assets £ 000	Temporary loss of rent income £ 000	Other reserves £ 000	Total earmarked reserves £ 000
Balance at 31 March 2024	6,491	2,023	-	6,518	15,032
Transfers in	3,249	16	2,475	1,654	7,394
Transfers out	(2,493)	(37)	(832)	(1,632)	(4,994)
Balance at 31 March 2025	7,247	2,002	1,643	6,540	17,432
Transfers in	3,043	427	1,382	1,611	6,463
Transfers out	(3,834)	(1,076)	(963)	(952)	(6,825)
Balance at 31 March 2026	6,456	1,353	2,062	7,199	17,070

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.

Temporary loss of rent income
To alleviate the temporary loss of rent.

11. Other operating expenditure

2024/25 Gross spending £ 000	2024/25 Income £ 000	2024/25 Net spending £ 000	Other operating expenditure	2025/26 Gross spending £ 000	2025/26 Income £ 000	2025/26 Net spending £ 000
3,510	-	3,510	Parish council precepts	3,703	-	3,703
730	-	730	(Gain) or losses on disposal of non-current assets	411	-	411
-	(680)	(680)	(Gain) or losses on disposal of unattached assets	-	(1,070)	(1,070)
4,240	(680)	3,560		4,114	(1,070)	3,044

12. Financing and investments

2024/25 Gross spending Restated £ 000	2024/25 Income Restated £ 000	2024/25 Net spending Restated £ 000	Financing and investments	2025/26 Gross spending £ 000	2025/26 Income £ 000	2025/26 Net spending £ 000
-	(1,835)	(1,835)	Interest and investment income	-	(1,199)	(1,199)
581	-	581	Interest we have to pay	632	-	632
31	-	31	Investment income or loss	-	(1)	(1)
191	-	191	Other unrealised investment income or loss	-	(309)	(309)
100	-	100	Pensions interest (note 34)	78	-	78
1,444	-	1,444	Revaluation of investment properties	-	(10,508)	(10,508)
331	(3,501)	(3,170)	Investment properties (note 26)	468	(3,593)	(3,125)
2,678	(5,336)	(2,658)		1,178	(15,610)	(14,432)

13. Taxation and non-specific grants

2024/25 Gross spending £ 000	2024/25 Income £ 000	2024/25 Net spending £ 000	Taxation & general grants	2025/26 Gross spending £ 000	2025/26 Income £ 000	2025/26 Net spending £ 000
-	(31,474)	(31,474)	National non-domestic rates	-	(32,132)	(32,132)
30,708	(6,154)	24,554	Government tariff and s31 grants	31,085	(5,322)	25,763
-	(18,795)	(18,795)	Demand on the collection fund	-	(20,092)	(20,092)
181	(31,408)	(31,227)	Capital grants, New homes bonus, contributions to/from the Business rates pool and other grants and contributions	2,328	(18,136)	(15,808)
30,889	(87,831)	(56,942)		33,413	(75,682)	(42,269)

14. Movements on our assets

Accounting policies

Charges to Revenue for Assets

We charge service revenue accounts and central support services 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. Intangible assets are amortised over their lives on a straight-line basis.

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. 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. We add any revaluation gains 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.

Property, Plant and Equipment (PPE)

Physical assets are used in providing Council services. They must provide benefit for more than one financial year.

Spending on capital assets is recorded in our accounts when the work has been completed, 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 specialized, 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.

Other Land and Building assets will be valued at least every 5 years. During the 5-year valuation cycle, where possible, assets will be indexed annually at the 31st March using an appropriate index supplied by in-house or external valuers. Where no indexation is available a desktop valuation exercise will be undertaken in year 3. If there is a material impairment the asset will be valued in year. Where required we will revalue reclassified assets in year.

The valuation date for 2025/26 is 31st March 2026.

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 1-25 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.

Proceeds from the disposal of capital assets are categorised as capital receipts.

Minimum Revenue Provision (MRP)

Where the Council finances capital expenditure by borrowing, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP). This charge ensures that debt is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits.

MRP will be determined by charging the expenditure over the expected useful life of the relevant asset on an annuity basis up to a period of 50 years. For those short-term assets with a life of less than 10 years an average life year rate will be applied. When calculating the MRP charge, interest based on the PWLB annuity rate for a loan with a term equivalent to the life of the asset will be used. For assets acquired under leases, the principal repayment inherent in the lease will be used as the basis for MRP in respect of those assets. When this is not available PWLB rates will be used. This policy does not prevent the Council from making early or one-off repayments of debt from capital receipts or from revenue provisions.

For assets acquired by finance leases, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.

MRP is charged in the year following the one in which the expenditure is incurred or the first year following the one in which the asset becomes operational.

Revaluations

From 1st April, 2025, the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requirements changed in respect of revaluations of property, plant and equipment. Where authorities do not have a rolling programme of revaluations in place, authorities revalue their assets every five years, with annual indexation applied to assets during the four intervening years. Where authorities cannot obtain indices without undue cost or effort, authorities revalue those assets using a quinquennial revaluation with a desktop revaluation in year three.

Independent external valuers are used to revalue our properties. The valuations were undertaken by Montagu Evans on the 31 March 2026. 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 the properties valued, as this was not possible or necessary.

The following assets were valued in 2025/26: -

- All Investment Properties (27 properties)
- All Surplus Assets (18 properties)
- Other Land and Buildings EUV – The Crematorium was revalued as the valuation is based on income which has reduced. Coval Lane Offices and the Flats and Shops in the High Street to ensure the current valuation had been reflected correctly.
- Other Land and Buildings Specialised assets – Public Conveniences in Central Park, where the asset had been materially improved, and Admirals Park.
- Other Land and Buildings Specialised right-of-use assets with peppercorn leases (3 properties)

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 due to Revaluation or Indexation

Surplus Property

The change in value of our surplus properties is a reduction of £1.6m or 14%.
Two properties have been transferred from operational land and buildings to surplus £0.7m and revalued as sites for affordable housing and an additional 5 properties previously valued as development sites have now been revalued as sites for affordable housing which has reduced the valuations by £1.6m.

Investment Properties

The change in value of our commercial properties is an increase of £10.5m or 21% compared to 2024/25. This increase is mainly due to two properties.
High Chelmer Shopping Centre increase £3.8m or 14% – income increased compared to figure used in 2024/25 which has resulted in an increased valuation.

1 Springfield Lyons increase £7m or 75% - This increase is due to agreement of 25-year lease with no break clause which has provided an annual income on which the value of the property has been assessed. In 2024/25 this property was valued as being vacant prior to refurbishment and reletting.

Indexation
We have applied indexation where indices are available to those properties that have not been revalued in the year as follows:-

Other Land and Buildings

For the 80 specialised assets not valued by Montagu Evans an indexation based on BCIS of 2.24% was applied to the buildings to reflect the increased replacement cost of the assets. This indexation rate was provided by Montagu Evans. The increase in valuations was £1.568m. The gross-carrying cost of these assets is £76m.

For EUV assets, Montagu Evans supplied indexations based on the MSCI index. The ‘Analysis of Movement in Valuations’ table provides further detail. The movement in the valuations was a net increase of £0.06m. The gross-carrying value of these 9 assets is £5m.

Indexation of 64 dwellings which are held at market value. This was reviewed by in-house valuers and an indexation of 0.91% was applied against the previous valuations. The increase in valuations was £0.2m. The gross-carrying value of these assets is £24m.

PROPERTY, PLANT AND EQUIPMENT (NON-CURRENT ASSETS)	Other land and buildings £ 000	Vehicles and equipment £ 000	Infra-structure £ 000	Community assets £ 000	Assets being built £ 000	Surplus assets £ 000	ROU Land and Buildings - leases £ 000	Total £ 000
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
Net book value on 1 April 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
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 depreciation Written Out	(4,376)	-	-	-	-	(169)	-	(4,545)
Assets revalued recognised in the revaluation reserve	6,441	-	-	(106)	-	20	-	6,355
Assets revalued - recognised in the surplus/deficit on provsion of services	2,474	-	-	-	-	(809)	-	1,665
Total book value on 31 March 2025	176,782	25,252	545	5,723	33,263	11,160	5,036	257,761
Depreciation on 1 April 2024	73	13,935	35	-	-	-	-	14,043
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
Net book value on 31 March 2025 (after depreciation)	175,790	9,920	502	5,723	33,263	11,097	4,195	240,490

PROPERTY, PLANT AND EQUIPMENT (NON-CURRENT ASSETS)	Other land and buildings £ 000	Vehicles and equipment £ 000	Infra-structure £ 000	Community assets £ 000	Assets being built £ 000	Surplus assets £ 000	ROU Land and Buildings - leases £ 000	Total £ 000
Net book value on 1 April 2025 (after depreciation)	175,790	9,920	502	5,723	33,263	11,097	4,195	240,490
Total book value on 1 April 2025	176,782	25,252	545	5,723	33,263	11,160	5,036	257,761
Adjustment to balance brought forward	-	-	-	-	-	-	4	4
Assets we have transferred	1,441	170	19,555	-	(22,669)	1,503	-	-
Assets we have bought, improved or were donated	730	3,342	-	23	7,378	21	1,720	13,214
Adjustment to asset value lease modification	-	29	-	-	-	-	-	29
Assets we have sold or disposed of	(690)	(644)	-	-	-	-	(1,889)	(3,223)
Assets no longer required	-	(1,327)	-	-	-	-	-	(1,327)
Assets we have impaired	-	-	-	-	-	-	-	-
Assets depreciation Written Out	(5,872)	-	-	-	-	(295)	-	(6,167)
Assets revalued recognised in the revaluation reserve	1,379	-	-	-	-	(962)	-	417
Assets revalued - recognised in the surplus/deficit on provsion of services	(895)	-	-	-	-	(676)	-	(1,571)
Total book value on 31 March 2026	172,875	26,822	20,100	5,746	17,972	10,751	4,871	259,137
Depreciation on 1 April 2025	992	15,332	43	-	-	63	841	17,271
Assets we have transferred	-	-	-	-	-	-	-	-
Revaluation adjustment	-	-	-	-	-	-	-	-
Amounts written out on assets we have disposed of	(34)	(1,956)	-	-	-	-	(470)	(2,460)
Impairments recognised in the cost of provision of services	-	-	-	-	-	-	-	-
Impairments recognised in the revaluation reserve	-	-	-	-	-	-	-	-
Impairments written out	-	-	-	-	-	-	-	-
Depreciation written out	(5,872)	-	-	-	-	(295)	-	(6,167)
Depreciation for the year	5,741	2,515	305	-	-	255	867	9,683
Depreciation on 31 March 2026	827	15,891	348	-	-	23	1,238	18,327
Net book value on 31 March 2026 (after depreciation)	172,048	10,931	19,752	5,746	17,972	10,728	3,633	240,810

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.

It also shows a major addition to Infrastructure. This was a capital scheme to provide a new road and bridge to enable future development of housing in the city centre which completed in 2025/26 and £19.555m being carried in assets under construction has been transferred.

ANALYSIS OF MOVEMENT IN VALUATIONS	Average change %	Other Land and Buildings	Surplus	Depn W/O	Total
	£ 000	£ 000	£ 000	£ 000	£ 000
Assets revalued in year by Valuer		(1,246)	(1,638)	(1,656)	(4,540)
Assets values adjusted using indexation					
Standard Industrial - Index applied MSCI	4.02%	44	-	(131)	(87)
Offices - Index applied MSCI	-2.42%	(103)	-	(223)	(326)
Retail - Index applied MSCI	1.08%	3	-	(38)	(35)
Dwellings - Index applied Nationwide HPI	0.91%	218	-	(454)	(236)
Specialised Assets Buildings- Index applied BCIS AI- in TPI	2.24%	1,568	-	(3,665)	(2,097)
Total Indexation Applied 2025/26		1,730	-	(4,511)	(2,781)
Total Movement Valuations		484	(1,638)	(6,167)	(7,321)

FAIR VALUE OF PROPERTY, PLANT AND EQUIPMENT	Other land and buildings £ 000	Vehicles and equipment £ 000	Infra-structure £ 000	Community assets £ 000	Assets being built £ 000	Surplus £ 000	ROU Land and Buildings - leases £ 000	Total £ 000
Historic cost	2,829	26,822	20,100	5,424	17,972	471	4,871	78,489
Carrying fair value at:								
31 March 2026 (valuation date 31/03/2026)	126,420	-	-	-	-	10,280	-	136,700
31 March 2025 (valuation date 31/12/2024 and 31/03/2025)	34,002	-	-	205	-	-	-	34,207
31 March 2024 (valuation date 31/03/2024)	9,503	-	-	117	-	-	-	9,620
31 March 2023 (valuation date 31/03/2023)	121	-	-	-	-	-	-	121
Total	172,875	26,822	20,100	5,746	17,972	10,751	4,871	259,137

Surplus Properties Recurring fair value measurements using:	Other significant observable inputs (Level 2) £ 000	Significant unobservable inputs (Level 3) £ 000	Fair value as at 31 March 2026 £ 000
Balance on 31 March 2024	8,498	295	8,793
Balance on 31 March 2025	10,767	330	11,097
Balance on 31 March 2026	9,358	1,100	10,728

The table shows that assets have transferred from category 2 to 3 as the valuation approach for some assets has changed from a comparable land value approach to the residual value of planning consents. Residual appraisals are classed as level 3 in the hierarchy due to the level of judgement required and the model-based approach which relies materially on unobservable inputs.

INVESTMENT PROPERTIES (NON-CURRENT ASSETS)	2024/25 Assets being built £ 000	2024/25 Assets £ 000	2024/25 Total £ 000	2025/26 Assets being built £ 000	2025/26 Assets Pending Sale £ 000	2025/26 Assets £ 000	2025/26 Total £ 000
Balance on 1 April	-	54,090	54,090	26	-	50,297	50,323
Additions							
Properties we bought	-	-	-	-	-	-	-
Properties we built	-	-	-	-	-	-	-
Properties we improved	26	5	31	191	-	-	191
Disposals	-	-	-	-	-	(1,817)	(1,817)
Net gain or (loss) from fair value adjustment	-	(1,444)	(1,444)	-	-	10,508	10,508
Transfers (to) or from				(217)	3,856	(3,639)	-
Stocks	-	-	-	-	-	-	-
Property, plant and equipment	-	(2,354)	(2,354)	-	-	-	-
Other changes	-	-	-	-	-	-	-
Balance on 31 March	26	50,297	50,323	-	3,856	55,349	59,205

<u>Investment Properties</u>

The table above shows that there has been a £1.8m disposal during the year for one property where the leaseholder approached the Council with a proposal to purchase the Council's freehold interest. The sale has provided greater long-term security for the business, which currently employs over 200 people and has plans to expand its operations further within Chelmsford. Although valued at £1.8m, the proceeds from the disposal were £2m. This can be used to reduce borrowing, lower debt repayment costs or support other capital projects.

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) £ 000	Significant unobservable inputs (Level 3) £ 000	Fair value as at 31 March 2025 £ 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
Balance on 31 March 2025	50,323	-	50,323

Two investment properties valued at £3.9m and detailed below met the criteria for property pending sale at 31 March 2026. In accordance with the CIPFA Code, these assets continue to be accounted for as investment property under IAS 40 but are separately disclosed as investment property held for sale.

Recurring fair value measurements using:	Other significant observable inputs (Level 2) £ 000	Significant unobservable inputs (Level 3) £ 000	Fair value as at 31 March 2026 £ 000
Commercial Site	21,838	-	21,838
Development site	1,412	-	1,412
Pending Sale	3,856	-	3,856
Residential (market rental) properties	332	-	332
Retail Sites	31,767	-	31,767
Balance on 31 March 2026	59,205	-	59,205

The categorisation inputs of assets involves the valuers making a judgement based on the latest available information.

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.

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 £45.9m. At the end of the year, we have an external debt liability of £6.3m outstanding on finance leases including the right-of-use assets, and £39.6m from capital expenditure funded by borrowing. This borrowing is split between external borrowing of £14m and internal borrowing of £25.6m.

CAPITAL EXPENDITURE AND CAPITAL FINANCING	2024/25	2025/26
	£ 000	£ 000
Opening capital finance requirement at 1 April	37,579	45,451
Take on liability IFRS16 Conversion	5,409	
Total Opening capital finance requirement at 1 April	42,988	45,451
Expenditure on		
Property plant and equipment	21,717	11,523
Investment properties	31	191
Heritage assets	-	180
Intangible assets	-	28
Revenue expenditure funded from capital under statute and Loans	12,456	19,424
PSL leases additional liability	65	1,720
PSL leases reduced liability	-	(1,457)
Less sources of finance		
Capital receipts	(1,639)	(2,054)
Government grants and other contributions	(28,337)	(25,842)
Revenue funding	(3)	(1,050)
Minimum revenue provision	(1,827)	(2,228)
Capital financing requirement at 31 March	**45,451**	**45,886**
Movement in year	2,463	435
Breakdown for the movement in year:		
Increase in underlying need to borrow	3,913	572
Assets acquired under Finance Leases	312	1,828
Lease modifications right-of-use assets	65	263
Minimum Revenue Payment Provision	(1,827)	(2,228)
Increase/(decrease) in capital financing requirement	**2,463**	**435**

15. Heritage assets

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 often 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, that belong to the Council.

The collections of the Essex Regiment Museum are owned by separate Trustees, on loan to the Council and are in the process of being returned. Following the transfer, a selection of Chelmsford-related Essex Regiment artefacts will remain at the Museum of Chelmsford and be absorbed into the museum's existing collection.

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 £ 000	Natural History taxidermy, botanical and geological specimens £ 000	Pottery, drinking glasses and pewter £ 000	Social, agricultural & industrial history, including costume £ 000	Statues £ 000	Mayor's Office £ 000	Works of Art £ 000	Essex Regiment Collection (Right-of-use assets) £ 000	Total £ 000
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
Additions	180	-	-	-	-	-	-	-	180
Revaluations	120	-	(353)	(335)	25	-	(267)		(810)
Derecognition	-	-	-	-	-	-	-	(2,271)	(2,271)
31 March 2026	399	18	172	233	725	294	604	-	2,445

Commentary on movements

The Great Baddow Coin Hoard was purchased in 2025/26 from The British Museum for £180K and had a valuation of £300K.

The other movement in heritage assets in 2025/26 results from a review of the remaining assets. 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. The accounting policy has been updated on heritage assets to only include assets that are valued over £5K.

The Essex Regiment collection loaned to us was also derecognised at £2.27m following the closure of the gallery and objects in the collection is in the process of being transferred.

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).

16. Categories of financial assets and liabilities

Accounting policy

Financial assets

Financial assets are categorised 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 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 either 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:

2024/25 Investments/ Borrowing £ 000	2024/25 Cash & cash equivalents £ 000	2024/25 Receivables & payables £ 000	SHORT-TERM	2025/26 Investments / Borrowing £ 000	2025/26 Cash & cash equivalents £ 000	2025/26 Receivables & payables £ 000
			Financial assets			
-	13,473	-	Fair value through profit or loss	-	9,720	-
-	703	8,173	Amortised cost	-	2,776	8,178
-	14,176	8,173	**Total financial assets**	-	12,496	8,178
-	14,176	8,173	**Total assets**	-	12,496	8,178
			Financial liabilities			
(11,047)	-	(7,112)	Amortised cost	(14,037)	-	(9,890)
(11,047)	-	(7,112)	**Total financial liabilities**	(14,037)	-	(9,890)
(11,047)	-	(7,112)	**Total liabilities**	(14,037)	-	(9,890)

2024/25 Investments £ 000	2024/25 Receivables & payables £ 000	LONG-TERM	2025/26 Investments £ 000	2025/26 Receivables & payables £ 000
		Financial assets		
9,053	-	Fair value through profit or loss	6,568	-
-	1,286	Amortised cost	-	1,279
9,053	1,286	**Total financial assets**	6,568	1,279
9,053	1,286	**Total assets**	6,568	1,279
		Financial liabilities		
-	(4,832)	Amortised cost	-	(5,235)
-	(4,832)	**Total financial liabilities**	-	(5,235)
-	(4,832)	**Total liabilities**	-	(5,235)

Fair value

The fair value is calculated by comparing investments made during the year to the interest rates available on 31 March 2026 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
Fair Value At 31 March 2025		
Financial assets		
Investments and cash equivalents	22,762	22,762
Cash	467	467
Long-term receivables	1,286	1,286
Financial liabilities		
Cash	-	-
Fair Value At 31 March 2026		
Financial assets		
Investments and cash equivalents	18,630	18,630
Cash	434	434
Long-term receivables	1,279	1,279
Financial liabilities		
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 2025 £ 000	31st March 2026 £ 000
Aegon Multi-Asset Diversified Income Fund	Level 1	Unit Prices	3,295	3,570
Ninety One Multi-Asset Diversified Income Fund	Level 1	Unit Prices	2,964	2,998
CCLA Cautious Multi-Asset Fund	Level 1	Unit Prices	2,794	0
Total			9,053	6,568

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	2024/25 Long term £ 000	2025/26 Short term £ 000		2024/25 Long term £ 000	2025/26 Long term £ 000
AAA	-	-		-	-
AA+	-	-		-	-
AA	-	-		-	-
AA-	-	-		-	-
A+	236	340		-	-
A	-	-		-	-
A-	-	-		-	-
BBB+	-	-		-	-
Unrated local authorities	-	2,002		-	-
Unrated Building Societies	-	-		-	-
Unrated Housing Associations	-	-		-	-
AAA-mmf	13,473	9,720		-	-
Credit Risk not applicable (pooled funds)	-	-		9,053	6,568
Total	13,709	12,062		9,053	6,568

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 2025 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
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 31/03/2026.

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).

2024/25 £ 000	Age of debt	2025/26 £ 000
5,243	Less than three months	5,820
786	Three to six months	115
412	Six months to a year	317
1,732	More than a year	1,926
8,173		8,178

We monitor repayment of all debts.

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, the money markets and Public Works Loan Board. We have no long-term borrowings.

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

2024/25 £ 000	Financial assets returned to the Council	2025/26 £ 000
13,709	Less than three months, including cash equivalents	12,062
-	Three to six months	-
-	Six months to a year	-
9,053	More than a year	6,568
22,762		18,630

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 2025/26. The effect of a 1% increase in interest rates would have resulted in an extra income of £101K 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 £20K.

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 £81K. 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 two 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 £0.332m is held against the Council's two 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 Cautious fund holding and charged the loss of £0.305m against the previously created provision of £1.04m. The remaining provision standards at £0.736m 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 2026 the outstanding amounts were;

Chelmer Waterside Infrastructure Scheme - GPRS Relocation £2.6m.
Purchase Operational Car Park £4m.
Contribution to third party towards refurbishment costs of Commercial Property £2m.

18. Short-term debtors

2024/25 £ 000	Short-term debtors	2025/26 £ 000
3,316	Government departments	1,267
1,530	Other local authorities	2,084
9,051	Sundry debts owed by other organisations and	10,405
2,187	Payments in advance	1,793
2,309	HB overpayments	2,186
21,135	Other debtors *	21,295
(5,283)	Debts we may not be able to collect	(5,323)
34,245		33,707

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

2024/25 £ 000	*Other debtors	2025/26 £ 000
2,869	NNDR Preceptors	2,786
12,426	CT Preceptors	11,402
2,255	NNDR ratepayers	3,019
3,578	Council Tax ratepayers	4,080
7	Money owed by Council's employees	8
21,135		21,295

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.

2024/25 £ 000	Cash & cash equivalents	2025/26 £ 000
18	Cash held by officers	13
449	Bank current accounts	421
13,709	Cash equivalents (short-term deposits)	12,062
14,176		12,496

20. Short-term creditors

2024/25 £ 000	Short-term creditors	2025/26 £ 000
1,784	Government departments	2,327
11,069	Other local authorities	5,306
4,704	Sundry creditors with other organisations and individuals	7,602
1,338	Leases and Right-of-use assets lease liability	1,482
5,309	Receipts in advance	5,526
1,738	Other creditors *	1,999
25,942		24,242

* 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 £ 000	Total £ 000
Balance at 31 March 2024	2,033	2,033
Transfers in	2,990	2,990
Transfers out	(2,672)	(2,672)
Balance at 31 March 2025	2,351	2,351
Transfers in	2,046	2,046
Transfers out	(1,977)	(1,977)
Balance at 31 March 2026	2,420	2,420
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 £ 000	Capital adjustment account £ 000	Pension reserve (note 33) £ 000	Collection fund adjustment account £ 000	Other unusable reserves £ 000	Total unusable reserves £ 000
Balance at 31 March 2024	60,546	169,830	(5,312)	(2,615)	(223)	222,226
Change 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
Change during the year	(3,063)	8,894	(1,130)	440	747	5,888
Balance at 31 March 2026	60,750	197,158	(5,790)	(4,404)	(775)	246,939
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

2024/25 £ 000	Revaluation Reserve	2025/26 £ 000
60,546	Opening balance	63,813
6,418	Revaluation of assets	(393)
(881)	Write-out of revaluations of heritage assets we have derecognised	-
(150)	Write-out of revaluations of assets we have sold	(238)
(2,120)	Difference between fair value and historic cost depreciation	(2,432)
63,813	Closing Balance	60,750

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

Capital adjustment account

2024/25 £ 000	Capital Adjustment Account	2025/26 £ 000
169,830	Opening balance	188,264
(8,937)	Allowance for depreciation and amortisation	(9,756)
2,120	Less depreciation and amortisation charged to the revaluation reserve	2,432
(11,997)	Revenue expenditure funded from capital under statute	(19,349)
150	Transfer from revaluation reserve on disposals	239
1,665	Revaluations charged to revenue	(1,571)
1,827	Minimum Revenue Provision	2,228
(60)	Repaid Capital loan receipts	(67)
29,978	Application of receipts and contributions	28,946
(754)	Assets disposed of	(2,445)
(1,444)	Movements in the value of investment properties in the CI&ES	10,508
5,886	Movements in the value of ROU Assets in the CI&ES	(2,271)
188,264	Closing balance	197,158

23. Cashflow – Operating activities

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

2024/25 £ 000	**The cash flows from operating activities include the following items:**	2025/26 £ 000
(1,935)	Interest received	(1,242)
351	Interest paid	485
(1,584)		(757)

24. Cashflow statement – Financing activities

Reconciliation of liabilities arising from financing activities					
	1st April 2025	Financing cash flows	Changes which are not financing cash flows		31 March 2026
			Acquisitions and Disposals	Other non-financing cash flows	
	£ 000	£ 000	£ 000	£ 000	£ 000
Short-term borrowings	(11,047)	(3,000)	-	10	(14,037)
Lease liabilities	(5,740)	1,575	(2,067)	-	(6,232)
	(16,787)	(1,425)	(2,067)	10	(20,269)

25. Expenditure and Income analysed by nature

The following table provides further analysis of our expenditure and income.

The figures for the 2024/25 financial year have been restated to reflect a revised treatment of trading account activities, as detailed in Note 39 on restatements. While this adjustment has altered the reported income and expenditure totals, it has had no impact on the overall total.

2024/25 Restated £ 000	Expenditure and Income Analysed by Nature	2025/26 £ 000
	Expenditure	
41,449	Employee benefits expenses	42,928
70,654	Other services expenses	64,750
19,269	Capital Revaluations and Charges Direct to Services	30,676
581	Interest payments	632
3,509	Precepts and levies	3,703
100	Pension interest and return on investment	78
754	Remeasurement of the assets of the pension fund	3,716
82	(Gain) or loss on the disposal of assets	(661)
(3,902)	(Gain) or loss from our assets being revalued	(10,424)
132,496	Total Expenditure	135,398
	Income	
(47,779)	Fees, charges and other services income	(50,683)
(1,835)	Interest and investment income	(1,199)
(18,795)	Income from Council Tax	(20,092)
(44,341)	Government grants incl Business Rate income, Housing Benefits grants	(40,938)
(5,477)	Other grants and contributions	(5,682)
(27,757)	Capital Grants and contributions	(12,697)
(145,984)	Total Income	(131,291)
(13,488)	Total expenditure and income	4,107

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

2024/25 £ 000	Revenues from contracts with service recipients	2025/26 £ 000
(45,713)	Revenues from contracts with service recipients	(47,784)
359	Impairments of receivable or contract assets	192
(45,354)	Total included in Comprehensive Income and Expenditure Statement	(47,592)

26. Financing and Investment

We must prepare a statement that shows which of our operations work in a commercial environment. The Council owns several investment properties in its area, principally the High Chelmer shopping centre that generates a significant proportion of the rental income.

The figures for the 2024/25 financial year have been restated to reflect a revised treatment of trading account activities, as detailed in Note 39 on restatements.

2024/25 Gross spending Restated £ 000	2024/25 Income Restated £ 000	2024/25 Net spending Restated £ 000	Financing and investment	2025/26 Gross spending £ 000	2025/26 Income £ 000	2025/26 Net spending £ 000
331	(3,501)	(3,170)	Investment properties	468	(3,593)	(3,125)
331	(3,501)	(3,170)	**Total investment activity**	468	(3,593)	(3,125)

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	2024/25 SEPP £ 000	2025/26 SEPP £ 000		2024/25 Chelmsford £ 000	2025/26 Chelmsford £ 000
Expenditure	3,154	3,018		699	808
Income	(2,358)	(2,908)		(960)	(1,077)
Net position	796	110		(261)	(269)

28. Councillors' allowances

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

2024/25 £ 000	Councillors allowances	2025/26 £ 000
387	Basic allowance	400
181	Special responsibility allowance & expenses	194
19	Mayor and Deputy Mayor allowance	20
587	**Total we paid in the year**	614

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

29. Employees pay

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.

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
£	2024/25	2025/26	2024/25	2025/26
50,000 - 54,999	24	29	-	1
55,000 - 59,999	13	18	-	-
60,000 - 64,999	13	8	-	1
65,000 - 69,999	6	13	-	-
70,000 - 74,999	1	1	-	-
75,000 - 79,999	3	2	-	-
80,000 - 84,999	5	4	1	-
85,000 - 89,999	2	3	-	-
90,000 - 94,999	6	3	-	-
95,000 - 99,999	1	3	-	-
100,000 - 104,999	1	1	-	-
105,000 - 109,999	-	1	-	-
110,000 - 114,999	-	-	-	-
115,000 - 119,999	-	-	-	-
120,000 - 124,999	-	-	-	-

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.

Chief officers 2024/25	Salary, fees and allow-ances £	Benefits in kind *** £	Compen-sation for loss of employment £	Employer pension contributions **** £	TOTAL £
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
Financial 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

Chief officers 2025/26	Salary, fees and allow-ances £	Benefits in kind *** £	Compen-sation for loss of employment £	Employer pension contributions **** £	TOTAL £
Chief Executive N Eveleigh	218,101	4,175		44,670	266,946
Directors of:					
Connected Chelmsford (L Goodwin)	148,414	4,175		30,291	182,880
Public Places (part-time) (K Nicholson)	101,262	10,020		20,206	131,488
Sustainable Communities *	113,939	4,442		28,782	147,163
Financial Services Manager and S151 Officer *	90,287	2,087		21,609	113,983
Legal and Democratic services Manager and Monitoring Officer	101,651	2,087		21,609	125,347

*The Council offers salary sacrifice schemes. Salary sacrifice is when an employee gives up part of their salary in exchange for benefits. If employees take part, the salary, fees and allowances shown above are after these deductions.

The Director of Public Places post is part-time. The full-time cost of the post would be £189,574.

*** 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.

2024/25 £ 000	Termination benefits	2025/26 £ 000
	Termination benefits	
-	Redundancy costs	21
-	Additional pension costs	-
82	Other Termination Costs	13
82	**Total spending**	34
3	No of employees whose employment was terminated	2

Exit packages	2024/25 Leavers Number	2025/26 Leavers Number	2024/25 Cost £ 000	2025/26 Cost £ 000
£0 - £20,000	2	1	23	13
£20,001 - £50,000	-	1	-	21
£50,001 - £250,000	1	-	59	-
Total	3	2	82	34

In 2025/26, we made one employee compulsorily redundant, and one employee terminated their employment by accepting a compromise agreement. In 2024/25 three employees terminated their employment by accepting compromise agreements.

30. External audit costs

The table below gives details of the amounts payable to our external auditors for 2025/26 financial year as well as any amounts payable for previous and current years' audits. Due to ongoing audit delays, we did not accrue the basic audit fee or the Housing Benefits audit fee for 2023/24, 2024/25 and 2025/26 in our accounts as neither of the audits have started by the 31st March 2026.

We received £100k grant from the Ministry of Housing, Communities & Local Government towards audit costs and to mitigate the costs of Redmond Review implementation.

2024/25 £ 000	External audit costs	2025/26 £ 000
	Amounts payable for audit work not recognised in our accounts, due to audit not taking place by 31st March:	
	Fees payable to the auditor	
182	Basic audit fee	140
22	Housing Benefits audit (Estimate for prior years)	96
-	Housing Benefits audit (Estimate for current year)	48
(23)	Government grant towards audit fees	-
181	**Total fees payable in future years relating to audit**	**284**
	Amounts recognised in our accounts:	
166	2023/24 basic audit fees payable during 24/25 due to timing of audit	-
-	2024/25 basic audit fees payable during 25/26 due to timing of audit	182
-	2023/24 and 2024/25 audit variation fee due to additional audit requirements	136
-	2025/26 25% Basic audit fee	47
-	2020/21, 2021/22, 2022/23 PSAA agreed audit fee settlement	24
12	Housing Benefits audit fees for previous years	50
(23)	Government grant towards audit fees	(100)
155	**Total fees recognised in the accounts**	**339**

31. Grants

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.

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.

2024/25 £ 000	Grants and contributions	2025/26 £ 000
30,634	Housing benefits grants	25,497
8,794	Other grants and contributions	11,644
39,428		37,141

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.

2024/25 £ 000	Capital grants received in advance	2025/26 £ 000
7,885	Opening balance	5,484
670	Income in year	1,348
(3,019)	Spend in year	(1,288)
(52)	Other in year movements	30
5,484		5,574

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 has stated that they did not have any such transactions during the financial year 2025/26.

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 Councils received CIL funding in 2025/26.

Great Baddow Parish Council £7,113
Great Waltham Parish Council £11,454
Little Baddow Parish Council £14,531
Rettendon Parish Council £2,490
Runwell Parish Council £14,267
South Hanningfield Parish Council £3,357
South Woodham Ferrers Town Council £5,663

Additional amounts can be paid over to Parishes when Parish spending has been agreed to be funded from CIL receipts and S106 grants. There were no payments of this type in 2025/26.

We made the following grants and payments during 2025/26 to the following organisations and some of our members sit on their boards or are trustees, but do not have a controlling interest.

Beaulieu Community Trust £436
Chelmsford Business Improvement District £15,918
Chelmsford Citizens Advice Bureau (CAB) £118,648
Chelmsford Community Radio £500
Chelmsford Council for Voluntary Services (CVS) £69,493
East of England Local Government Association £15,843
Essex County Council £13,433,935
New Hall Trust £10,026
PATROL Parking and Traffic Regulations Outside London £15,727
YMCA £25,000

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

Chelmsford CAB £40,654
Chelmsford CVS £16,078
Chelmsford, Maldon and Braintree Liberal Democrats £1,050
Galleywood Heritage Centre £6,455

33. Leases

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 liability 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
- financing charges (debited to the Financing and Investment Income and Expenditure line in the Comprehensive income and expenditure Statement)

We will not include low value assets (below £10,000 when new), 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.

New leases 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.

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.

Leases we take on

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 £ 000	Land and Building Leases £ 000	Vehicles, plant & Equipment £ 000	Heritage Assets £ 000	Total £ 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
Adjusted Balance at 1 April 2024	**3,615**	**4,971**	**2,080**	**2,271**	**12,937**
Additions	319	-	312	-	631
Revaluations	-	65	-	-	65
Depreciation and Amortisation	(235)	(841)	(549)	-	(1,625)
Impairments	-	-	-	-	-
Disposals and derecognition	(308)	-	-	-	(308)
Balance at 31 March 2025	3,391	4,195	1,843	2,271	11,700
Adjustment to balance boughtforward	-	4	-	-	4
Additions	1,984	1,720	1,799	-	5,503
Lease Modifications		-	29	-	29
Revaluations	(941)	-	-	-	(941)
Depreciation and Amortisation	(243)	(867)	(694)	-	(1,804)
Impairments	-	-	-	-	-
Disposals and derecognition	(56)	(1,419)	-	(2,271)	(3,746)
Balance at 31 March 2026	4,135	3,633	2,977	-	10,745

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)

2024/25 £ 000	Lease Liabilities Due to be paid	2025/26 £ 000
1,337	Less than a year	1,482
4,357	One to five years	4,451
46	More than five years	299
5,740	Total Undiscounted Lease Liability	6,232

Leases we give to other organisations

The Council's other rental agreements are operating 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.

2024/25 £ 000	Operating Leases Minimum Income Due	2025/26 £ 000
1,698	Lease payments due in less than a year	1,839
4,520	Lease payments due from 1 to 5 years	5,822
19,642	Lease payments due in more than 5 years	30,451
25,860	Total Undiscounted cash receipts	38,112

A new 25 year lease was agreed for 1 Springfield Lyons resulting in an increase in lease income. An investment property was also sold and this has partly offset the gain in lease income.

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 Service Pensions 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.

2024/25 £ 000	Charges to the Comprehensive income and expenditure account	2025/26 £ 000
	Spending on services	
	Service cost	
4,965	Current service cost	3,954
-	Previous service cost	-
175	Administration expenses	124
	Other spending	
100	Net interest on the defined liability	78
5,240	Charge to the spending on current services in the comprehensive income and expenditure statement	4,156
	Other charges	
(34,159)	Remeasurement of the pension liability	10,207
(567)	Return on scheme assets (excluding interest)	(10,872)
-	Other actuarial (gains)/ losses on assets	2,054
35,480	Impact of asset ceiling	2,327
754	Other charges to the comprehensive income and expenditure statement	3,716
5,994	Total charges to the comprehensive income and expenditure statement	7,872
6,646	Employer's contributions charged to the General fund	6,742

The actuary has 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 the 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. On 18 September 2025, the government published proposed amendments to the Pension Schemes Bill that would allow retrospective actuarial validation to confirm whether historic changes to contracted-out benefits complied with statutory requirements.

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. 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.

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 £1.4m in 25/26 and adjustment for asset ceiling of £2.3m (in 24/25 the remeasurements and returns totalled (£34.7m) and the asset ceiling adjustment was £35.5m).

31 March 2025 £ 000	Movements on pension fund assets and liabilities	31 March 2026 £ 000
	Scheme liabilities	
(232,040)	Value at 1 April	(205,645)
(4,965)	Current service cost	(3,954)
(1,860)	Member contributions	(1,912)
(11,168)	Interest costs	(11,650)
	Remeasurement	
34,159	Financial returns	(10,207)
-	Past service (gains) or costs	-
10,229	Benefits paid	11,608
(205,645)	Value at 31 March	(221,760)
	Scheme assets	
292,633	Value at 1 April	305,599
14,297	Interest	17,640
	Remeasurement	
567	Return on assets (excluding interest)	10,872
-	Other actuarial gains/(losses)	(2,054)
(175)	Administration expenses	(124)
6,646	Employer contributions	6,742
1,860	Employee contributions	1,912
(10,229)	Benefits paid	(11,608)
305,599	Value at 31 March	328,979
99,954	Net pension (liability)/surplus	107,219

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 2026 our net pension fund was £107m 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 2025 £ 000	Asset ceiling	31 March 2026 £ 000
65,905	**Opening impact of asset ceiling**	104,614
3,229	Interest on impact of asset ceiling	6,068
35,480	Actuarial losses/(gains)	2,327
104,614	Closing impact of asset ceiling	113,009

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.

Pension fund balances	2021/22 £ 000	2022/23 £ 000	2023/24 £ 000	2024/25 £ 000	2025/26 £ 000
Present value of scheme liabilities	(329,172)	(229,868)	(232,040)	(205,645)	(221,760)
Fair value of assets	262,662	261,296	292,633	305,599	328,979
(Deficit)/Surplus on the pension fund	(66,510)	31,428	60,593	99,954	107,219
Impact of Asset Ceiling			(65,905)	(104,614)	(113,009)
(Deficit)/Surplus on the pension fund recognised in Balance sheet	(66,510)	31,428	(5,312)	(4,660)	(5,790)

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 2025/26, calculated on the IAS19 basis, net surplus of £107m, 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. We expect to pay £6.3m in employer contributions to the fund next year. The weighted average duration of the benefit obligations is 14.2 years.

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 2025.

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

2024/25	Assumptions used in the valuations of the fund	2025/26
	Years we expect to pay current pensioners	
20.7	Men	**22.0**
23.3	Women	**24.2**
	Years we expect to pay pensioners retiring in 20 years	
22.0	Men	**23.5**
24.7	Women	**25.9**
%		**%**
2.90	Rate of inflation – CPI	**2.90**
3.20	Rate of inflation – RPI	**3.30**
3.90	Rate of increase in salaries	**3.90**
2.90	Rate of increase in pensions	**2.90**
5.80	Discount rate	**6.10**

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	8,006	(8,145)

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	793	157	(157)	(776)
Rate of increase in pensions, or inflation	14,432	3,021	(2,275)	(12,125)
Rate for discounting scheme liabilities	(13,983)	(2,928)	2,996	15,724

The weighted average duration of the pension obligation for scheme members is 14 years in 2025/26 (15 years 2024/25).

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 2025 £ 000	Scheme assets	31 March 2026 £ 000
5,960	**Cash and cash equivalents**	6,648
	Stocks and shares (by type)	
-	UK investments	-
154,647	Overseas investments	164,912
154,647		164,912
	Bonds (by sector)	
-	UK Corporate	-
4,632	UK Government	4,708
4,632		4,708
	Property (by type)	
4,568	Listed	9,907
20,100	Unlisted	19,814
24,668		29,721
13,142	**Private equity**	13,193
	Other investment funds	
29,895	Infrastructure	32,562
9,152	Timber	9,769
7,016	Illiquid and Private Debt	9,769
56,487	Other Managed Funds	57,697
102,550		109,797
305,599	Total	328,979

31 March 2025 £ 000	Stocks and Shares	31 March 2026 £ 000
	Stocks and shares (by company size)	
154,647	Listed	164,912
-	Unlisted	-
154,647		164,912

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.

2024/25 £ 000	Grants and contributions	2025/26 £ 000
	Grant received in advance	
5,484	Money received as part of planning agreements	5,574
	Capital grants unapplied	
5,275	Money received as part of planning agreements	2,495
4,887	Government grants	3,236
2,630	Empty Homes grant	599
13,207	Community Infrastructure Levy	9,125
936	Other	607
26,935		16,062
32,419	Total	21,636

37. Long term Creditors

2024/25 £ 000	Long-term Creditors	2025/26 £ 000
844	Section 106 contributions	686
4,402	Leases and Right-of-Use assets lease liability	4,751
430	Property transaction creditor	484
1,625	Recreational Avoidance Mitigation Strategy	1,482
-	Commuted Sums Receipts in Advance	2,063
7,301		9,466

38. Community Infrastructure Levy (CIL)

We started receiving CIL Payments from April 2014. We have billed £2.6m in 2025/26 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, £6.7m was applied from this grant. £4.1m was used towards funding infrastructure in the city centre to enable access to land for future housing development. The balance held as at 31 March 2026 is £9.1m.

39. Restatements

Trading accounts

The Council has reviewed the trading activities of its Grounds Maintenance and Vehicle Maintenance units. Although both units undertake some external trading, this is not material. Charges for internal services are currently set on a cost recovery basis rather than at commercial rates.

Consequently, the income and expenditure from these activities are no longer presented separately as trading accounts in the Comprehensive income and expenditure statement. The 2024/25 comparative figures have been restated to reflect this revised presentation. This restatement does not affect the Council's overall financial position or usable reserves.

<u>Comprehensive Income and Expenditure statement (CIES)</u>

The trading accounts are no longer presented within Financing and Investment Income of CIES. As a result, Financing and Investment Income has decreased by £302k, with a corresponding increase of £302k in the Cost of Services. The costs associated with operating these units are instead reflected within the Cabinet Member for a Greener Chelmsford service segment for Grounds Maintenance, and the Cabinet Member for a Safer Chelmsford service segment for Vehicle Maintenance. This reclassification has no impact on the overall surplus or deficit on the Provision of Services, nor does it affect the Council's reserves.

Financing and investments	2024/25 Gross spending £ 000	2024/25 Income £ 000	2024/25 Net spending £ 000	2024/25 Gross spending Restated £ 000	2024/25 Income Restated £ 000	2024/25 Net spending Restated £ 000
Interest and investment income	-	(1,835)	(1,835)	-	(1,835)	(1,835)
Interest we have to pay	581	-	581	581	-	581
Investment income or loss	31	-	31	31	-	31
Other unrealised investment income or loss	191	-	191	191	-	191
Pensions interest (note 34)	100	-	100	100	-	100
(Gains) or losses on trading operations (note	3,957	(4,259)	(302)	-	-	-
Revaluation of investment properties	1,444	-	1,444	1,444	-	1,444
Investment properties (note 26)	331	(3,501)	(3,170)	331	(3,501)	(3,170)
	6,635	(9,595)	(2,960)	2,678	(5,336)	(2,658)

<u>Note 25 Income Analysed by nature</u>

The internal charges from the Grounds Maintenance and Vehicle Maintenance units are now treated as internal recharges rather than trading income. Consequently, they are no longer included in the income and expenditure figures presented in Note 25.

Note 26 Financing and investment

Trading accounts and investment activities not shown in Spending on current services	2024/25 Gross spending £ 000	2024/25 Income £ 000	2024/25 Net spending £ 000	2024/25 Gross spending Restated £ 000	2024/25 Income Restated £ 000	2024/25 Net spending Restated £ 000
Financing and investment - Trading accounts						
Grounds maintenance	3,434	(3,655)	(221)	-	-	-
Vehicle maintenance	523	(604)	(81)	-	-	-
	3,957	(4,259)	(302)	-	-	-
Financing and investment - Investment properties						
Investment properties	331	(3,501)	(3,170)	331	(3,501)	(3,170)
	331	(3,501)	(3,170)	331	(3,501)	(3,170)
Total trading activity	4,288	(7,760)	(3,472)	331	(3,501)	(3,170)

8. Collection fund

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

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.

2024/25 Council Tax £ 000	2024/25 Non-Domestic Rates £ 000	2024/25 Total £ 000	Collection Fund	2025/26 Council Tax £ 000	2025/26 Non-Domestic Rates £ 000	2025/26 Total £ 000
			Income			
(151,429)	-	(151,429)	Council tax (Note 1)	(159,836)	-	(159,836)
			Transfers from the General fund			
-	(79,333)	(79,333)	Non-domestic rates (Note 2)	-	(82,648)	(82,648)
-	(973)	(973)	Transitional protection	-	326	326
(151,429)	(80,306)	(231,735)		(159,836)	(82,322)	(242,158)
			Spending			
			Precepts and demands			
-	43,317	43,317	Central Government	-	43,970	43,970
108,916	7,797	116,713	Essex County Council	113,854	7,915	121,769
19,356	34,654	54,010	Chelmsford City Council	20,142	35,175	55,317
17,628	-	17,628	Essex Police Authority	18,767	-	18,767
5,910	866	6,776	Essex Fire Authority	6,312	879	7,191
-	219	219	Subsidy paid towards the costs of collecting Non-domestic rates	-	218	218
3,763	326	4,089	Increase or (decrease) in our provision for amounts that we may not be able to collect	952	685	1,637
269	281	550	Amounts written off	205	915	1,120
-	794	794	Provision for appeals	-	173	173
			Distribution of previous year's surplus or (shortfall)			
-	(1,695)	(1,695)	Central Government	-	(3,943)	(3,943)
(867)	(305)	(1,172)	Essex County Council	(2,131)	(709)	(2,840)
(156)	(1,356)	(1,512)	Chelmsford City Council	(378)	(3,154)	(3,532)
(140)	-	(140)	Essex Police Authority	(345)	-	(345)
(48)	(34)	(82)	Essex Fire Authority	(115)	(79)	(194)
154,631	84,864	239,495		157,263	82,045	239,308
			Movements on the Collection Fund			
3,202	4,558	7,760	(Surplus) or shortfall for the year	(2,573)	(277)	(2,850)
1,327	6,111	7,438	(Surplus) or shortfall at start of the year (Note 3)	4,529	10,669	15,198
4,529	10,669	15,198	(Surplus) or shortfall at end of the year (Note 3)	1,956	10,392	12,348

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 2025/26, the Council Tax base was 72,079 (in 2024/25 it was 71,536). The basic amount of Council Tax for a property in band D was £2,207 (£2,122 in 2024/25). 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	5,185	3,783	6 / 9	2,522
B	10,965	9,007	7 / 9	7,005
C	24,072	21,391	8 / 9	19,014
D	18,674	13,302	9 / 9	13,302
E	11,568	10,672	11 / 9	13,044
F	6,652	6,322	13 / 9	9,132
G	4,609	4,333	15 / 9	7,222
H	455	419	18 / 9	838
Total	82,180	69,229		72,079

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 2025/26 (49.9p in 2024/25) and the Standard Business Rate Multiplier 55.5p in 2025/26 (54.6p in 2024/25). 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 2026, our NDR income after relief and deductions totalled £82,647,998 based on the total non-domestic rateable value for our area of £204,129,117.

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.

2024/25 Council Tax £ 000	2024/25 Non-Domestic Rates £ 000	2024/25 Total £ 000	**Contributions to the collection fund - (surpluses) and shortfalls**	2025/26 Council Tax £ 000	2025/26 Non-Domestic Rates £ 000	2025/26 Total £ 000
-	5,335	5,335	Central Government	-	5,196	5,196
576	4,268	4,844	Chelmsford City Council	247	4,157	4,404
3,247	960	4,207	Essex County Council	1,397	935	2,332
529	-	529	Essex Police Authority	234	-	234
177	106	283	Essex Fire Authority	78	104	182
4,529	10,669	15,198		1,956	10,392	12,348

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 Checks, Challenges and Appeals

There are several outstanding checks, challenges and appeals. We have estimated the effect of these outstanding checks, challenges and 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	86
Chelmsford City Council	40	69
Essex County Council	9	16
Essex Fire Authority	1	2
	100	173

5. Non-domestic rate pooling

On 1 April 2025, Chelmsford continued in a Non-domestic rating pool with 14 other authorities for the 2025/26 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 2025/26 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.

Commuted sums
One-off contributions made by a developer or asset owner to cover future maintenance or replacement costs of infrastructure assets or green spaces.

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.

Indexation
Is the process of adjusting values such as prices, wages or investments to account for changes in inflation or the cost of living.

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.