



# **Audited Statement of Accounts 2023/24**

V2.1 (27-FEB-2025)

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NB; 2023/24 Annual Governance Statement (AGS) provided online, via a separate document.

# Narrative Statement from the Chief Financial Officer (CFO)

## Introduction:

The Statement of Accounts presents the financial results of the Council's activities for the year ended 31 March 2024 and summarises the overall financial position of the Council as of 31 March 2024. This Narrative Report sets out the key issues and is intended to give the reader an insight into the Council's performance during 2023/24.

The Council is required by law to complete its accounts in line with the CIPFA Code of Practice on Local Authority Accounting and constitutes a 'proper accounting practice' under the terms of section 21(2) of the Local Government Act 2003. The Code is based upon International Financial Reporting Standards (IFRS). The Code reconciles IFRS with the statutory local government finance framework. This is necessary because there are material differences between what IFRS states should be included in the accounts, and what legislation states should be financed by a local authority and local Council taxpayers.

## Uttlesford – The District:

Uttlesford is a thriving, predominantly rural district in north-west Essex encompassing Saffron Walden, Great Dunmow, Stansted Mountfitchet and Thaxted with about 100 villages and hamlets in between. Geographically Uttlesford is the largest district in Essex and has a population of approximately 85,000.

It is home to London Stansted Airport and major road and rail networks with links to London to the south and the historic city of Cambridge to the north. Uttlesford offers a good quality of life with both new development and an historic and rural environment existing in harmony. The Council offices are based in the market town of Saffron Walden, with its array of independent and unique boutique shops, cafes, restaurants, and galleries, surrounded by fields and picturesque villages.

## Uttlesford – The Council:

The Council is governed by 39 elected members, predominantly 'Residents for Uttlesford' party. The Council operates a Cabinet system, with the Leader having responsibility for the appointment of members to the Cabinet, allocation of portfolios and delegation of executive functions.

The key services and activities of the Council are the provision of Council housing, refuse collection & recycling, litter picking, planning, building control, economic development, environmental health, housing and Council tax benefits, Council Tax and Business Rates collection, off-street car parking, community safety, healthy lifestyles and wellbeing, and voluntary sector support, leisure centres, museum, and licensing. Other key local authority services such as social care, education and roads are provided by Essex County Council. For more information about Uttlesford District Council please visit the Council's website at [www.uttlesford.gov.uk](http://www.uttlesford.gov.uk)

## Corporate Plan:

The Corporate Plan is the key document that sets out the Council's vision and priorities for the next four years and forms part of a wider strategic planning framework directing how and where Council resources are allocated. It is accompanied by a delivery plan setting out the activities and milestones to measure performance against the priorities. The Corporate Plan is reviewed annually to ensure it remains fit for purpose and reflects the needs and priorities of the residents, local communities and businesses in the district.

The Corporate Plan was presented by the Cabinet to all members and adopted at the Full Council meeting on 26 February 2024, full details can be found on the Corporate Plan 2023 to 2027, available from the Council's website.

The vision is to 'Make Uttlesford the best place to Live, Work and Play' and the key priorities are summarised below:

- **Putting Residents First**

We will: ensure financial stability; use commercial assets to fund services; enhance digital access and innovation across council services; further develop a skilled, motivated and diverse workforce.

- **Encouraging economic growth**

We will: improve connectivity infrastructure, support the resilience and growth of the local economy.

- **Protecting and enhancing our environment**

We will: take action on climate change; conserve and enhance the quality and diversity of the district's natural habitats and wildlife; manage waste in a sustainable way; work with partners to deliver sustainable transport.

- **Build Strong Communities**

We will: provide and maintain quality homes and invest in thriving communities; plan for future housing needs in a sustainable way; tackle rural priorities.

The Council and its partners have worked hard on initiatives, partnerships and projects to bring the Corporate Plan priorities to life and deliver quality services in the most efficient way.

#### Uttlesford – The Establishment:

There is a requirement under the Localism Act 2011 for the Council to publish a pay policy and to review it annually. The policy sets out the pay and remuneration schemes in place and sets the criteria for the forthcoming year. We review and republish the document on an annual basis to ensure that we take a consistent and fair approach to how we pay staff at all levels.

This document aims to provide our managers and employees with clear guidance on how our pay policies should be managed and maintained in the workplace. It also outlines our Pay Multiple and Gender Pay Gap data.

In January 2015, the Living Wage Foundation accredited the Council as a Living Wage Employer. The Living Wage commitment will see that everyone working at the council, regardless of whether they are permanent employees or third-party contractors and suppliers, receive a minimum hourly wage of at least the Living Wage. The minimum hourly rate that we pay our employees is £11.59 which is significantly higher than the National Living Wage of £10.42 per hour and the Real Living Wage of £10.90 per hour.

#### **Governance and Risk Management:**

The Annual Governance Statement is included as a key document in the Statement of Accounts. This sets out the Council's Governance Framework, reporting on its arrangements for ensuring its business is conducted in accordance with the law, regulations and proper practices and that public money is safeguarded and properly accounted for. In addition, the Council maintains a Corporate Risk Register which is updated biannually.

The immediate strategic and operational risks the Council are currently facing;

- Reforms of the Government funding methodology to Local Authorities
- Government outline proposals for a comprehensive reform of the planning system
- Government proposals to transform the way waste and recycling is collected nationally

## Medium-Term Financial Strategy:

After taking into account all the above expenditure, income, funding and net reserves drawdowns the Council has achieved a balanced budget for 2024/25; in future years the strategy shows a deficit position and by the final year the deficit is £5.356m for the General Fund.

Note that 2027/28 column has been highlighted in the table as this represents the planned end of the Blueprint Uttlesford programme and the year upon which the programme's targets was based. It is assumed that a new action plan will be required in advance of 2028/29 in order to close any budget gap arising in subsequent years. However, as can be seen, there is positive news in that the financial pressure in the new fifth year of the MTFS (2028/29) is only marginally higher than that in 2027/28. This will be kept under review with each annual refresh of the MTFS, and further plans put into place accordingly should the gap continue to grow.

General Fund Five Year Budget Model	2023/24 Current Budget £'000	2024/25 Original Budget £'000	2025/26 Forecast £'000	2026/27 Forecast £'000	2027/28 Forecast £'000	2028/29 Forecast £'000
<b>Net service expenditure</b>						
Gross service expenditure	40,221	41,712	40,195	40,518	41,321	42,048
Gross service income	(20,947)	(23,558)	(22,833)	(22,792)	(23,198)	(23,656)
Demand growth	-	-	500	1,000	1,500	2,000
<b>Subtotal - Net service expenditure</b>	<b>19,274</b>	<b>18,154</b>	<b>17,862</b>	<b>18,726</b>	<b>19,623</b>	<b>20,392</b>
<b>One-off transformation costs</b>	<b>-</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>-</b>
<b>Investment property</b>	<b>(760)</b>	<b>1,812</b>	<b>75</b>	<b>(1,580)</b>	<b>(2,837)</b>	<b>(3,067)</b>
<b>Corporate items</b>						
Capital financing	2,830	1,957	1,535	1,567	1,490	1,521
Net recharges to Housing Revenue Account (HRA)	(1,967)	(2,011)	(2,051)	(2,090)	(2,136)	(2,185)
Other corporate items	542	(42)	42	563	98	76
<b>Subtotal - Corporate items</b>	<b>1,405</b>	<b>(96)</b>	<b>(474)</b>	<b>40</b>	<b>(548)</b>	<b>(588)</b>
<b>External funding</b>						
Retained business rates (including S31 grants)	(5,272)	(6,158)	(6,607)	(3,184)	(3,357)	(3,542)
Collection fund (surplus)/deficit	249	(1,752)	-	-	-	-
Government grants	(3,333)	(3,584)	(3,899)	(560)	(560)	(560)
<b>Subtotal - External funding</b>	<b>(8,356)</b>	<b>(11,494)</b>	<b>(10,506)</b>	<b>(3,744)</b>	<b>(3,917)</b>	<b>(4,102)</b>
<b>Subtotal - Net operating expenditure</b>	<b>11,563</b>	<b>8,776</b>	<b>7,357</b>	<b>13,842</b>	<b>12,721</b>	<b>12,635</b>
<b>Transfers to/(from) earmarked reserves</b>	<b>(4,869)</b>	<b>(1,720)</b>	<b>(121)</b>	<b>304</b>	<b>449</b>	<b>954</b>
<b>Total - Council tax requirement</b>	<b>6,694</b>	<b>7,056</b>	<b>7,236</b>	<b>14,146</b>	<b>13,170</b>	<b>13,589</b>
<b>Council tax</b>	<b>(6,694)</b>	<b>(7,056)</b>	<b>(7,343)</b>	<b>(7,635)</b>	<b>(7,932)</b>	<b>(8,233)</b>
<b>(Surplus)/deficit</b>	<b>-</b>	<b>-</b>	<b>(107)</b>	<b>6,511</b>	<b>5,238</b>	<b>5,356</b>

The Council's budget and associated strategies for 2023/24 including the Medium-Term Financial Strategy (MTFS) for the period were approved at the Council meeting on the 21 February 2023. Full details of the MTFS and supporting budgets and strategies presented at the Council meeting can be viewed via the Council's website. The meeting was also recorded and is available to watch via a link within the webpage.

## Financial Performance – 2023/24

The following are the key factors that can affect the Council's financial position:

### Income

- Fees and charges e.g. car park charges, garden waste income, planning fees
- Specific government grants e.g. benefits subsidy
- Rents and service charges (Housing Revenue Account only)
- Income generated from the investment in the Council's wholly owned company Aspire (CRP) Ltd.

### Expenditure

- Employee costs including salaries, national insurance and pensions
- Premises costs including energy costs, rates and building maintenance
- Transport costs including fuel and vehicle maintenance
- Inflationary increases in contracts
- Support payments such as Housing Benefit and Local Council Tax Support

A summary of the key operational financial results for 2023/24 are shown in the following tables. The figures shown are direct costs and income only, rather than the accounting basis used to produce figures for the Core Financial Statements. However, the bottom-line results are consistent with the movement in usable reserves as shown in the core accounting statements in the main body of this document.

#### Collection Fund (Business Rates and Council Tax):

The Collection Fund has a surplus of £1.271m made up of a Business Rate surplus of £1.239m and a Council Tax surplus of £0.032m.

#### General Fund Revenue Account:

General Fund 2023/24 - Final Summary	2023/24	2023/24	2023/24 Final
	Budget	Actuals	Variance
	£'000	£'000	£'000
<b>Portfolio</b>			
Communities and Local Partnerships	1,475	1,102	(373)
Corporate Services	6,007	5,639	(368)
Environment and Climate Change	5,209	5,604	395
Finance and the Economy	1,992	2,126	134
Housing and Equalities	492	273	(219)
Planning	2,428	2,145	(283)
Strategy and Governance	4,454	3,608	(846)
<b>Cost of Service Areas</b>	<b>22,057</b>	<b>20,497</b>	<b>(1,560)</b>
<b>Corporate Items</b>	<b>-15,339</b>	<b>-14,231</b>	<b>1,108</b>
Council Tax	-6,694	-6,694	-
<b>Outturn</b>	<b>(22,033)</b>	<b>(20,925)</b>	<b>1,108</b>

A £3.52m underspend within the General Fund has occurred within the year 23/24, of which £3.074m has moved been to reserves. Therefore, the underspend is made up of the following variances:

- £150k underspend has been seen within the Exceptional Circumstances Fund
- £141 underspend in Building Control related to new commercial income streams
- £100k underspend due to withdrawal from Local Highways Panel
- £215k underspend on staff vacancies
- £117k HB net cost lower than budgeted expenditure
- £229k underspend in staff pay award contingency due to lower-than-expected pay award
- £292k whereby the Treasury position is favourable due to interest higher than expected
- £464k also favourable due to more section 31 grants than expected in budget. This is due to timing difference and therefore will impact will affect future years.
- £469k of net investment income which had better returns than expected
- £875k of MRP underspend due to the budget expectation of greater capital expenditure

The variety of lesser underspends contribute to the overall final position.

#### Housing Revenue Account (HRA):

HRA 2023/24 - Final Summary	2023/24	2023/24	2023/24 Final
	Budget	Actuals	Variance
	£'000	£'000	£'000
Grand Total	0	-989	-989

The HRA underspend of £989k driven by £587k of under budget depreciation with a variety of minor variances. All lines will be adjusted for 2025/26 Budget.

## Investments:

<b>Commercial Property - Sums Invested</b>	<b>31.03.23</b> Actual £m	<b>31.03.24</b> Actual £m
Skyway House, Parsonage Road, Takeley – Offices	21.3	21.3
Deer Park Road, Livingston, Scotland – Veterinarian Practice	5.2	5.2
Stane Retail Park, Colchester – Retail Park	27.2	27.7
Chorley – Regional Distribution Centre	58.3	58.3
Gloucester – Distribution Centre	43.3	43.3
Tewkesbury – Offices and warehouse	29.1	38.2
<b>TOTAL</b>	<b>184.4</b>	<b>194.0</b>

These investments generated £8.9m of investment income for the Council in 2023/24 after taking into account direct costs. In addition, as at 31st March 2024 the Council had invested £63.9m in loans to its subsidiary, Aspire (CRP) Ltd, which holds a 50% share in investment property at Chesterford Research Park. These loans generated income of £2.4m of investment income during the year.

All non-treasury investments are acquired and managed in line with the Commercial Strategy approved each year by Full Council, and available on the Council's website. This sets out in more detail the risks to the Council of holding such investments, mitigating actions taken, and governance and oversight arrangements.

The principle risks of tenant defaults, void periods, and unexpected refurbishment costs are managed by setting aside sums in a commercial asset reserve.

## Treasury Management:

Treasury Management activities undertaken during the year complied fully with the CIPFA Code of Practice and the Authority's approved Treasury Management Strategy. However, two brief incidences occurred where there was a breach of individual counterparty investment limits. The Treasury Management Strategy places a limit on the total amount which can be invested with any one individual counterparty. The purpose of this is to limit the Council's exposure in the unlikely event of the failure or default of any of the financial institutions with which the Council invests. The individual counterparty investment limit for unsecured investments with banks is £3 million.

On two occasions in November 2023, the Council missed the daily deadline for investing excess cash in its operational bank accounts. One of these was due to human error, whilst the other was as a result of IT issues temporarily preventing access to online banking. As a result, on these two occasions, the total amount deposited overnight with Barclays Bank (the Council's operational bankers) exceeded the £3 million limit.

On both occasions, the level of the breach was relatively small (£347,000 and £149,000), and the situation was fully rectified on the following day. The risk arising for the Council from these breaches was therefore considered to be very low.

As at 31st December 2024, it was forecasted that net borrowing would be £298.8m arising from revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment.

Interest rates have seen substantial rises over the last two years, although these rises have now begun to plateau. Gilt yields fell in late 2023, reaching April 2023 lows in December 2023 before rebounding to an extent in the first three months of 2024. Gilt yields have

remained volatile, seeing upward pressure from perceived stickier inflation at times and downward pressure from falling inflation and a struggling economy at other times.

The treasury management position on 31st March 2024 is shown in the table below;

	31.3.23 Balance	2023/24 Movement	31.3.24 Balance	31.3.24 Weighted Average Rate
	£m	£m	£m	%
Long-term borrowing	190.6	3	193.6	4.43
Short-term borrowing	108.8	7.7	116.5	5.57
<b>Total borrowing</b>	<b>299.4</b>	<b>10.7</b>	<b>310.1</b>	<b>4.86</b>
Short-term investments	12.1	-4.1	8.0	5.76
Cash and cash equivalents	0.5	2.8	3.3	5.21
<b>Total investments</b>	<b>12.6</b>	<b>-1.3</b>	<b>11.3</b>	<b>5.60</b>
<b>Net borrowing</b>	<b>286.8</b>	<b>12</b>	<b>298.8</b>	

#### Going Concern Assessment:

The policy of the Council is to maintain a prudent level of reserves. Local authority financial statements must be prepared on a going concern basis. This is because local authorities cannot be created or dissolved without statutory prescription and so they have no ability to cease being a going concern.

The Council has worked hard on generating additional income and has a strong and robust portfolio of commercial assets. If it had not invested in these assets the financial situation would have been much more difficult to manage and would have generated a significant budget deficit position a number of years ago.

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The Medium-Term Financial Strategy 2023/24 shows a five-year schedule of the Authority's Investment Programme in its progress on generating additional investment income. The Council acquired £9.018m of Investment Property during 2023/24.

Additional incentives to drive forward the impact of service delivery include establishing a project team with the aim of addressing the deficit position. This project is known as Uttlesford 2027 and replaced Uttlesford Moving Forward. A number of future options are currently being considered, including selling a commercial asset and using the profit generated to fund Capital Financing Costs over the life of the MTFs.

The Council has set a balanced budget for 2024/25, but the financial effects of the cost of living crisis continue to be felt.

Based on the assumptions within the MTFP, and the recovery of the majority of the Council's sales, fees and charges income streams from the 1 April 2023, the Council will need to identify further efficiency savings to balance the 2024/25 budget.

The intention underpinning the 2024/25 funding gap is the use of complex capital transactions as a mechanism for balancing the budget. These proposals are still be worked on but due to their innovative nature they do carry a level of risk in their use. This is recognised in the risk assessment of reserves carried out alongside the budget setting of 2023/24.



Although there are a number of external and internal challenges for the Council to face the assessment of the council is that despite these, its financial position is compatible with the status of a going concern.

## **Financial Statements and what they mean**

### **Group Accounts:**

These statements firstly show the Council's single position, with the following columns for: the wholly owned company trading subsidiary 'Aspire Ltd' and the consolidated Group position of the Council therefore including the subsidiary. The loan value, its respective transactions and any other transactions or balances between the Council and the subsidiary have been eliminated for the Group position.

### **Comprehensive Income and Expenditure Statement:**

This statement shows the cost of providing services in accordance with accounting rules, rather than the statutory amounts to be funded from taxation. Expenditure is categorised under standard headings that differ from the actual operational structure of the Council.

### **Movement in Reserves Statement:**

This statement shows the movement in the year on the different reserves held by the Council, analysed into Usable Reserves (those that can be used to fund expenditure) and Unusable Reserves (those held to manage the accounting process). The (surplus)/deficit on the Provision of Services line shows the true economic cost of providing the Council's services, details of which are shown in the Comprehensive Income and Expenditure Statement. Adjustments between the accounting basis of measuring cost and the statutory basis are shown, to derive a net increase/decrease in usable and unusable reserves.

### **Balance Sheet:**

This statement is fundamental to the understanding of the Council's financial position at the year-end. It shows the value as at 31st March of the Council's assets and liabilities. The Council's net assets (i.e. assets less liabilities) are matched by reserves held by the Council, analysed between Usable Reserves (available to fund expenditure) and Unusable Reserves (held to manage accounting items, not available to spend).

### **Cash Flow Statement:**

This statement shows the changes in the cash flow position of the Council during the financial year and sets out the sources of funds and what they are spent on.

### **Notes to the Core Financial Statements:**

These notes provide additional supporting information to the figures included within the core financial statements.

### **Housing Revenue Account (HRA) Comprehensive Income and Expenditure Account:**

The HRA fulfils the statutory requirement to maintain a separate ring-fenced revenue account for local authority social housing provision. This statement shows in more detail the income and expenditure on HRA services included as a one-line summary in the Comprehensive Income and Expenditure Account.

### **Collection Fund:**

This shows the transactions of the Council as a billing authority relating to Council Tax and Business Rates and shows the distribution of this income between Central Government and local preceptors Essex County Council, Essex Fire Authority, Essex Police and Crime Commissioner and Town and Parish Councils. The Police and Crime Commissioner, Town and Parishes are preceptors for Council Tax only.

## Principal Risks and Uncertainties

The preparation of the Statement of Accounts requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for the revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Please refer to Note 6 "Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty" for a detailed outline of future risks and uncertainties.

## Audit of the Accounts

The final accounts will be published following completion of the audit by the External Auditor. KPMG LLP, 15 Canada Square, Canary Wharf, London, E14 5GL.

## Further Information

The Council produces a detailed Budget Book, which sets out the financial plans for the following financial year.

A copy of this may be obtained by contacting Gareth Robinson, Director of Finance, Revenues and Benefits, at Uttlesford District Council, Council Offices London Road, Saffron Walden, CB11 4ER. Email [grobinson@uttlesford.gov.uk](mailto:grobinson@uttlesford.gov.uk)

For more information visit our website. <https://www.uttlesford.gov.uk/finance>

..... Date: ...27/02/2025.....  
**Adrian Webb**, Strategic Director of Finance, Commercialisation & Corporate Services (S151 Officer)

## **Auditors 2023/24 Certification Report (KPMG)**

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

#### **REPORT ON THE AUDIT OF THE COUNCIL'S STATEMENT OF ACCOUNTS**

##### **Disclaimer of opinion**

We were engaged to audit the financial statements of Uttlesford District Council (the "Council") for the year ended 31 March 2024 which comprise the Group and Council Comprehensive Income and Expenditure Statements, Group and Council Balance Sheets, Group and Council Movement in Reserves Statements, Group and Council Cash Flow Statements, Collection Fund, Housing Revenue Account and the related notes, including the Expenditure and Funding Analysis and the accounting policies in note 1.

We do not express an opinion on the financial statements. Due to the significance of the matters described in the Basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

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

The Accounts and Audit (Amendment) Regulations 2024 (the "Amendment Regulations") require the Council to publish its financial statements and our opinion thereon for the year ended 31 March 2024 by 28 February 2025 (the "Backstop Date").

We have been unable to obtain sufficient appropriate audit evidence over any area of the financial statements as we have been unable to perform all the procedures that we consider necessary to form our opinion on the financial statements ahead of the Backstop Date. This includes being unable to obtain sufficient appropriate evidence over the disclosed comparative figures for the year ended 31 March 2023 due to the Backstop Date.

Any adjustments from the above matters would have a consequential effect on the Group's and the Council's net assets and the split between usable reserves, including the Housing Revenue Account, and unusable reserves as at 31 March 2024 and 31 March 2023, the Collection Fund and on their income and expenditure and cash flows for the years then ended.

##### **Fraud and breaches of laws and regulations – ability to detect**

As stated in the Disclaimer of opinion section of our report, we do not express an opinion on the financial statements due to the reasons described in the Basis for disclaimer of opinion section of our report.

##### **Other information**

The Strategic Director of Finance, Commercialisation and Corporate Services (S151 Officer) is responsible for the other information, which comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Any opinion on the financial statements would not cover the other information and we do not

express an opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Due to the significance of the matters described in the Basis for disclaimer of opinion section of our report, and the possible consequential effect on the related disclosures in the other information, whilst in our opinion the other information included in the Statement of Accounts for the financial year is consistent with the financial statements, we are unable to determine whether there are material misstatements in the other information.

### **Strategic Director of Finance, Commercialisation and Corporate Services (S151 Officer)'s and Audit Committee's responsibilities**

As explained more fully in the statement set out on page 15, the Strategic Director of Finance, Commercialisation and Corporate Services (S151 Officer) is responsible for the preparation of financial statements in accordance with CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group's and the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the government of the intention to either cease the services provided by the Group and the Council or dissolve the Group and the Council without the transfer of their services to another public sector entity.

The Audit Committee of the Council is responsible for overseeing the Council's financial reporting process.

### **Auditor's responsibilities**

Our responsibility is to conduct an audit of the financial statements in accordance with International Standards on Auditing (UK), and to issue an auditor's report. However, due to the significance of the matters described in the Basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

We have fulfilled our ethical responsibilities under and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard.

## **REPORT ON OTHER LEGAL AND REGULATORY MATTERS**

### **Report on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources**

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the "NAO Code of Audit Practice"), we are required to report to you if we identify any significant weaknesses in the arrangements that have been made by the Council to secure economy, efficiency and effectiveness in its use of resources.

Our review of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources identified that the Council published its draft Statement of Accounts for 2023/24 on 14 January 2025, more than seven months late compared to the statutory deadline of 31 May 2024.

This matter is evidence of weaknesses in proper arrangements for reliable and timely financial reporting that supports the delivery of strategic priorities and ensures compliance with statutory deadlines.

Our review of the Council's risk management arrangements identified that the Corporate risk register had not been reviewed by the Council or by its constituted sub-committees during 2023/24. This matter is evidence of a weakness in the arrangements that were in place for the identification and management of risks relating to the Council achieving proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We have raised two recommendations within our Auditor's Annual Report for the Council to ensure it returns to future compliance with statutory reporting deadlines and that strategic risk management processes are appropriately embedded.

### **Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources**

The Council is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are required under section 20(1) of the Local Audit and Accountability Act 2014 to be satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively. We are also not required to satisfy ourselves that the Council has achieved value for money during the year.

We planned our work and undertook our review in accordance with the NAO Code of Audit Practice and related statutory guidance, having regard to whether the Council had proper arrangements in place to ensure financial sustainability, proper governance and to use information about costs and performance to improve the way it manages and delivers its services. Based on our risk assessment, we undertook such work as we considered necessary.

### **Statutory reporting matters**

We are required by Schedule 2 to the NAO Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 and Schedule 7 of the Local Audit and Accountability Act 2014; or
- we make written recommendations to the Council under Section 24 and Schedule 7 of the Local Audit and Accountability Act 2014; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014; or

- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in this respect.

### **THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES**

This report is made solely to the members of the Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Council, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

### **DELAY IN CERTIFICATION OF COMPLETION OF THE AUDIT**

As at the date of this audit report, we have not yet completed our work in respect of the Council's Whole of Government Accounts consolidation pack for the year ended 31 March 2024.

Until we have completed this work, we are unable to certify that we have completed the audit of the financial statements of Uttlesford District Council for the year ended 31 March 2024 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the NAO Code of Audit Practice.

Dean Gibbs

**for and on behalf of KPMG LLP**

Chartered Accountants

15 Canada Square

London

E14 5GL

..... February 2025

## Statement of Responsibilities

### The Council's Responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Strategic Director of Finance, Commercialisation and Corporate Services (S151 Officer);
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts (by delegation to the Audit and Performance Committee).

### Responsibilities of the Strategic Director of Finance, Commercialisation and Corporate Services (S151 Officer)

The Strategic Director of Finance, Commercialisation and Corporate Services (S151 Officer) is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this statement of accounts, the Strategic Director of Finance, Commercialisation and Corporate Services (S151 Officer) has:

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

The Strategic Director of Finance, Commercialisation and Corporate Services (S151 Officer) has also:

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

#### **Certificate of Strategic Director of Finance, Commercialisation & Corporate Services (S151 Officer)**

I hereby certify that the Statement of Accounts presents a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March 2024. I confirm that the date of this declaration is the date up to which events have been considered for inclusion within the Council's Statement of Accounts and that events after the Balance Sheet date have been considered to this date and the accounts amended accordingly for such events and adjustments arising from audit. The accounts are therefore authorised for issue.

.....  
Adrian Webb, Strategic Director of Finance, Commercialisation & Corporate Services (S151 Officer)

Dated 27 Feb 2025

#### **Certificate of Approval by Audit and Performance Committee**

I confirm that these account statements were approved by the Audit and Performance Committee of Uttlesford District Council on 27 FEB 2025.

.....  
Councillor Edward Oliver, Chairman- Audit & Performance Committee

Dated 27 Feb 2025

## Comprehensive Income and Expenditure Statement (CIES)

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

2022/23 SINGLE RESTATED *			2023/24 SINGLE				
Exp. £'000	Income £'000	Net £'000	N o t e	CIES	Exp. £'000	Income £'000	Net £'000
2,820	(958)	1,862			Communities & Partnerships	3,016	(1,002)
28,541	(10,847)	17,694		Environmental Services	21,608	(10,911)	10,697
28,025	(24,312)	3,713		Finance & Administration	28,717	(24,638)	4,079
5,390	(2,998)	2,392		Housing & Economic Development	6,498	(3,505)	2,993
11,893	(16,387)	(4,494)		Housing Revenue Account (HRA)	^ 2,343	(18,332)	(15,989)
1,378	(399)	979		Corporate costs	593	(1,211)	(618)
<b>78,048</b>	<b>(55,901)</b>	<b>22,147</b>		<b>Cost of Service</b>	<b>62,775</b>	<b>(59,599)</b>	<b>3,176</b>
4,263	(1,099)	3,163	10	Other Operating Expenditure	4,305	(337)	3,968
46,828	(13,857)	32,970	11	Financing and Investment I&E	23,568	(13,753)	9,814
1,164	(19,713)	(18,549)	12	Taxation & Non-specific Grant Inc.	1,456	(22,870)	(21,415)
<b>130,302</b>	<b>(90,570)</b>	<b>39,731</b>		<b>(Surplus)/Deficit on Prov. of Service</b>	<b>92,103</b>	<b>(96,559)</b>	<b>(4,456)</b>
		(6,366)	13	(Surplus)/Def on revaluation of PPE			(17,144)
		(25,872)	40	Remeasure of net def ben liability/(asset)			235
		<b>(32,238)</b>		<b>Other Comprehensive I&amp;E</b>			<b>(16,909)</b>
		<b>7,494</b>		<b>Total Comprehensive I&amp;E</b>			<b>(21,365)</b>

\* RESTATED HRA (& Corporate) cost of service to reconcile to HRA Statement gross positions as per 2022/23.

^ (£10.7m) credit on HRA expenditure code for 'change in valuation of non-current assets', £13,037k without.

2022/23 # GROUP # RESTATED *			2023/24 # GROUP #				
Exp. £'000	Income £'000	Net £'000		CIES	Exp. £'000	Income £'000	Net £'000
2,820	(958)	1,862			Communities & Partnerships	3,016	(1,002)
28,541	(10,847)	17,694		Environmental Services	21,608	(10,911)	10,697
28,025	(24,312)	3,713		Finance & Administration	28,717	(24,638)	4,079
5,390	(2,998)	2,392		Housing & Economic Development	6,498	(3,505)	2,993
11,893	(16,387)	(4,494)		Housing Revenue Account (HRA)	2,343	(18,332)	(15,989)
1,378	(399)	979		Corporate costs	593	(1,211)	(618)
119	(3,491)	(3,372)		# Aspire #	93	(2,702)	(2,609)
<b>78,167</b>	<b>(59,392)</b>	<b>18,775</b>		<b>Cost of Service</b>	<b>62,868</b>	<b>(62,301)</b>	<b>567</b>
4,263	(1,099)	3,163		Other Operating Expenditure	4,305	(337)	3,968
50,099	(11,406)	38,692		Financing and Investment I&E	26,836	(11,335)	15,500
1,164	(19,713)	(18,549)		Taxation & Non-specific Grant Inc.	1,456	(22,870)	(21,415)
<b>133,692</b>	<b>(91,610)</b>	<b>42,081</b>		<b>(Surplus)/Deficit on Prov. of Service</b>	<b>95,464</b>	<b>(96,843)</b>	<b>(1,379)</b>
(600)	0	(600)		# Tax expense of Subsidiary #	(719)	0	(719)
<b>133,328</b>	<b>(91,846)</b>	<b>41,481</b>		<b># (Surplus)/Deficit on Group #</b>	<b>94,745</b>	<b>(96,843)</b>	<b>(2,098)</b>
		(6,366)		(Surplus)/Def on revaluation of PPE			(17,144)
		(25,872)		Remeasure of net def ben liability/(asset)			235
		<b>(32,238)</b>		<b>Other Comprehensive I&amp;E</b>			<b>(16,909)</b>
		<b>9,243</b>		<b>Total Comprehensive I&amp;E</b>			<b>(19,007)</b>



## Movement in Reserves Statement (MiRS)

This Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year.

The net increase/decrease line shows the statutory General Fund balance movements in the year following those adjustments.

<b>SINGLE 2023/24</b>	<b>General Fund Balance</b>	<b>General Fund Ear-marked</b>	<b>HRA Balance</b>	<b>HRA Ear-marked</b>	<b>Major Repairs Reserve</b>	<b>Capital Receipts Reserve</b>	<b>Capital Grants Unapplied Account</b>	<b>Total Usable Reserves</b>	<b>Unusable Reserves</b>	<b>Total Council Reserves</b>
<b>MiRS</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance at 31 March brought forward</b>	(1,571)	(23,555)	(673)	(1,083)	(605)	(4,371)	(1,487)	(33,345)	(298,461)	(331,806)
(Surplus)/Deficit on Provision of Services	9,136		(13,592)					(4,456)		(4,456)
Other Comprehensive I&E								-	(16,909)	(16,909)
<b>Total Comprehensive I&amp;E</b>	<b>9,136</b>		<b>(13,592)</b>					<b>(4,456)</b>	<b>(16,909)</b>	<b>(21,365)</b>
Adjustments between accounting basis & funding basis under regulations (Note 8)	(8,321)		12,969		(501)	79	302	4,528	(4,528)	0
Transfers to/(from) reserves	(1,244)	1,244	(365)	365				-	-	0
<b>(Increase) or Decrease in year</b>	<b>(429)</b>	<b>1,244</b>	<b>(988)</b>	<b>365</b>	<b>(501)</b>	<b>79</b>	<b>302</b>	<b>72</b>	<b>(21,437)</b>	<b>(21,365)</b>
<b>Balance at 31 March carried forward</b>	<b>(2,000)</b>	<b>(22,311)</b>	<b>(1,661)</b>	<b>(718)</b>	<b>(1,106)</b>	<b>(4,292)</b>	<b>(1,185)</b>	<b>(33,273)</b>	<b>(319,898)</b>	<b>(353,171)</b>

<b>SINGLE 2022/23</b>	<b>General Fund Balance</b>	<b>General Fund Ear-marked</b>	<b>HRA Balance</b>	<b>HRA Ear-marked</b>	<b>Major Repairs Reserve</b>	<b>Capital Receipts Reserve</b>	<b>Capital Grants Unapplied Account</b>	<b>Total Usable Reserves</b>	<b>Unusable Reserves</b>	<b>Total Council Reserves</b>
<b>MiRS</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance at 31 March brought forward</b>	(1,517)	(22,306)	(472)	(2,830)	(1,031)	(3,846)	(1,193)	(33,195)	(306,105)	(339,300)
(Surplus)/Deficit on Provision of Services	42,558		(2,826)					39,732		39,732
Other Comprehensive I&E								-	(32,238)	(32,238)
<b>Total Comprehensive I&amp;E</b>	<b>42,558</b>		<b>(2,826)</b>					<b>39,732</b>	<b>(32,238)</b>	<b>7,494</b>
Adjustments between accounting basis & funding basis under regulations (Note 8)	(43,871)		4,573		426	(525)	(294)	(39,691)	39,691	0
Transfers to/(from) reserves	1,259	(1,249)	(1,948)	1,747				(191)	191	0
<b>(Increase) or Decrease in year</b>	<b>(54)</b>	<b>(1,249)</b>	<b>(201)</b>	<b>1,747</b>	<b>426</b>	<b>(525)</b>	<b>(294)</b>	<b>(150)</b>	<b>7,644</b>	<b>7,494</b>
<b>Balance at 31 March carried forward</b>	<b>(1,571)</b>	<b>(23,555)</b>	<b>(673)</b>	<b>(1,083)</b>	<b>(605)</b>	<b>(4,371)</b>	<b>(1,487)</b>	<b>(33,345)</b>	<b>(298,461)</b>	<b>(331,806)</b>

# GROUP # 2023/24	General Fund Balance	General Fund Ear-marked	HRA Balance	HRA Ear-marked	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	# Cou. share of Subs P&L Res #	Total Usable Reserves	Unusable Reserves	Total Council Reserves
MIRS	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March brought forward</b>	<b>(1,571)</b>	<b>(23,555)</b>	<b>(673)</b>	<b>(1,083)</b>	<b>(605)</b>	<b>(4,371)</b>	<b>(1,487)</b>	<b>(32,419)</b>	<b>(65,764)</b>	<b>(298,461)</b>	<b>(364,225)</b>
(Surplus)/Deficit on Prov of Services UDC	9,136		(13,592)						(4,456)		(4,456)
# (Surp)/Deft on Prov of Services Aspire #								2,358	2,358		2,358
Other Comprehensive I&E									-	(16,909)	(16,909)
<b>Total Comprehensive I&amp;E</b>	<b>9,136</b>		<b>(13,592)</b>					<b>2,358</b>	<b>(2,098)</b>	<b>(16,909)</b>	<b>(19,007)</b>
Adjs between accounting basis & funding basis under regulations (Note 8) UDC	(8,321)		12,969		(501)	79	302		4,528	(4,528)	0
# Adjs between accounting basis & funding basis under regulations Aspire #									-	-	0
Transfers to/(from) reserves	(1,244)	1,244	(365)	365					-	-	0
<b>(Increase) or decrease in year</b>	<b>(429)</b>	<b>1,244</b>	<b>(988)</b>	<b>365</b>	<b>(501)</b>	<b>79</b>	<b>302</b>	<b>2,358</b>	<b>2,430</b>	<b>(21,437)</b>	<b>(19,007)</b>
<b>Balance at 31 March carried forward</b>	<b>(2,000)</b>	<b>(22,311)</b>	<b>(1,661)</b>	<b>(718)</b>	<b>(1,106)</b>	<b>(4,292)</b>	<b>(1,185)</b>	<b>(30,061)</b>	<b>(63,334)</b>	<b>(319,898)</b>	<b>(383,232)</b>

# GROUP # 2022/23	General Fund Balance	General Fund Ear-marked	HRA Balance	HRA Ear-marked	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	# Cou. share of Subs P&L Res #	Total Usable Reserves	Unusable Reserves	Total Council Reserves
MIRS	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March brought forward</b>	<b>(1,517)</b>	<b>(22,306)</b>	<b>(472)</b>	<b>(2,830)</b>	<b>(1,031)</b>	<b>(3,846)</b>	<b>(1,193)</b>	<b>(34,169)</b>	<b>(67,364)</b>	<b>(306,105)</b>	<b>(373,469)</b>
(Surplus)/Deficit on Prov of Services UDC	42,558		(2,826)						39,732		39,732
# (Surp)/Def on Prov of Services Aspire #								1,750	1,750		1,750
Other Comprehensive I&E									-	(32,238)	(32,238)
<b>Total Comprehensive I&amp;E</b>	<b>42,558</b>		<b>(2,826)</b>					<b>1,750</b>	<b>41,482</b>	<b>(32,238)</b>	<b>9,244</b>
Adjs between accounting basis & funding basis under regulations (Note 8) UDC	(43,871)		4,573		426	(525)	(294)		(39,691)	39,691	0
# Adjs between accounting basis & funding basis under regulations Aspire #									-	-	0
Transfers to/(from) reserves	1,259	(1,249)	(1,948)	1,747					(191)	191	0
<b>(Increase) or decrease in year</b>	<b>(54)</b>	<b>(1,249)</b>	<b>(201)</b>	<b>1,747</b>	<b>426</b>	<b>(525)</b>	<b>(294)</b>	<b>1,750</b>	<b>1,600</b>	<b>7,644</b>	<b>9,244</b>
<b>Balance at 31 March carried forward</b>	<b>(1,571)</b>	<b>(23,555)</b>	<b>(673)</b>	<b>(1,083)</b>	<b>(605)</b>	<b>(4,371)</b>	<b>(1,487)</b>	<b>(32,419)</b>	<b>(65,764)</b>	<b>(298,461)</b>	<b>(364,225)</b>

## Balance Sheet

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

<b>SINGLE</b> <b>31 March</b> <b>2023</b> <b>£'000</b>	<b># GROUP #</b> <b>31 March</b> <b>2023</b> <b>£'000</b>	<i>Note*</i>	<b>Balance Sheet</b>	<b>SINGLE</b> <b>31 March</b> <b>2024</b> <b>£'000</b>	<b># GROUP #</b> <b>31 March</b> <b>2024</b> <b>£'000</b>
408,899	408,899	13a	Property, Plant and Equipment (PPE)	438,094	438,094
1,091	1,091	13b	Heritage Assets	1,091	1,091
168,575	271,601	14	Investment Property	166,375	269,433
297	297	15	Intangible Assets	270	270
59,363	0	18	Long-Term Investments	61,880	0
3,992	3,992	17	Long-Term Debtors	1,353	1,353
<b>642,217</b>	<b>685,880</b>		<b>Long-Term Assets</b>	<b>669,062</b>	<b>710,240</b>
14,709	11,876	18	Short-Term Investments	10,893	8,297
26	26	-	Inventories	5	5
9,173	10,014	19	Short-Term Debtors	7,525	7,713
0	0	13c	Assets Held for Sale	1,191	1,191
2	1,894	20	Cash and Cash Equivalents (Assets)	3,849	5,618
<b>23,910</b>	<b>23,810</b>		<b>Current Assets</b>	<b>23,464</b>	<b>22,824</b>
(1,202)	(1,202)	20	Cash and Cash Equivalents (Liabilities)	0	0
(108,276)	(108,276)	21	Short-Term Borrowing	(125,386)	(125,386)
(22,208)	(22,357)	22	Short-Term Creditors	(15,428)	(15,630)
(2,361)	(2,361)	23	Short-Term Provisions	(1,139)	(1,139)
-	(119)	-	# Current Tax Liability #	-	(217)
<b>(134,047)</b>	<b>(134,315)</b>		<b>Current Liabilities</b>	<b>(141,952)</b>	<b>(142,371)</b>
(190,595)	(190,595)	24	Long-Term Borrowing	(187,753)	(187,753)
(3,844)	(3,844)	39	Other Long-Term Liabilities (PFI)	(3,649)	(3,649)
(2,331)	(2,331)	35	Long-Term Revenue Grants- Receipts in Advance	(2,670)	(2,670)
(101)	(101)	35	Long-Term Capital Grants- Receipts in Advance	(400)	(400)
(3,402)	(3,402)	25	Pensions Liability Scheme	(2,933)	(2,933)
-	(10,876)	-	# Deferred Tax Liability #	-	(10,059)
<b>(200,273)</b>	<b>(211,149)</b>		<b>Long-Term Liabilities</b>	<b>(197,405)</b>	<b>(207,464)</b>
<b>331,806</b>	<b>364,227</b>		<b>Net Assets</b>	<b>353,169</b>	<b>383,230</b>
(33,345)	(65,766)	MiRS	Usable Reserves	(33,273)	(63,334)
(298,461)	(298,461)	26	Unusable Reserves	(319,897)	(319,897)
-	0	-	# Share Capital #	-	0
<b>(331,806)</b>	<b>(364,227)</b>		<b>Total Reserves</b>	<b>(353,169)</b>	<b>(383,230)</b>

\* Notes outlined above are single entity only, for group account adjustments please see note 42.

I certify that the statement of accounts gives a true and fair view of the financial position of the authority as at 31 March 2024 and its income and expenditure for the year ended 31 March 2024.

**Adrian Webb**, Strategic Director of Finance, Commercialisation & Corporate Services (S151 Officer)..... Date: .27/02/2025

## Cash Flow Statement

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

<b>SINGLE</b> <b>2022/23</b> <b>£'000</b>	<b># GROUP #</b> <b>2022/23</b> <b>£'000</b>	<i>Note*</i>		<b>SINGLE</b> <b>2023/24</b> <b>£'000</b>	<b># GROUP #</b> <b>2023/24</b> <b>£'000</b>
<b>Cash Flow Statement</b>					
(39,732)	(41,482)	<i>CIES</i>	Net (surplus)/deficit on the provision of services	4,456	2,098
48,706	53,420	<i>27</i>	Adj's to surplus/deficit on the prov. of services for non-cash movements	13,366	21,319
(1,869)	(4,320)	<i>28</i>	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	289	(2,129)
<b>7,105</b>	<b>7,618</b>		<b>Net Cash flows from operating activities</b>	<b>18,111</b>	<b>21,288</b>
(21,323)	(21,323)	<i>30</i>	Net cash flows from investing activities	(20,749)	(24,049)
9,459	9,459	<i>31</i>	Net cash flows from financing activities	7,687	7,687
<b>(4,759)</b>	<b>(4,246)</b>		<b>Net (increase) or decrease in cash and cash equivalents</b>	<b>5,049</b>	<b>4,926</b>
3,559	4,938	<i>BS</i>	Cash and cash equivalents at the beginning of the reporting period	(1,200)	692
<b>(1,200)</b>	<b>692</b>	<i>BS</i>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>3,848</b>	<b>5,618</b>

\* Notes outlined above are single entity only, for group account adjustments please see note 42.

## **Note 1 - Accounting Policies**

### **i. General Principles**

The statements of account summarise the Council's transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024.

The Council is required to prepare an annual statement of accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act.

The Statement of Accounts has been prepared on a 'going concern' basis. The accounting convention adopted is historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

IAS 1 'Presentation of Financial Statements' specifies the information to be included in the financial statements but not the format. In addition, the standard specifies the information to be disclosed within the financial statements on the face of the statements or in the associated notes.

It is not the policy of the Council to adjust for rounding across the annual accounts.

### **ii. Accruals of Income and Expenditure**

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue in financing and investment income and expenditure for the income that might not be collected.
- A minimum transaction value of £1,000 has been applied in determining whether to accrue income and expenditure in line with the first and third bullet points above.

### **iii. Cash and Cash Equivalents**

Cash and bank balances are recorded at the current value of these balances in the Council's cash book. Cash equivalents are investments, excluding Fixed Term Deposits, that can be converted to cash within 3 months, for known amounts, with insignificant risk of a change in

value. Fixed Term Deposits have been classified as Short Term Investments, as by their very nature they cannot be called in earlier than the date of their maturity.

#### **iv. Prior Period Adjustments, Changes in Accounting Policies and Estimates & Errors**

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

The Council has made no material changes to the accounting policies apart from those required under the 'Code'.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless not material or stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

#### **v. Charges to Revenue for Non-Current Assets**

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

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

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to either an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance (England and Wales) or the statutory repayment of loans fund advances. Depreciation, revaluation and impairment losses, and amortisation are therefore replaced by the contribution in the General Fund balance MRP or the statutory repayment of loans fund advances, by way of an adjusting transaction with the capital adjustment account in the Movement in Reserves Statement for the difference between the two.

#### **vi. Council Tax and Non-Domestic Rates**

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the collection fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the collection fund, billing authorities, major preceptors and central government (for NDR) share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

## Accounting for Council Tax and NDR:

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the collection fund adjustment account and included as a reconciling item in the Movement in Reserves Statement.

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

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

### **vii. Employee Benefits**

#### Benefits Payable during Employment:

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end that employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to surplus or deficit on the provision of services, but then reversed out through the Movement in Reserves Statement to the accumulated absences account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

#### Termination Benefits:

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards.

In the Movement in Reserves Statement, appropriations are required to and from the pensions reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

## Post-employment Benefits:

Employees of the Council are members of one pension scheme:

- the Local Government Pensions Scheme, administered by Essex County Council.

This scheme provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

## The Local Government Pension Scheme:

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Essex County Council's pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 4.9% based on the indicative rate of return on high quality corporate bond.
- The assets of Essex County Council's pension fund attributable to the Council are included in the Balance Sheet at their fair value:
  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – market value.

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

### Service cost comprising:

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement
- net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the financing and investment income and expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

### Remeasurements comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure



- contributions paid to the Essex County Council pension fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the pensions reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

The negative balance that arises on the pensions reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

The Pension Fund Scheme actuaries have assessed the Council’s estimated future service costs less the estimated minimum funding requirement contributions to establish the economic benefit that is available to the Council. The net pensions asset has therefore been adjusted by the effect of the asset ceiling. The effect of the asset ceiling has been determined by the Scheme’s Actuary on the basis of the limitation on the Council’s ability to recover the full economic benefit of its assets through reductions in future employer’s contributions. This is because of the minimum funding requirement imposed on it by the Funding Strategy for the Scheme in place as at 31 March 2024.

Discretionary Benefits:

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

### **viii. Events After the Balance Sheet Date**

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

Two types of events can be identified:

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

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

### **ix. Financial Instruments**

Financial Liabilities:

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value

and are carried at their amortised cost. Annual charges to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

#### Financial Assets:

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. The Council holds financial assets measured at:

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

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

#### Financial Assets Measured at Amortised Cost:

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

However, the Council has made a number of loans to voluntary organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the financing and investment income and expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund balance is managed by a transfer to or from the financial instrument adjustment account in the Movement in Reserves Statement.

Any gains and losses that arise on the derecognition of a financial asset are credited or debited to the financing and investment income and expenditure line in the CIES.

#### Expected Credit Loss Model:

The Council recognises expected credit loss on all its financial assets held at amortised cost or FVOCI, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

**Financial Assets Measured at Fair Value through Comprehensive Income:**

Financial assets that are measured at FVOCI are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in other comprehensive income.

**Financial Assets Measured at Fair Value through Profit and Loss:**

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised in the Surplus or Deficit on the Provision of Services.

**Fair Value Measurements of Financial Assets:**

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the Council's financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

## **x. Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied.

Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or taxation and non-specific grant income and expenditure (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the capital grants unapplied reserve. Where it has been applied, it is posted to the capital adjustment account. Amounts in the capital grants unapplied reserve are transferred to the capital adjustment account once they have been applied to fund capital expenditure.

## **xi. Heritage Assets**

The Council's Heritage Assets are held for the primary objective of increasing the knowledge, understanding and appreciation of the Council's history and local area. Under the SORP, Heritage Assets are to be recognised and measured at historic cost-plus subsequent expenditure in accordance with the Council's accounting policies on Property, Plant and Equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The Council's collections of heritage assets are accounted for as follows:

Property Heritage Assets:

Saffron Walden Motte & Bailey Castle and Saffron Walden Museum Artefacts

These assets are held on the balance sheet at historic cost plus any capital expenditure incurred since April 2007 as the Council considers that the cost of obtaining a robust valuation would be disproportionate to the benefit of the user of the financial statements.

In general, heritage assets are deemed to have indeterminate lives and a high residual value, hence the Council does not consider it appropriate to charge depreciation.

## **xii. Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

The Council does not have any internally generated intangible assets. Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at cost less accumulated depreciation and any accumulated impairment loss. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and

Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the other operating expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the capital adjustment account and (for any sale proceeds greater than £10,000) the capital receipts reserve.

### **xiii. Inventories**

A de-minimis level of £10,000 has been set for the recognition of stock in the Council's balance sheet. The various stock categories are valued as follows:

- Housing stores: valued at the latest purchase price paid\*.
- Building Maintenance: work in progress is valued at cost, which includes an element of the Council's cost of supervision and management.

\*Whilst this is a departure from IAS2 which requires stocks to be shown at the lower of cost and net realisable value, the effect of the different treatment is not material.

### **xiv. Debtors**

Long-term debtors are amortised by an annual amount equalling the annual repayments of principal paid by borrowers.

### **xv. Investment Property**

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As 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.

Rentals received in relation to investment properties are credited to the financing and investment income line and result in a gain for the General Fund balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the capital adjustment account and (for any sale proceeds greater than £10,000) the capital receipts reserve.

### **xvi. Interest in Companies and other Entities**

Material entities over which the Council has the power to exercise control/significant influence, or joint influence, to obtain economic or other benefit, are classified as a subsidiary/associate or joint venture relationship. Where material, such transactions will result in the preparation of Group Accounts and specific disclosures.

The Council participates in a joint operation which is not performed through a separate entity. The Parking Partnership is a joint committee arrangement where the Council records its share of the joint committee arrangement's income and expenditure, gains and losses, assets and liabilities and cash flows within its statutory accounts.

In 2023/24 the Council produced Group Accounts resulting from material transactions from one of the wholly owned subsidiaries, Aspire (CRP) Ltd.

The interest in Aspire has been accounted for on the basis of subsidiary (Aspire) to parent (Council) as 100% ownership. Consolidation is based on eliminating intra group transactions and balances, primarily the Councils "investment" in Aspire and Aspire's "creditors" as the funding received from Council, with consolidation to group accounts of these individual entity values at 100% level. The largest Aspire entry consolidated into group accounts is the fair value of Investment Properties held by Aspire, fair value determined by external valuers with associated valuation qualifications.

## **xvii. Leases**

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

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

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

The Council as Lessee

Finance Leases

The Council has no Finance Leases where the Council is Lessee.

Operating leases

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

The Council as Lessor

Finance Leases

The Council has no Finance Leases where the Council is Lessor.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Credits

are made on a straight-line basis over the life of the lease or where this is initiated by a service to the individual service, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

### **xviii. Overheads and Support Services**

The costs of overheads and support services are charged to service segments in accordance with the Council's arrangements for accountability and financial performance.

### **xix. Property, Plant and Equipment**

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

Plant and Equipment includes all vehicles but excludes all miscellaneous furniture and equipment with an individual value of less than £10,000, unless part of a larger project.

Recognition:

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

A de-minimis amount of £10,000 is applied to all property, plant and equipment.

Measurement:

Assets are initially measured at cost, comprising:

- purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the taxation and non-specific grant income and expenditure line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the donated assets account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance to the capital adjustment account in the Movement in Reserves Statement.

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

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

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

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

Increases in valuations are matched by credits to the revaluation reserve to recognise unrealised gains.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the revaluation reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Valuation:

Asset valuations were carried out as at 1 April 2023 by Wilks, Head and Eve LLP and an end of year market review is undertaken as at 31 March 2024.

Valuations of General Fund Land and Buildings are carried out on an annual basis. Council dwellings will continue to be valued annually by assessing the value of Beacon properties. Several Beacon properties have been identified as being typical for a particular size and type of dwelling. These properties are valued, and the assessed value is applied to all properties of a similar size and type. This is the accepted method of valuation for Council dwellings under ‘The Code’.

Impairment:

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

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.



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

Where the impairment is permanent the treatment is the same as disposal of assets at nil value.

Depreciation:

Depreciation is provided for on all material Property, Plant and Equipment by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Dwellings – straight line allocation over the life of the dwelling as estimated by the valuer no longer than 60 years.
- Other buildings – straight line allocation over the life of the property as estimated by the valuer no longer than 35 years.
- Vehicles, Plant and Equipment – straight line allocation over the life of the asset of between 5 and 7 years.
- Infrastructure – straight line allocation over a minimum of 20 years.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

Disposals and Non-current Assets Held for Sale:

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the CIES. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CIES also as part of the

gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

A proportion of receipts relating to dwelling disposals are required to be credited to the Capital Receipts Reserve net of statutory deductions and allowances and up to a cap set by Central Government. An element of these receipts can only be used for capital investment in new social housing up to a maximum of 30% of total capital costs.

All other housing receipts and the remaining balance of the dwelling receipts are appropriated to the Capital Receipts Reserve within the Movement in Reserves Statement and are ring fenced to the Housing Revenue Account.

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

#### Componentisation

A component is a part of an asset, which has to be separately identified for the purposes of assisting more accurate financial reporting and asset management.

A component must have the following factors:

- A significantly different useful life from the parent asset.
- A significantly different cost to the parent asset.
- Provide an economic or service benefit to the Council's services, which is materially different to the rest of the asset.

The following guidelines have been applied in order to implement the accounting requirements efficiently and effectively:

- A de-minimis value of £500,000 and 25% or more of the value of the parent building component.
- The annual depreciation charge of the componentised asset varies by at least £30,000 if the component is depreciated separately from the parent asset.

Under the 'Code' componentisation is not retrospective and effective from 1 April 2010. The application of componentisation will result in a change in the accounting estimate under the 'Code'.

In line with the above policy, the following assets have been componentised as a result of the full revaluation of the Council's asset base:

- Dunmow Sports Centre.
- Lord Butler Fitness and Leisure Centre.
- London Road Offices Saffron Walden.
- Oakwood Park.

Each asset has been split into at least 2 material components.

## **xx. Provisions, Contingent Liabilities and Assets**

### Provisions:

Provisions are made where an event has taken place on or before the Balance Sheet date:

- that gives the Council a present obligation
- that probably requires settlement by a transfer of economic benefits or service potential, and
- where a reliable estimate can be made of the amount of the obligation.

If it is not clear whether an event has taken place on or before the Balance Sheet date, it is deemed to give rise to a present obligation if, taking account of all available evidence, it is more likely than not that a present obligation exists at the Balance Sheet date. The present obligation can be legal or constructive.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Council has an obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service. Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

### Contingent Liabilities

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

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

### Contingent assets

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

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

## **xxi. Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund

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

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant notes.

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

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the CIES in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

#### **xxiii. Value Added Tax (VAT)**

VAT payable is included as an expense only to the extent that it is not recoverable from HMRC. VAT receivable is excluded from income.

#### **xxiv. Fair value measurement of non-financial assets**

The Council's accounting policy for fair value measurement of financial assets is set out in note ix. The Council also measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:

- a) in the principal market for the asset, or
- b) in the absence of a principal market, in the most advantageous market for the asset.

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

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

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

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

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

## **xxv. Private Finance Initiative (PFI)**

The Council has a sports PFI scheme, which falls under the arrangements of the international reporting Standard – IFRIC 12 'Service Concession Arrangements'.

PFI and similar contracts are agreements to receive services, where the responsibility for making available Property, Plant and Equipment needed to provide the service passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes and as ownership of the assets will pass to the Council at the end of the contract period for no additional charge, the Council carries the assets used under the contract on the Balance Sheet.

The original recognition of these assets at fair value was balanced by the recognition of a liability for amounts due to the scheme operator paying for the assets over the life of the contract.

For details of how the related Long-Term Assets are recognised and valued on the Balance Sheet, please refer to section P11. The amount payable to the PFI operator each year is analysed into five elements:

- Fair value of the services during the year – debited to the relevant service line in the Comprehensive Income and Expenditure Statement.
- Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and expenditure line in the Comprehensive Income and Expenditure Statement.
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator.
- Lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to property, plant and equipment

when the relevant works are eventually carried out.

- Payment towards liability – applied to write down the Balance sheet liability towards the PFI operator.

## Note 2 - Accounting Standards Issued, Not Adopted

The Council is required to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but has not yet been adopted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

For 2023/24 the following accounting standard changes that need to be reported relate to:

- IFRS16 Leases issued in Jan'16
- Classification of Liabilities as Current or Non-current (Amendments to IAS1) issued in Jan'20
- Lease Liability in a Sale and Leaseback (Amendments to IFRS16) issued in Sep'22
- Non-current Liabilities with Covenants (Amendments to IAS1) issued in Oct'22
- International Tax Reform: Pillar Two Model Rules (amendments to IAS12) issued in May'23
- Supplier Finance Arrangements (Amendments to IAS7 and IFRS7) issued in May'23.

The Council does not presently expect these standards (including IAS16- Leases which is the biggest accounting change nationally) to have a material effect on the presentation of future financial information or transactions.

## Note 3 –Expenditure and Funding Analysis

The expenditure and funding analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's services/departments. Income and expenditure accounted for under generally accepted accounting practices are presented more fully in the Comprehensive Income and Expenditure Statement.

2022/23			2023/24			
Net Expenditure Chargeable to the General Fund Balances £'000	Adjustments between Funding and Accounting Basis £'000	Net Expenditure in the CIES £'000	EFA	Net Expenditure Chargeable to the General Fund Balances £'000	Adjustments between Funding and Accounting Basis £'000	Net Expenditure in the CIES £'000
1,238	624	1,862	Communities & Partnerships	1,113	901	2,014
8,812	8,882	17,694	Environmental Services	8,645	2,052	10,697
3,413	300	3,713	Finance & Administration	3,644	435	4,079
2,128	264	2,392	Housing & Economic Development	2,264	729	2,993
(7,388)	2,904	(4,484)	Housing Revenue Account	(9,517)	(6,472)	(15,989)
1,067	(98)	969	Corporate costs	(76)	(542)	(618)
<b>9,271</b>	<b>12,876</b>	<b>22,147</b>	<b>Net Cost of Services</b>	<b>6,074</b>	<b>(2,898)</b>	<b>3,176</b>
(9,027)	26,612	17,585	Total: Other income & Expenditure	(5,881)	(1,751)	(7,632)
<b>243</b>	<b>39,488</b>	<b>39,731</b>	<b>(Surplus)/Deficit on Prov of Serv</b>	<b>193</b>	<b>(4,649)</b>	<b>(4,456)</b>
		<b>(27,125)</b>	<b>Opening Balances</b>	<b>(26,882)</b>		
		243	(Surplus)/Deficit on Bals for Yr	193		
		<b>* (26,882)</b>	<b>Closing Balance</b>	<b>** (26,690)</b>		
		(1,571)	General Fund Balance	(2,000)		
		(23,555)	General Fund Earmarked	(22,311)		
		(673)	HRA Balance	(1,661)		
		(1,083)	HRA Earmarked	(718)		
		<b>* (26,882)</b>	<b>Total</b>	<b>** (26,690)</b>		

2023/24				
Adjs between funding and accounting basis	Adjustments for Capital Purposes (Note a)	Net change for the Pensions Adjustments (Note b)	Other Differences (Note c)	Total Adjustments
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	£'000	£'000	£'000	£'000
Communities & Partnerships	906	(5)	-	901
Environmental Services	2,274	(223)	-	2,052
Finance & Administration	435	-	-	435
Housing & Economic Development	767	(39)	-	729
Housing Revenue Account	(6,411)	(61)	-	(6,472)
Corporate costs	-	(542)	-	(542)
<b>Net Cost of Services</b>	<b>(2,028)</b>	<b>(869)</b>	<b>-</b>	<b>(2,898)</b>
Other I&E from the Expenditure and Funding Analysis	(593)	165	(1,323)	(1,751)
<b>Difference between General Fund surplus or deficit and CIES Surplus or Deficit on the Provision of Services</b>	<b>(2,621)</b>	<b>(704)</b>	<b>(1,323)</b>	<b>(4,649)</b>
2022/23				
Adjs between funding and accounting basis	Adjustments for Capital Purposes (Note a)	Net change for the Pensions Adjustments (Note b)	Other Differences (Note c)	Total Adjustments
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	£'000	£'000	£'000	£'000
Communities & Partnerships	597	27	-	624
Environmental Services	7,818	1,064	-	8,882
Finance & Administration	300	-	-	300
Housing & Economic Development	46	218	-	264
Housing Revenue Account	2,866	38	-	2,904
Corporate costs	-	(98)	-	(98)
<b>Net Cost of Services</b>	<b>11,627</b>	<b>1,249</b>	<b>-</b>	<b>12,876</b>
Other I&E from the Expenditure and Funding Analysis	26,397	156	59	26,612
<b>Difference between General Fund surplus or deficit and CIES Surplus or Deficit on the Provision of Services</b>	<b>38,024</b>	<b>1,405</b>	<b>59</b>	<b>39,488</b>

a) Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

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

b) Net Change for the Pensions Adjustments - net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.

- For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

c) Other statutory adjs - between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For services this represents the removal of Accumulated Absences accrual.
- For financing and investment income and expenditure the other statutory adjustments column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for Council Tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

## Segmental Income

	2022/23 £'000	2023/24 £'000
<b>Income from services (rev. from external customers (excluding grants/contr)):</b>		
Communities & Partnerships	(138)	(220)
Environmental Services	(6,676)	(5,338)
Finance & Administration	(787)	(1,081)
Housing & Economic Development	(762)	(1,158)
Housing Revenue Account	(16,297)	(18,332)
Corporate costs	0	0
<b>Total income analysed on a segment basis</b>	<b>(24,660)</b>	<b>(26,130)</b>



## Note 4 - Expenditure and Income Analysed by Nature

	2022/23 RESTATED * £'000	2023/24 £'000
<b>Expenditure:</b>		
Employee benefits expenses	17,133	17,281
Other services expenses	43,852	49,418
Depreciation, amortization and impairment	5,892	5,865
Payments to Housing receipts capital pool	0	0
Interest payments	8,942	11,575
Precepts and levies	3,998	4,507
Revaluation losses	11,757	(9,362)
NNDR payments	1,037	1,206
Changes in the FV of Inv Prop and IP exp	37,772	11,427
Loss on disposal	0	20
Net interest on net defined benefit liability/asset	156	165
<b>Total expenditure</b>	<b>130,539</b>	<b>92,103</b>
<b>Income:</b>		
Fees, charges and other service income	(38,334)	(44,263)
Interest and investment income	(5,671)	(3,749)
Income from council tax and non-domestic rates income	(16,260)	(19,140)
Gain on disposal	(936)	(337)
Other income non-specific grants	(242)	0
Revaluation gains	(4,767)	0
Government grants and contributions	(16,518)	(19,069)
Changes in the FV of Inv Prop and IP inc	(8,078)	(10,002)
<b>Total income</b>	<b>(90,806)</b>	<b>(96,559)</b>
<b>(Surplus) or Deficit on the Provision of Services</b>	<b>39,733</b>	<b>(4,456)</b>

\* Restated to reconcile with CIES 2022/23 gross positions and include all note classes.

## Note 5 - Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are provided as follows:

- **Future Funding for Local Government-** There is an element of risk about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision. In addition, as mentioned in the Narrative Statement, the Council has made judgements about the adequacy of its balances and has also put in place processes to achieve savings that will mitigate or counteract any future changes in its levels of funding or other income.
- **Asset Classifications-** The Council has made judgements on whether assets are classified as Investment Property or Property, Plant and Equipment. These judgements are based on an understanding of the main purpose that the Council is holding the asset. If the asset is used in delivering services or is occupied by third parties who are subsidised by the Council, the asset is deemed to be Property, Plant and Equipment. A non-current asset used solely to earn rentals and/or for capital appreciation is classified as an Investment Property.

- Property, Plant and Equipment- Non-current assets are depreciated over their useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to them. If the useful life of a non-current asset is reduced, depreciation increases and the carrying amount of the non-current asset falls. Annual depreciation charge for buildings would increase proportionately for every year that an asset useful life has to be reduced.
- Pensions- The Pension Fund Scheme actuaries have assessed the Council's estimated future service costs less the estimated minimum funding requirement contributions to establish the economic benefit that is available to the Council. The net pensions asset has therefore been adjusted by the effect of the asset ceiling. The effect of the asset ceiling has been determined by the Scheme's Actuary on the basis of the limitation on the Council's ability to recover the full economic benefit of its assets through reductions in future employer's contributions. This is because of the minimum funding requirement imposed on it by the Funding Strategy for the Scheme in place as at 31 March 2024.
- Contractual Arrangements- The Council has made judgements on whether its contractual arrangements contain embedded leases i.e. arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment where fulfilment of the arrangement is dependent on the use of specific assets.
- Potential Liabilities- The Council has made judgements about the likelihood of potential liabilities and whether a provision should be made. The judgements are based on the degree of certainty and an assessment of the likely impact.
- Bad or Doubtful Debts- The Council has made judgements about the level of bad or doubtful debts and the level of provision that it may need to provide for. These judgements are based on historical experience of debtor defaults and current economic conditions.
- Business Rate Appeals- The Council has made judgements about the number of successful appeals under the Business Rates Retention Scheme.
- The Council has interest in 4 subsidiaries of which 3 have been determined not material for consolidation due to the level of activities in the companies for 2020/21.

All of these judgements are the responsibility of the Chief Financial Officer as set out in the Statement of Responsibilities for the Statement of Accounts.

## **Note 6 - Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty**

The statement of accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. The assumptions and other sources of estimation uncertainty disclosed below relate to the estimates that require the Council's most difficult, subjective or complex judgements. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increases, those judgements become more subjective and complex. As a result, balances cannot be determined with certainty and actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31st March 2024 for which there is a risk of adjustment in the forthcoming financial year are provided below:

Item	Uncertainties	Effect if actual results differ from assumptions
Property, Plant and Equipment  Useful Economic Life and Depreciation	Depreciation and amortization are provided for PPE and intangible assets respectively. This enables the assets to be written down over their estimated useful lives and show an appropriate cost to the asset in the CIES. Management judgement based on independent external advice is used to determine the useful economic lives of the Council's property.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. The NBV of the Council's PPE is £438m as at 31 March 2024; of this £120m relates to land which is not subject to depreciation and is considered to have an infinite life. VPE (Vehicles, Plant & Equipment) accounts for £3.5m with asset lives between 3 and 15 years. Broadly a 1-year asset life adj would account for approximately £200k adj to depreciation. Building asset lives up to 60 years unless the asset has major components assessed separately. Broadly a 1-year asset life adj would account for approximately £75k adj to depreciation.
Property, Plant and Equipment  Valuation	PPE are reviewed for both economic and price impairment on an annual basis. As at 1 April each year the Council's valuers carry out a valuation review of the Council's assets. In addition, a year-end review is also undertaken. The recoverable amount is then estimated having regard to the application of the concept of materiality.	If an asset is impaired the carrying amount of the asset is reduced. Land and buildings are subject to market value movements all other assets are held at depreciated historical cost. The HRA housing stock (Council Dwellings) are valued at existing use value for social housing. For assets held at revalued amounts a valuation impairment of 1% would equate (broadly) to a reduction in the Council's net worth of £3.5m. An increase/decrease in the value of operational buildings would result in an increase to the revaluation reserve or a decrease in the revaluation reserve up to the value of the balance held from the previous year, and subsequently charged to the CIES.
Investment Property FV Measurements	When the fair values of financial assets cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques. Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the authority's assets and liabilities. 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 an external valuer). Information about the valuation techniques and inputs used in determining the fair value of the authority's assets and liabilities is disclosed in notes 13 and 14 below.	The authority uses the discounted cash flow (DCF) model to measure the fair value of its investment properties and financial assets. The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels and discount rates – adjusted for regional factors (for both investment properties and some financial assets) Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial assets.
Pensions Liability	Estimated of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase in the long term, changes in retirement ages, mortality rates and expected returns on pension fund assets. These judgements are completed by the Essex County Council actuaries.	The effect on net pensions of changes in individual assumptions can be measured. For instance: <ul style="list-style-type: none"> <li>- A decrease in the discounted rate assumption would result in an increase in pension liability.</li> <li>- An increase in member life expectancy would result in an increase in pension liability.</li> <li>- An increase in salaries would result in an increase in pension liability.</li> <li>- An increase in the pensions rate would result in an increase in pensions liability.</li> </ul> Please refer to the Pension notes for the effect on scheme obligations.
Impairment allowance for doubtful debts	At 31 March 2024, the Council had a balance of £7.960m for debtors. A review of balances suggested that an impairment of doubtful debts of £3.071m was appropriate. Therefore, a total of £4.889m net debts are recognised on Balance Sheet.	If collection rates were to deteriorate and sundry debt increased with the same debt profile, an additional contribution would be required to be set aside as an allowance. This is deemed non-material for the Council's accounts.
Business Rates Appeals	At 31 March 2024, the Council recognised a provision of £2.301m representing the total of expected liabilities in respect of Business Rate appeals lodged at the Balance Sheet date, the Council's share of this is £0.920m.	The value of appeals recognised in the provision are based on a calculation provided by our external valuers, Analyse Local. This determines the likely effect of appeals in terms of effect of rateable value (RV), the timing of the losses expected and the overall % reduction in RV. Whilst the figure provided in the accounts is expected to be materially accurate, a small variance in actual appeal costs incurred may arise.

## **Note 7 - Events After the Balance Sheet Date**

The audited statement of accounts were authorised for issue by the Strategic Director of Finance, Commercialisation and Corporate Services (S151 Officer) on 27<sup>th</sup> Feb 2025. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The financial statements and notes have not been adjusted for any events, which took place after 31 March 2024, as they provide information that is relevant to an understanding of the Council's financial position but do not relate to conditions at that date.

In February 2025 the Ministry for Housing, Communities and Local Government set out their latest plans for Local Government Reform affecting the 15 Councils in Essex, including a timeline concluding with the new Essex Councils going live from April 2028. Although specifics are unknown and yet to be determined at this stage, it will mean Uttlesford District Council merging with some neighbouring Essex Councils. This has no impact on the 2023/24 Statement of Accounts or its Going Concern status at this time.

## **Note 8 - Adjs between Accounting Basis and Funding Basis under Regulations**

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

General Fund balance:

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

HRA balance:

The Housing Revenue Account (HRA) is a record of revenue income and expenditure relating the Council's housing stock. The items charged to the HRA are prescribed by statute and are funded by the rent collected. The HRA is ring fenced from the General Fund, the Council has no general discretion to transfer sums between the Housing Revenue and General Fund accounts. Selected housing services (e.g. homelessness) are charged to the General Fund account under direction from Government.

Major Repairs Reserve:

The major repairs reserve records the unspent amount of Housing Revenue Account (HRA) balances for capital financing purposes in accordance with statutory requirements.

Capital receipts reserve:

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

## Capital grants unapplied:

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

2023/24	General Fund Balance	HRA Balance	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjs primarily involving the Capital Adjustment Account</b>						
Charges for depr and impairment of non-current assets (PPE)	(1,602)	(4,177)				5,779
Amortisation of Intangible assets	(82)	(4)				86
Revenue exp. funded from capital under statute (REFCUS)	(2,085)	(103)				2,188
Non-current assets w- off on disposal/sale, part of gain/loss disposal to CIES	(366)	(1,722)				2,088
Transfer of Aspire loan repayment	366			(366)		0
Provision for expected credit gain/losses	(400)					400
Movement in FV of Investment Properties	(11,218)					11,218
Revaluation gain/loss on PPE	(1,332)	10,694				(9,362)
Application of grants to capital fin from unapplied reserves	(302)				302	0
Capital grants and contributions that have been cr to the CIES	1,709					(1,709)
<b>Insertion of items not dr/cr to the CIES</b>						
Statutory provision for the financing of cap investment (MRP)	3,567					(3,567)
Capital exp charged against the General Fund / HRA	1,129	2,057				(3,187)
<b>Adjs primarily involving the Capital Receipts Reserve</b>						
Transfer of non-current asset sale proceeds from rev to CRR	391	2,040		(2,052)		(379)
Use of the Capital Receipts Reserve to fin new cap exp				2,485		(2,485)
Transfers between CRR and DCRR				12		(12)
<b>Adjs primarily involving the Major Repairs Reserve</b>						
Use of Major Repairs Reserve to fin new cap exp			3,680			(3,680)
Transfer of Depreciation to Major Repairs Reserve		4,181	(4,181)			0
<b>Adjs primarily involving the Pensions Reserve</b>						
Pension remeasurements and cost	3,601	4				(3,605)
Employer's pen contr and direct payments	(2,901)					2,901
<b>Adjs primarily involving the Collection Fund Adj Account</b>						
Amount by which council tax and non-domestic rating income credited or debited to the CIES is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	1,229					(1,229)
<b>Adjs primarily involving the Accumulated Absences Acc</b>						
Amount by which Officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(25)	(2)				27
<b>Total Adjustments</b>	<b>(8,321)</b>	<b>12,969</b>	<b>(501)</b>	<b>78</b>	<b>302</b>	<b>(4,528)</b>

2022/23	General Fund Balance	HRA Balance	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjs primarily involving the Capital Adjustment Account</b>						
Charges for depr and impairment of non-current assets (PPE)	(1,312)	(4,004)				5,316
Amortisation of Intangible assets	(87)					87
Revenue exp. funded from capital under statute (REFCUS)	(468)	(21)				489
Non-current assets w- off on disposal/sale, part of gain/loss disposal to CIES						
Provision for expected credit gain/losses	(113)					113
Movement in FV of Investment Properties	(37,772)					37,772
Revaluation gain/loss on PPE	(7,129)	335				6,794
Application of grants to capital fin from unapplied reserves	18				364	(382)
Capital grants and contributions that have been cr to the CIES	657				(657)	0
<b>Insertion of items not dr/cr to the CIES</b>						
Statutory provision for the financing of cap investment (MRP)	3,143					(3,143)
Capital exp charged against the General Fund / HRA	763	3,505				(4,268)
<b>Adjs primarily involving the Capital Receipts Reserve</b>						
Transfer of non-current asset sale proceeds from rev to CRR	(478)	808		(2,566)		2,236
Use of the Capital Receipts Reserve to fin new cap exp	395			2,041		(2,436)
<b>Adjs primarily involving the Major Repairs Reserve</b>						
Use of Major Repairs Reserve to fin new cap exp			4,430			(4,430)
Transfer of Depreciation to Major Repairs Reserve		4,004	(4,004)			0
<b>Adjs primarily involving the Pensions Reserve</b>						
Pension remeasurements and cost	815	(64)				(751)
Employer's pen contr and direct payments	(2,155)					2,155
<b>Adjs primarily involving the Collection Fund Adj Account</b>						
Amount by which council tax and non-domestic rating income credited or debited to the CIES is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	(301)					301
<b>Adjs primarily involving the Accumulated Absences Acc</b>						
Amount by which Officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	154	10				(164)
<b>Total Adjustments</b>	<b>(43,871)</b>	<b>4,573</b>	<b>426</b>	<b>(525)</b>	<b>(293)</b>	<b>39,691</b>

## Note 9 - Transfers to/from Earmarked Reserves

Amounts set aside from the GF balance in earmarked reserves to provide financing for future exp. plans and amounts posted back from earmarked reserves to meet GF exp.

General Fund Earmarked Reserves	Bal at 1st April 2022 £'000	Transfer out 2022/23 £'000	Transfer in 2022/23 £'000	Bal at 31 Mar 2023 £'000	Transfer out 2023/24 £'000	Transfer in 2023/24 £'000	Bal at 31st Mar 2024 £'000
Business rates	(4,571)	0	(1,153)	(5,724)	5,239	0	(486)
Capital slippage	(2,350)	1,432	(17)	(935)	935	0	0
Development projects	(1,470)	141	(135)	(1,464)	251	0	(1,213)
DWP	(71)	71	0	0	0	0	0
Economic Development	(1,484)	814	0	(670)	370	0	(299)
Elections	(130)	130	0	0	0	0	0
Emergency responses	(1,334)	1,334	0	0	0	0	0
EU exit	(513)	513	0	0	0	0	0
Funding	(1,102)	6	(2,977)	(4,072)	113	(1,000)	(4,960)
Health and Wellbeing	(186)	13	(31)	(205)	53	(84)	(236)
Homelessness	(357)	84	0	(273)	0	(65)	(338)
Licensing	(66)	49	(46)	(62)	66	(81)	(78)
MTFS	(2,180)	1,611	(6,334)	(6,903)	1,810	(5,929)	(11,022)
NHB ward members	(16)	16	0	0	0	0	0
Pensions	0	0	0	0	0	0	0
Planning development	(794)	95	(33)	(733)	17	(45)	(761)
PFI	(1,102)	0	0	(1,102)	96	0	(1,006)
Sports rsv	(105)	0	(150)	(255)	255	0	0
Strategic initiatives	(1,663)	1,663	0	0	0	0	0
Transformation	(1,777)	1,777	0	0	0	(1,000)	(1,000)
Waste depot relocation	(198)	198	0	0	0	0	0
Waste management	(213)	213	0	0	0	0	0
Climate change	(625)	103	(320)	(842)	294	0	(549)
Other RF transfers	0	0	(315)	(315)	119	(167)	(363)
<b>Total</b>	<b>(22,306)</b>	<b>10,262</b>	<b>(11,511)</b>	<b>(23,555)</b>	<b>9,616</b>	<b>(8,371)</b>	<b>(22,311)</b>

## Note 10 - Other Operating Expenditure

2022/23 £'000		2023/24 £'000
3,998	Parish Council Precepts	4,258
0	Payments to the Government Housing Capital Receipts Pool	0
(670)	(Gain)/Loss on the Disposal of Non-Current Assets	(316)
(164)	Other Non-Service Specific Expenditure	27
<b>3,164</b>	<b>Total Other Operating Expenditure</b>	<b>3,968</b>

## Note 11 - Financing and Investment Income and Expenditure

2022/23 £'000		2023/24 £'000
8,728	Interest payable and similar charges	11,491
154	Allowance for Expected Credit Losses	397
156	Net interest on the net defined benefit liability / (asset)	165
(5,762)	Interest receivable and similar income	(3,664)
29,694	Income and expenditure in relation to investment properties and changes in their fair value	1,426
<b>32,970</b>	<b>Total</b>	<b>9,814</b>

## Note 12 - Taxation and Non-Specific Grant Income

2022/23 £'000		2023/24 £'000
	<b>Council Tax income</b>	
(6,404)	- District Council element	(6,694)
(3,998)	-Town/Parish Council element	(4,258)
	<b>Business Rates retention</b>	
(1,477)	- District Council element of NNDR income in year	(2,936)
877	- Safety Net reimbursement/Levy payment due	1,206
(3,678)	- Section 31 funding from Central Government	(3,903)
	<b>Collection Fund</b>	
(35)	- Council Tax - Net value of est/actual income recognised in CIES	54
(365)	- NNDR - Net value of est/actual income recognised in CIES	(1,155)
	<b>Non-ringfenced government grants</b>	
(1,343)	- New Homes Bonus	(432)
(1,814)	- Supplementary Grants	(2,737)
127	- Other covid related funding from Central Government	0
(439)	- Capital Grants and Contributions	(561)
<b>(18,549)</b>	<b>Total</b>	<b>(21,415)</b>



## Note 13a - Property, Plant and Equipment (PPE)

2023/24	Council Dwellings	Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Infra-structure	Assets Under Const-ruktion	Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation at 1 April</b>	<b>350,927</b>	<b>45,323</b>	<b>7,830</b>	<b>986</b>	<b>1,191</b>	<b>470</b>	<b>6,399</b>	<b>413,126</b>
Additions	3,684	2,318	489	0	0	0	4,892	11,384
Reval inc/(dec) in the Revaluation Reserve	11,774	1,058	0	0	(178)	0	0	12,655
Reval inc/(dec) in the Surp/Def on the POS	10,609	(1,269)	0	0	(236)	0	0	9,104
Derecognition- Disposal	(1,715)	0	0	0	0	0	(17)	(1,733)
Derecognition- Other	0	0	0	0	0	0	0	0
Reclassifications	4,554	(763)	0	0	3,257	0	(8,239)	(1,191)
<b>at 31 March</b>	<b>379,831</b>	<b>46,667</b>	<b>8,319</b>	<b>986</b>	<b>4,035</b>	<b>470</b>	<b>3,035</b>	<b>443,343</b>
<b>Accumulated Depreciation at 1 April</b>	<b>0</b>	<b>0</b>	<b>(3,844)</b>	<b>(140)</b>	<b>0</b>	<b>(242)</b>	<b>0</b>	<b>(4,226)</b>
Depreciation charge	(4,116)	(633)	(984)	(14)	(7)	(24)	0	(5,779)
Deprec written out to Revaluation Reserve	3,990	492	0	0	7	0	0	4,489
Deprec written out to the Surp/Def on PoS	117	132	0	0	9	0	0	258
Derecognition- Disposal	9	0	0	0	0	0	0	9
<b>at 31 March</b>	<b>(0)</b>	<b>(0)</b>	<b>(4,828)</b>	<b>(154)</b>	<b>0</b>	<b>(267)</b>	<b>0</b>	<b>(5,249)</b>
<b>NBV at 31 March 2024</b>	<b>379,831</b>	<b>46,667</b>	<b>3,491</b>	<b>832</b>	<b>4,035</b>	<b>204</b>	<b>3,035</b>	<b>438,094</b>
NBV at 31 March 2023	350,927	45,323	3,986	846	1,191	228	6,399	408,900

2022/23	Council Dwellings	Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Infra-structure	Assets Under Const-ruktion	Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation at 1 April</b>	<b>343,206</b>	<b>36,514</b>	<b>8,076</b>	<b>986</b>	<b>0</b>	<b>470</b>	<b>19,919</b>	<b>409,172</b>
Additions	4,430	311	1,550	0	0	0	6,086	12,377
Reval inc/(dec) in the Revaluation Reserve	953	358	0	0	716	0	0	2,027
Reval inc/(dec) in the Surp/Def on the POS	268	(7,144)	0	0	0	0	0	(6,876)
Derecognition- Disposal	(1,666)	0	(1,796)	0	0	0	0	(3,462)
Derecognition- Other	0	0	0	0	0	0	(112)	(112)
Reclassifications	3,736	15,284	0	0	475	0	(19,495)	0
<b>at 31 March</b>	<b>350,927</b>	<b>45,323</b>	<b>7,830</b>	<b>986</b>	<b>1,191</b>	<b>470</b>	<b>6,399</b>	<b>413,126</b>
<b>Accumulated Depreciation at 1 April</b>	<b>0</b>	<b>(69)</b>	<b>(4,666)</b>	<b>(126)</b>	<b>0</b>	<b>(218)</b>	<b>0</b>	<b>(5,079)</b>
Depreciation charge	(4,004)	(435)	(832)	(14)	(3)	(24)	0	(5,313)
Deprec written out to Revaluation Reserve	3,848	488	0	0	3	0	0	4,339
Deprec written out to the Surp/Def on PoS	137	16	0	0	0	0	0	153
Derecognition- Disposal	19	0	1,655	0	0	0	0	1,674
<b>at 31 March</b>	<b>0</b>	<b>0</b>	<b>(3,844)</b>	<b>(140)</b>	<b>0</b>	<b>(242)</b>	<b>0</b>	<b>(4,226)</b>
<b>NBV at 31 March 2023</b>	<b>350,927</b>	<b>45,323</b>	<b>3,986</b>	<b>846</b>	<b>1,191</b>	<b>228</b>	<b>6,399</b>	<b>408,900</b>
NBV at 31 March 2022	343,206	36,445	3,410	860	0	252	19,919	404,093

## Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Council Dwellings up to 60 years
- Other Land and Buildings up to 60 years (buildings only, land has infinite life)
- Vehicles, Plant and Equipment up to 15 years

## Capital Commitments

The Council has no material capital contractual commitments / obligations at balance sheet date, to purchase, construct or develop non-current assets.

## Effects of Changes in Estimates

In 2023/24, the Council made no material changes to its accounting estimates for Property, Plant and Equipment.

## Revaluations

The Council undertakes an annual valuation programme on Council Dwellings and Other Land and Buildings. The valuation exercise was undertaken by an external valuer, Wilks Head and Eve LLP, a regulated firm of Chartered Surveyors. Valuations of land and buildings were carried out in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

	Council Dwellings	Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Infra-structure	Assets Under Construction	Total Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at historical cost	-	-	3,491	832	-	204	3,035	7,561
Valued at current value at:								
31 <sup>st</sup> March 2024	379,831	46,667	-	-	4,035	-	-	430,533
<b>Total</b>	<b>379,831</b>	<b>46,667</b>	<b>3,491</b>	<b>832</b>	<b>4,035</b>	<b>204</b>	<b>3,035</b>	<b>438,094</b>

## Note 13b - Heritage Assets

2022/23 £'000	Heritage Assets	2023/24 £'000
936	Saffron Walden Motte and Bailey	936
155	Museum Artefacts- Fine Arts Collection	155
<b>1,091</b>	<b>Total</b>	<b>1,091</b>

Saffron Walden Motte and Bailey Castle:

The structure and retaining wall is a Grade 1 scheduled monument which was passed to the Council's ownership in 1979. The castle is Norman dating from the 12th century. The wall surrounding the castle is also listed. To date there have been no excavations on the site of notable interest. The movement in Heritage Assets on the balance sheet is expenditure incurred on the Motte and Bailey Castle. For proposals of future works to the Castle please refer to the Council's website [www.uttlesford.gov.uk](http://www.uttlesford.gov.uk)

### Saffron Walden Museum Artefacts:

Under the terms of a 99 year lease with Saffron Walden Museum Society Limited, the Council is responsible for operating and managing the Saffron Walden Museum and associated artefacts. It has been established that the risks and rewards associated with the arrangement are held by the Council and therefore the Fine Arts Collection is included in the accounts \*. Under the terms of the lease the Council is responsible for the repair and restoration of the museum artefacts and the nature of the displays, acquisitions and disposals. Governance arrangements are also conducted through the Museum Board of the Society and the Council's Museum Management Working Group. The collection of an estimated 11,000 artefacts is, on the whole, of significant local worth, with a small proportion of high value items. Valuations were carried out for the following collections; Natural Sciences undertaken by G Lucy – Geologist (2001) derived a value of £0.5m and Decorative Collection undertaken by J Dutton – Ceramics specialist (2011) these resulted in a value of £1.3m. The valuations undertaken were not commissioned valuations in line with accounting requirements and therefore the Council is unable to place reliance on the valuations for the Accounts.

\* It is considered that the cost of seeking valuations for the remaining artefacts would be disproportionate to the benefit gained from their recognition on the balance sheet, therefore the Council are only holding the Fine Arts Collection on the Balance Sheet.

### Note 13c – Assets Held for Sale (AHfS)

2022/23 £'000	AHfS	2023/24 £'000
0	Opening	0
0	Transfers from PPE to AHfS classification	1,191
0	Assets sold	0
0	Closing	1,191

### Note 14 - Investment Properties

Investment properties are those that are held solely to earn rentals or for capital appreciation, or both. Investment properties are not depreciated but are revalued according to market conditions at the year-end.

The following items of income and expenditure have been accounted for in the Comprehensive Income and Expenditure Statement (excluding FV movement):

2022/23 £'000	Investment Property Income & Expenditure	2023/24 £'000
(8,078)	Rental income from investment property	(10,002)
-	Direct operating expenses from investment property	209
(8,078)	Net income / expenditure	(9,793)

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

All Investment Properties were re-valued as at 31st March 2024.

2022/23 £'000	Investment Property Fair Value Movement	2023/24 £'000
190,475	<b>Opening Balance</b>	168,575
15,872	Additions (purchases)	9,018
0	Disposals	0
(37,772)	Net gains / (losses) from fair value adjustments taken to the CIES	(11,218)
168,575	<b>Balance at the end of the year</b>	166,375

## Fair Value Hierarchy

All the Council's investment properties have been value assessed as Level 2 on the fair value hierarchy for valuation purposes.

## Valuation Techniques Used to Determine Level 2 Fair Value for Investment Property

The fair value for the residential properties (at market rents) has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local Council area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

2023/24 FV Hierarchy	Levels (No. of Prop)			Fair Value £'000
	Quoted prices in active markets for identical assets Level 1	Other significant observable inputs Level 2	Significant unobservable inputs Level 3	
Office Units	-	2	-	19,900
Industrial Units	-	3	-	119,350
Retail Warehouses	-	1	-	27,125
<b>Balance at 31 March</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>166,375</b>

2022/23 FV Hierarchy	Levels (No. of Prop)			Fair Value £'000
	Quoted prices in active markets for identical assets Level 1	Other significant observable inputs Level 2	Significant unobservable inputs Level 3	
Office Units	-	2	-	21,000
Industrial Units	-	3	-	119,300
Retail Warehouses	-	1	-	28,275
<b>Balance at 31 March</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>168,575</b>

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use.

There has been no change in the valuation techniques used during the year for investment properties.

The fair value of the Council's investment property is measured annually at each reporting date. All valuations are carried out externally by WHE, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The Council's valuation experts work closely with finance officers reporting directly to the chief financial officer on a regular basis regarding all valuation matters.

## Note 15 - Intangible Assets

Intangible fixed assets are those items which, although the cost incurred in their acquisition is of a capital nature, there is no physical tangible asset to show.

2022/23 Intangible Asset Movement £'000	2023/24 £'000
<u>Balance at start of year:</u>	
579 Gross carrying amounts	526
(233) Accumulated amortisation	(229)
<b>346 Net carrying amount at start of year</b>	<b>297</b>
34 Purchases	59
(87) Disposals	0
(91) Amorisation	(86)
94 Reversal of past amort on disposal	0
<b>(50) Net carrying amount at end of year</b>	<b>270</b>
<u>Comprising:</u>	
526 Gross carrying amounts	585
(229) Accumulated amortisation	(315)
<b>297 Total</b>	<b>270</b>

## Note 16 - Interests in Subsidiaries / Joint Ventures

At the reporting date the Council has interest in four companies that are classified as a subsidiary, all of which have been considered for consolidation. Only one of these, Aspire (CRP) Ltd is considered to be material to the financial statements. Details of the companies considered for consolidation are shown below.

In its preparation of these Group Accounts, the Council has considered its relationship with the entities that fall into the following categories:

- Subsidiaries – where the Council exercises control and gains benefits or has exposures to risks arising from this control.

These entities are included in the group:

- Associates – where the Council exercises a significant influence and has a participating interest. No entities identified to be included in the group.
- Jointly Controlled Entities - where the Council exercises joint control with one or more organisations. No entities identified to be included in the group.
- No Group Relationship – where the body is not an entity in its own right or the Council has an insufficient interest in the entity to justify inclusion in the group financial statements. These entities are not included in the group.

### Aspire (CRP) LTD

The subsidiaries are not exempt from the requirements of this Act relating to the audit of accounts under section 479A of the Companies Act 2006. In accordance with this requirement:

- The Council has a minority share in Uttlesford Norse Services Limited.
- Whilst the Council does have Board participation and some influence over the Company the majority share and consolidation into group accounts is held by The Norse Group a wholly owned subsidiary of Norfolk County Council.

The Council has determined its Group relationships as follows:

Aspire (CRP) Ltd	Company No. 10515074	Subsidiary	Consolidated
Aspire (CRP) Gen.Part.Ltd	Company No. 10698674	Subsidiary	Not material
Aspire Holdings (UDC) Ltd	Company No. 10308884	Subsidiary	Dormant
Aspire (MRH) Limited	Company No. 12283215	Subsidiary	Dormant

Aspire holdings is the parent company of the below three companies all of which are, at the reporting date, dormant:

- Aspire Rentals Ltd
- Aspire Property and Maintenance Services Limited
- Aspire Land Developments Ltd

The financial position of Aspire (CRP) LTD is outlined in Subsidiary notes. Full accounts can be found on the Companies House Website.

### Uttlesford Norse Services LTD (UNSL)

Transactions in the accounts that relate to the joint venture set up on 1 April 2020 are shown below, these represent the cost of UNSL undertaking the housing maintenance services for the Council held housing stock, cleaning, unplanned asset maintenance and facilities services for the corporate assets.

2022/23 £'000		2023/24 £'000
409	Cleaning and Corporate Facilities Services	250
3,770	Housing Revenue Account (HRA) Services	3,986
4,430	HRA services (capital)	3,680
(35)	Share of joint venture profits	(35)
<b>8,574</b>	<b>Total transactions related to the joint venture</b>	<b>7,881</b>

### Note 17 – Long Term Debtors

2022/23 £'000		2023/24 £'000
2,645	General Fund	17
1,347	Housing Revenue Account (HRA)	1,336
<b>3,992</b>	<b>Total</b>	<b>1,353</b>

Included in long term debtors are items from a previous 'rent to mortgage' scheme where the Council holds a charge on properties which would be due at the end of a mortgage term if the property is sold, these are held at a revalued amount each year according to a value which would be expected if sale occurs for 2023/24 the value held for the % of the property the charge is against is £1.329m (2022/23 £1.340m).

### Note 18 - Financial Instruments

#### Classifications

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

## Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that are potentially unfavourable to the Council.

The Council's non-derivative financial liabilities held during the year are measured at amortised cost and comprised:

- Long-term loans from the Public Works Loan Board and commercial lenders
- Short-term loans from other local authorities
- Private finance initiative contracts detailed in the PFI note 39
- Trade payables for goods and services received

## Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council.

Amortised Cost (financial assets that have fixed or determinable payments and are not quoted in an active market) comprising:

- Cash in hand
- Bank current and deposit accounts with Barclays Bank Plc
- Loans to other local authorities
- Trade receivables for goods and services delivered

Fair Value through profit and loss comprising:

- Money Market Funds

Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Council.

## Categories of Financial Instruments

Financial Assets RESTATED 22/23 *	Non-current				Current				TOTAL	
	Inv		Debtors		Inv&cash		Debtors		31-Mar 2023 £'000	31-Mar 2024 £'000
	31-Mar 2023 £'000	31-Mar 2024 £'000	31-Mar 2023 £'000	31-Mar 2024 £'000	31-Mar 2023 £'000	31-Mar 2024 £'000	31-Mar 2023 £'000	31-Mar 2024 £'000		
Fair value through profit or loss	-	-	-	-	-	-	-	-	0	0
Amortised cost- investments	-	-	-	-	14,708	10,893	-	-	14,708	10,893
Amortised cost- cash & cash equivalents	-	-	-	-	2	3,849	-	-	2	3,849
Amortised cost- debtors	-	-	3,992	1,353	-	-	8,373	6,746	12,365	8,099
<b>Total financial assets</b>	<b>0</b>	<b>0</b>	<b>3,992</b>	<b>1,353</b>	<b>14,710</b>	<b>14,742</b>	<b>8,373</b>	<b>6,746</b>	<b>27,075</b>	<b>22,841</b>
Non-financial assets	59,476	62,280	-	-	-	-	-	-	59,476	62,280
Non-financial assets- expect'd cr gain/(loss)	(113)	(400)	-	-	-	-	-	-	(113)	(400)
Non-financial assets- debtors	-	-	-	-	-	-	800	779	800	799
<b>Total</b>	<b>59,363</b>	<b>61,880</b>	<b>3,992</b>	<b>1,353</b>	<b>14,710</b>	<b>14,742</b>	<b>9,173</b>	<b>7,525</b>	<b>87,238</b>	<b>85,500</b>

\* RESTATED to classify cash and adjust debtors items correctly for 2022/23.

Financial Liabilities RESTATED 22/23 *	Non-current				Current				TOTAL	
	Borrowing		Creditors		Borrowing&cash		Creditors		31-Mar 2023 £'000	31-Mar 2024 £'000
	31-Mar 2023 £'000	31-Mar 2024 £'000	31-Mar 2023 £'000	31-Mar 2024 £'000	31-Mar 2023 £'000	31-Mar 2024 £'000	31-Mar 2023 £'000	31-Mar 2024 £'000		
Fair value through profit or loss	-	-	-	-	-	-	-	-	0	0
Amortised cost- Borrowing	(190,595)	(187,753)	-	-	(108,276)	(125,386)	-	-	(298,871)	(313,139)
Amortised cost- cash & cash equivalents	-	-	-	-	(1,202)	0	-	-	(1,202)	0
Amortised cost- Creditors	-	-	-	-	-	-	(11,986)	(8,394)	(11,986)	(8,394)
Amortised cost- PFI	-	-	(3,844)	(3,649)	-	-	-	-	(3,844)	(3,649)
<b>Total financial liabilities</b>	<b>(190,595)</b>	<b>(187,753)</b>	<b>(3,844)</b>	<b>(3,649)</b>	<b>(109,478)</b>	<b>(125,386)</b>	<b>(11,986)</b>	<b>(8,394)</b>	<b>(315,903)</b>	<b>(325,182)</b>
Liabilities not defined as Fin. Instruments	-	-	-	-	-	-	(10,222)	(7,033)	(10,222)	(7,033)
<b>Total</b>	<b>(190,595)</b>	<b>(187,753)</b>	<b>(3,844)</b>	<b>(3,649)</b>	<b>(109,478)</b>	<b>(125,386)</b>	<b>(22,208)</b>	<b>(15,428)</b>	<b>(326,125)</b>	<b>(332,215)</b>

\* RESTATED to classify and adjust balances correctly for 2022/23.

## Income, Expense, Gains and Losses

	2022/23 Total £'000	Fin Assets at Amort Cost £'000	Fin Assets at FV thru P&L £'000	Fin Liability at Amort Cost £'000	2023/24 Total £'000
<b>Interest Revenue:</b>					
Interest exp to S/D on Prov of Services	7,383	11,491		(11)	<b>11,479</b>
(G)/L on revaluation	154	397			<b>397</b>
Investment Inc to the S/D on Prov of Services	(4,258)	(3,749)			<b>(3,749)</b>
Impairment loss reversals	0				<b>0</b>
<b>Total</b>	<b>3,279</b>	<b>(3,749)</b>	<b>0</b>	<b>0</b>	<b>(3,749)</b>

## Fair value (FV)

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

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at FV. For most assets, including bonds, shares in money market funds and other pooled funds, the FV is taken from the market price.

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their FVs have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2024, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local Council loans
- The FV of all financial liabilities is equal to the carrying value reported in the balance sheet
- The FV for all financial assets is equal to the carrying value reported in the balance sheet



- The FV of the PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA corporate bond yield.
- No early repayment or impairment is recognised for any financial instrument.
- The FV of short-term instruments, including trade payables and receivables is assumed to approximate to the carrying amount given the low and stable interest rate environment.

Fair values are assessed against the following fair value hierarchy:

- Level 1 – FV is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices
- Level 2 – FV is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments
- Level 3 – FV is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness.

The fair value of short-term financial assets and liabilities held at amortised cost, including trade receivables and payables, is assumed to be approximate to the carrying amount. Some of the Council's financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Financial Assets FV Hierarchy- FV through the P&L	Fair Value Hierarchy	31-03-2023 £'000	31-03-2024 £'000
Equity in shareholding companies- Aspire LTD	Level3	32,419	30,061

### The fair values of financial assets and financial liabilities that are not measured at fair value (but for which fair value disclosures are required)

Except for the financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets held by the Council are carried in the Balance Sheet at amortised cost. The fair values calculated for these instruments are as follows;

RESTATED 22/23 *	Carrying amount 31-03-2023 £'000	Fair Value 31-03-2023 £'000	Carrying amount 31-03-2024 £'000	Fair Value 31-03-2024 £'000
<b>Financial assets;</b>				
Fin Assets held at amort cost	14,708	14,709	10,893	10,893
Cash & CE	2	2	3,849	3,849
ST Debtors- FI's	8,373	8,373	6,746	6,746
ST Debtors- not FI's	800	800	779	779
LT inv in shareholding compny	59,363	40,522	61,880	27,765
Other LT debtors	3,992	3,992	1,353	1,353
<b>Total</b>	<b>87,238</b>	<b>68,398</b>	<b>85,500</b>	<b>51,385</b>
<b>Financial Liabilities;</b>				
LT Borrowing	(190,595)	(174,525)	(187,753)	(172,254)
Cash & CE	(1,202)	(1,202)	0	0
ST Creditors- FI's	(11,986)	(11,986)	(8,394)	(8,394)
ST Creditors- not FI's	(10,222)	(10,222)	(7,033)	(7,033)
PFI Creditors	(3,844)	(4,904)	(3,649)	(3,649)
ST Borrowing	(108,276)	(108,276)	(125,386)	(125,386)
<b>Total</b>	<b>(326,125)</b>	<b>(311,115)</b>	<b>(332,215)</b>	<b>(316,716)</b>

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

\* RESTATED to cross refer to tables RESTATED earlier in this note for 2022/23.

## Fair value hierarchy for financial assets and financial liabilities that are not measured at fair value

Level 2 and 3 fair value hierarchy are used as and where appropriate; borrowing and investments based upon interest rates and others by unobservable inputs.

### Long-term Borrowing

The long-term borrowing consists of two elements; borrowing from PWLB for the housing revenue account and borrowing from Phoenix life Ltd and other local authorities for spend on the investment strategy.

The Department for Communities and Local Government (DCLG) abolished the HRA subsidy system in March 2012, under the Localism Act, with Local Authorities taking control of the housing expenditure and income. This will enable the effective long-term planning of housing stock at a local level.

The Council was required to borrow £88.407m on 28th March 2012 to buy itself out of the subsidy regime; this financial year was the fifth year of principal repayment at £2m per year leaving a long-term balance as at 31 March 2024 of £73.407m. The Housing revenue Account maintains a 30-year rolling business plan as part of the council's financial planning this gives details of income, expenditure, financing and repayments.

The Council has set up a subsidiary company (Aspire CRP Ltd) to undertake an investment in Chesterford Research Park, to enable the investment the Council has committed to a forward starting loan totalling £37m. In 2017/18 the first element of the loan was drawn down totalling £10m. The borrowing was then drawn down to reduce internal cash balances loaned to Aspire CRP Ltd over a three-year period with the second draw down in 2020/21 of £12m. The final element of £15m was drawn down in 2021/22. The current loan to Aspire outstanding is £65.099m as at 31 March 2024.

### Note 19 – Short Term Debtors

2022/23 £'000		2023/24 £'000
886	Trade Receivables	895
0	Payments in advance / Prepayments	0
8,267	Other Receivables	6,631
<b>9,173</b>	<b>Total</b>	<b>7,525</b>

### Note 20 - Cash and Cash Equivalents

2022/23 £'000		2023/24 £'000
2	MMF	2,705
-	Cash and Bank balances	816
-	Short Term Deposits / Cash Equivalents	328
<b>2</b>	<b>Total Cash &amp; Cash Equivalents (Assets)</b>	<b>3,849</b>
273	Cash and Bank balances	-
(1,475)	Short Term Deposits / Cash Equivalents	-
<b>(1,202)</b>	<b>Total Cash &amp; Cash Equivalents (Liabilities)</b>	<b>0</b>

## Note 21 – Short Term Borrowing

2022/23 £'000		2023/24 £'000
(104,630)	Borrowing from LA's and public sector orgs	(119,233)
(3,021)	Borrowing PWLB (ST element of LT borrowing)	(5,269)
(625)	Borrowing from private sector	(884)
<b>(108,276)</b>	<b>Total</b>	<b>(125,386)</b>

## Note 22 – Short Term Creditors

2022/23 £'000		2023/24 £'000
(3,121)	Trade payables	(2,598)
(97)	Receipts in advance	(33)
(18,990)	Other payables	(12,796)
<b>(22,208)</b>	<b>Total</b>	<b>(15,428)</b>

## Note 23 – Short Term Provisions

2022/23 £'000	NNDR Appeals	2023/24 £'000
(2,183)	Opening Balance	(2,077)
(420)	Increase in provision during year	(387)
526	Utilised during year	1,544
<b>(2,077)</b>	<b>Closing Balance</b>	<b>(920)</b>

The total provision for NNDR appeals at 31st March 2024 is £2.301m; the above table reflects only the Council's share (40%) of the provision, at a value of £0.920m.

	Legal	
(245)	Opening Balance	(245)
0	Increase in provision during year	(218)
0	Utilised during year	245
<b>(245)</b>	<b>Closing Balance</b>	<b>(218)</b>

	New Homes Bonus (NHB)	
(38)	Opening Balance	(38)
0	Increase in provision during year	0
0	Utilised during year	38
<b>(38)</b>	<b>Closing Balance</b>	<b>0</b>

<b>(2,360)</b>	<b>All Provisions Total Closing Balance</b>	<b>(1,139)</b>
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## Note 24 – Long Term Borrowing

The long-term borrowing consists of two elements;

- Borrowing for the Housing Revenue Account and
- Borrowing for loans to Aspire (CRP) Ltd a subsidiary of the Council for the investment in Chesterford Research Park.

2022/23 £'000		2023/24 £'000
(35,470)	Private Sector LT borrowing	(34,827)
(79,718)	General PWLB LT borrowing	(79,519)
(75,407)	HRA PWLB LT borrowing	(73,407)
<b>(190,595)</b>	<b>Total</b>	<b>(187,753)</b>

## Note 25 – Other Long Term Liabilities

The pension liability is the current obligation of the future retirement benefits the Council has to its members, this is calculated as a net of the fair value of assets less the current obligation.

2022/23 £'000		2023/24 £'000
(3,402)	Pensions Liability	(2,933)
<b>(3,402)</b>	<b>Total</b>	<b>(2,933)</b>

## Note 26 - Unusable Reserves

2022/23 £'000		2023/24 £'000
(131,991)	Revaluation Reserve	(146,640)
(168,955)	Capital Adjustment Account	(174,058)
(1,004)	Deferred Capital Receipts Reserve	(1,015)
3,402	Pension Reserve	2,933
(72)	Collection Fund Adjustment Account	(1,302)
159	Accumulated Absences Account	186
<b>(298,461)</b>	<b>Total</b>	<b>(319,897)</b>

### Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

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

2022/23 £'000		2023/24 £'000
<b>(128,088)</b>	<b>Balance 1 April</b>	<b>(131,990)</b>
(6,366)	Upward revaluation of assets	(20,716)
0	Downward reval. of assets and impairment losses not charged to the Sur/Def on PoS	3,573
<b>(6,366)</b>	<b>Movement in year</b>	<b>(17,143)</b>
1,973	Difference between fair value depreciation and historical cost depreciation	2,011
490	Accumulated gains on assets sold or scrapped	483
0	Other amounts written off to the Capital Adjustment Account	0
<b>2,463</b>	<b>Amount written off to the Capital Adjustment Account</b>	<b>2,493</b>
<b>(131,991)</b>	<b>Balance 31 March</b>	<b>(146,640)</b>

## Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement. The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement. The account contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the Council. The account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the revaluation reserve was created to hold such gains.

2022/23 £'000		2023/24 £'000
<b>(204,711)</b>	<b>Balance 1 April</b>	<b>(168,955)</b>
	<u>Reversal of Items relating to capital expenditure debited/credited to the CIES</u>	
5,382	Charges for depreciation and impairment of non-current assets (PPE)	5,779
6,724	Net revaluation gains/losses on non-current assets (PPE)	(9,362)
91	Amortisation of intangible assets	86
489	Revenue expenditure funded from capital under statute	2,188
1,746	Amounts of non-current assets w/off on disposal/sale as part of the gain/loss on disposal to CIES	1,607
113	Expected Credit Gains or Losses on Financial Instruments	400
-	Other adjustments	11
<b>14,545</b>	<b>Net of above transactions</b>	<b>709</b>
(1,973)	Adjusting Amounts written out of the Revaluation Reserve	(2,011)
<b>12,572</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>(1,302)</b>
(2,226)	Use of Capital Receipts Reserve to finance new capital expenditure	(2,485)
(4,430)	Use of Major Repairs Reserve to finance new capital expenditure	(3,680)
(364)	Capital Grants and Contributions credited to the CIES that have been applied to capital financing	(733)
-	Application of grants to capital financing from the capital grants unapplied account	(1,367)
(3,143)	Statutory provision for the financing of capital investment charged against the General Fund balances	(3,567)
(4,268)	Capital expenditure charged against the General Fund balances	(3,187)
<b>(14,431)</b>	<b>Net of above transactions</b>	<b>(15,019)</b>
37,615	Movements in the market value of Investment Properties debited/credited to the CIES	11,218
<b>(168,955)</b>	<b>Balance 31 March</b>	<b>(174,058)</b>

## Deferred Capital Receipts Reserve

Deferred Capital Receipts relate to rent to mortgage arrangements for council dwellings where a charge is held on various properties at Land Registry. The balance held reflects the vacant possession value of the proportion of the property held as a charge against the Land Registry.

2022/23 £'000		2023/24 £'000
(934)	Balance 1 April	(1,004)
(70)	In year adjustments	(12)
<b>(1,004)</b>	<b>Balance 31 March</b>	<b>(1,015)</b>

## Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible.

2022/23 £'000		2023/24 £'000
<b>27,679</b>	<b>Balance 1 April</b>	<b>3,402</b>
(3,176)	Opening balance adjustment per IAS19 actuary report	0
(22,696)	Remeasurements of the net defined benefit liability/asset	235
(503)	Reversal of items relating to retirement benefits dr/cr to Surplus/Deficit on Prov.of Serv. in the CIES	(3,605)
2,098	Employer's pensions contributions and direct payments to pensioners payable in the year	2,901
<b>3,402</b>	<b>Balance 31 March</b>	<b>2,933</b>

## Collection Fund Adjustment Account

The Collection Fund Adjustment Account (CFAA) manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council taxpayers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2022/23 £'000		2023/24 £'000
<b>(373)</b>	<b>Balance 1 April</b>	<b>(72)</b>
301	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(1,229)
-	Renewable Energy (NNDR)	(31)
<b>(72)</b>	<b>Balance 31 March</b>	<b>(1,302)</b>

## Accumulated Absences Account

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

2022/23 £'000		2023/24 £'000
322	Balance 1 April	159
(322)	Settlement or cancellation of accrual made at the end of the preceding year	(159)
159	Amounts accrued at the end of the current year	186
(163)	Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements	27
159	Balance 31 March	186

## Note 27 - Cash Flow Statement – Adjustments to net surplus/deficit

2022/23 £'000		2023/24 £'000
5,382	Depreciation of tangible assets	5,779
7,129	Impairment and downward valuations	12,972
91	Amortisation of intangible	86
161	Deferred revenue/ deferred payment agreements (IFRS 15)	0
0	Inc/(dec) in provision for doubtful debts	98
(2,889)	Inc/(dec) in creditors	(1,686)
(3,851)	(Inc)/dec in debtors	(113)
(26)	(Inc)/dec in inventory	21
1,580	Movement in pension liability	(704)
1,746	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	1,723
39,383	Other non-cash items charged to the net surplus or deficit on the provision of services	(4,810)
48,706	Total	13,366

## Note 28 - Cash Flow Statement – Adj's for items in net surp/def on PoS that are investing and financing activities

2022/23 £'000		2023/24 £'000
0	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0
(2,578)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2,040)
709	Any other items for which the cash effects are investing or financing cash flows	2,329
(1,869)	Total	289

## Note 29 - Cash Flow Statement – Operating Activities

2022/23 £'000		2023/24 £'000
5,336	Interest received	2,835
(10,076)	Interest paid	(7,233)
5	Dividends received	0
(4,735)	Total	(4,398)

## Note 30 - Cash Flow Statement - Investing Activities

2022/23 £'000		2023/24 £'000
(29,281)	Purchase of property, plant and equipment, investment property and intangible assets	(20,460)
(418,280)	Purchase of short-term and long-term investments	(1,001,796)
(1,487)	Other payments for investing activities	0
2,750	Proceeds from the sale of property, plant & equipment, investment property and intangible assets	2,040
424,830	Proceeds from short-term and long-term investments	999,467
145	Other receipts from investing activities	0
<b>(21,323)</b>	<b>Net cash flows from investing activities</b>	<b>(20,749)</b>

## Note 31 - Cash Flow Statement - Financing Activities

2022/23 £'000		2023/24 £'000
129,326	Cash receipts of short and long term borrowing	189,000
0	Other receipts for financing activities	0
(13)	Cash payments for the reduction of o/s liabilities relating to finance leases and BS PFI contracts	(195)
(115,608)	Repayments of short- and long-term borrowing	(177,690)
(4,246)	Other payments for financing activities	(3,427)
<b>9,459</b>	<b>Net cash flows from financing activities</b>	<b>7,687</b>

## Note 32 - Reconciliation of Liabilities Arising from Financing Activities

	1st Apr'23 £'000	Fin cash flows £'000	Non-cash changes £'000	31st Mar'24 £'000
Long Term Borrowing	(190,594)	2,842	0	(187,752)
Short Term Borrowing	(108,276)	(17,110)	0	(125,386)
PFI Liabilities	(3,844)	0	196	(3,648)
<b>Total Liabilities from Financing Activities</b>	<b>(302,714)</b>	<b>(14,268)</b>	<b>196</b>	<b>(316,786)</b>
	1st Apr'22 £'000	Fin cash flows £'000	Non-cash changes £'000	31st Mar'23 £'000
Long Term Borrowing	(117,502)	(73,092)	0	(190,594)
Short Term Borrowing	(169,112)	60,836	0	(108,276)
PFI Liabilities	(4,025)	0	181	(3,844)
<b>Total Liabilities from Financing Activities</b>	<b>(290,639)</b>	<b>(12,256)</b>	<b>181</b>	<b>(302,714)</b>



## Note 33 - Officers' Remuneration and Termination Benefits

The number of employees whose remuneration (including taxable benefits, but excluding employers' pension contributions) was £50,000 or more, in bands of £5,000 is shown below. This table includes senior employees, they are listed in the next table.

	2022/23	2023/24
£50,000 to £54,999	2	7
£55,000 to £59,999	6	7
£60,000 to £64,999	4	6
£65,000 to £69,999	0	0
£70,000 to £74,999	1	0
£75,000 to £79,999	4	0
£80,000 to £84,999	0	5
£85,000 to £89,999	0	0
£90,000 to £94,999	0	0
£95,000 to £99,999	2	0
Over £99,999	1	3
<b>Total</b>	<b>20</b>	<b>28</b>

### Senior Officer Remuneration

		Salary, Fees and Allowances £'000	Bonus, Car Allow and BiK £'000	Total exc pension contr. £'000	Pension Contr. £'000	Other £'000	Total £'000
Chief Executive	2023/24	136,266	-	136,266	30,251	-	166,517
	2022/23	123,869	-	123,869	25,022	-	148,891
Dir. of Finance & Corporate Services	2023/24	104,323	-	104,323	22,992	-	127,315
	2022/23	99,700	-	99,700	20,139	-	119,839
Dir. of Planning & Building control From 27/06/2022	2023/24	102,040	-	102,040	22,486	-	124,526
	2022/23	73,374	-	73,374	14,822	-	88,196
Assist. Dir Corporate Services	2023/24	81,247	-	81,247	17,925	-	99,172
	2022/23	77,729	-	77,729	15,701	-	93,430
Assist. Dir of Finance From 01/08/2022	2023/24	80,907	-	80,907	17,925	-	98,832
	2022/23	32,387	-	32,387	6,542	-	38,929
Assist. Dir Commercial & Digital Change Management	2023/24	81,247	-	81,247	17,925	-	99,172
	2022/23	77,729	-	77,729	15,701	-	93,430
Assist. Dir Env Services	2023/24	81,315	-	81,315	17,925	-	99,240
	2022/23	76,630	-	76,630	15,479	-	92,109
Assist. Dir of Bus & Change Management	2023/24	81,247	-	81,247	17,925	-	99,172
	2022/23	77,729	-	77,729	15,701	-	93,430
Assist. Dir Hou, Health & Communities From 05/06/2023 to 10/03/2024 Left 30/11/2022	2023/24	58,807	-	58,807	13,144	-	71,951
	2022/23	51,819	-	51,819	10,468	-	62,287
Assist. Dir Gov & Legal From 02/10/2023 Left Jan 2023	2023/24	36,152	-	36,152	8,026	-	44,178
	2022/23	83,701	-	83,701	83,701	14,072	181,474
<b>Totals</b>	2023/24	<b>843,551</b>	<b>-</b>	<b>843,551</b>	<b>186,524</b>	<b>-</b>	<b>1,030,075</b>
	2022/23	<b>774,667</b>	<b>-</b>	<b>774,667</b>	<b>223,276</b>	<b>14,072</b>	<b>1,012,015</b>

## Exit Packages

Exit package cost band (including special payments)	Number of comp redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band £	
	22/23	23/24	22/23	23/24	22/23	23/24	22/23	23/24
£0-£20,000	0	1	1	1	1	2	15,000	10,904
£20,001-£40,000	0	0	1	0	1	0	35,608	-
£40,000-£60,000	0	0	0	0	0	0	-	-
£60,001-£80,000	1	0	0	0	1	0	70,046	-
<b>Total</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>3</b>	<b>2</b>	<b>120,655</b>	<b>10,904</b>

The Council terminated the contracts of a number of employees in 2023/24, incurring liabilities of £11k (£121k in 2022/23) – see above for the number of exit packages and total cost per band.

## Note 34 - External Audit Costs

2022/23 £'000		2023/24 £'000
41	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor <i>(NB 23/24 actuals fees likely to be much less than stated, SoA disclaimed without full audit)</i>	151
-	Fees payable to external auditors for the certification of grant claims & returns	54
-	Refund of fee payable to external auditors	0
<b>41</b>	<b>Total</b>	<b>205</b>

## Note 35 - Grant Income

2022/23 £'000	Grants credited to the Comprehensive Income and Expenditure Statement- Taxation and Non-specific Grant Income	2023/24 £'000
0	RSG	0
(1,343)	New Homes Bonus Grant	(432)
(3,678)	NNDR S31 grant	(3,903)
127	Covid19 tranches support grant (repayment debit '22/23)	0
(1,814)	Supplementary grants	(2,737)
<b>(6,708)</b>	<b>Total</b>	<b>(7,072)</b>
	<b>Capital Grants and Contributions:</b>	
-	Misc. Govt Grants	-
-	Other Grants and Contributions	(561)
<b>(0)</b>	<b>Total</b>	<b>(561)</b>

2022/23 £'000	Grants credited to the Comprehensive Income and Expenditure Statement- Net Cost of Services	2023/24 £'000
(11)	DLUHC- Localising Council Tax admin subsidy	(10)
(6,006)	DWP- HB subsidy Rent allowances	(6,127)
(5,030)	DWP- HB subsidy Rent rebates	(5,183)
(168)	DWP- HB admin subsidy	(181)
(81)	DWP- Disc Hou benefits	(80)
(242)	Grant towards REFCUS	(519)
(450)	PFI grant	(450)
(3,370)	Misc. grant	(2,790)
<b>(15,358)</b>	<b>Total</b>	<b>(15,338)</b>

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are as follows:

### Revenue Grant Receipts in Advance- Non-current Liabilities

2022/23 £'000		2023/24 £'000
(2,331)	S106 Developer contributions	(2,670)
<b>(2,331)</b>	<b>Total</b>	<b>(2,670)</b>

### Capital Grant Receipts in Advance- Non-current Liabilities

2022/23 £'000		2023/24 £'000
(101)	Grants received from Govt Depts (Heritage Quest Centre and PLACE schemes)	(400)
<b>(101)</b>	<b>Total</b>	<b>(400)</b>

### Note 36 - Members' Allowances

2022/23 £'000	Amounts paid to Members of the Council during the year.	2023/24 £'000
204	Basic allowances	215
9	Group Leader allowances	10
68	Special responsibilities allowances	73
4	Travel & subs	5
<b>285</b>	<b>Total</b>	<b>304</b>

### Note 37 - Related Parties

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

#### Central Government

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

Further information on significant funding streams from Central Government is included within the narrative report.

Grant receipts outstanding at 31 March 2024 are shown in Note 35.

#### Members

Members of the Council have direct control over the Council's financial and operating activities. Any contracts entered into by the Council are in full compliance with the Council's constitution and any decisions made take full consideration of any declarations of interest.



## Partnership Schemes

Local Strategic Partnership (LSP) – Uttlesford Futures:

Uttlesford Futures Management Board work together in relation to the Strategic needs of the district. The Partnership consists of Uttlesford District Council, Essex County Council, Essex Police, Essex Fire Authority, Hertfordshire and West Essex Integrated Care Board, Uttlesford Council for Voluntary Services, Federation of Small Businesses, Sustainable Uttlesford, Uttlesford Association of Local Councils and Learning Skills Council.

The Council's contribution for 2023/24 was £5,160 (*BNG620*) (2022/23 £5,160).

Community Safety Partnership:

The Council is a member of the district wide Community Safety Partnership, this comprises of statutory, private and voluntary organisations working together to tackle crime and disorder. The Partnership consists of Uttlesford District Council, Essex County Council, Essex Police, Essex Fire Authority, Hertfordshire and West Essex Integrated Care Board and Uttlesford Council for Voluntary Services. The Partnership reports into the Local Strategic Partnership. The finances of the Partnership over the last two financial years are immaterial for disclosure. The unspent funds will contribute towards the costs of the partnership's strategic vision in future financial years.

Parking Partnership

The Council is a member of the North Essex Parking Partnership which was formed with Colchester Borough Council, Braintree District Council, Epping Forest District Council, Harlow District Council and Tendring District Council with effect from the 1st April 2011.

The Partnership is governed by a Joint Committee, on which each partner Council has a representative. The Joint Committee produces its own accounts which summarise the surplus/deficit for each year as well as the reserves held at each year-end.

The Partnerships' on street parking activities is funded by income from pay and display, resident parking and penalties across the area. The On Street partners are jointly liable (except Essex County Council) for any deficit in the On Street Fund, and any surpluses are reinvested back into the partnership.

The Partnership also operates the off street pay and display car parks for Colchester, Braintree, Harlow and Uttlesford on behalf of the Councils, with each authority having a service level agreement with the Partnership. This is funded by previously agreed service charges by each Council partner; these are expected to remain constant. The lead authority is Colchester Borough Council and they provide the support services and accommodation for the Partnership.

## Entities Controlled or Significantly Influenced by the Council

For Further detail on entities controlled by the Council, please see the Interests in subsidiaries and joint ventures note 17.

## Note 38 - Capital Expenditure and Financing

The total amount of capital expenditure incurred in the year is shown in the table below together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the capital financing requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

2022/23 RESTATED * £'000		2023/24 RESTATED ** £'000
327,644	<b>Opening Capital Financing Requirement</b>	341,301
	- Opening adjustment	(5,026)
327,644	<b>Revised Opening Capital Financing Requirement</b>	336,275
	Capital Investment:	
12,377	Property Plant and Equipment	11,384
34	Intangible Assets	59
15,872	Investment Properties	9,018
(709)	Aspire investment (wholly owned subsidiary)	3,300
489	Rev. Exp. Funded from Capital Under Statute	2,188
<b>28,063</b>	<b>Total Capital Investment</b>	<b>25,949</b>
113	Expected credit gain/loss on Financial Instruments	400
<b>28,176</b>	<b>Total</b>	<b>26,349</b>
	<b>Sources of Finance:</b>	
(2,313)	Capital receipts	(2,485)
(364)	Government Grants and other contributions	(733)
-	REFCUS income	(1,367)
(4,269)	Direct revenue contributions	(3,187)
(4,430)	Major Repairs Reserve (MRR)	(3,680)
(3,143)	Minimum revenue provision (MRP)	(3,567)
<b>(14,519)</b>	<b>Total Sources of Finance applied</b>	<b>(15,019)</b>
<b>341,301</b>	<b>Closing Capital Financing Requirement</b>	<b>347,605</b>

\* Restated to include (£3,143k) MRP previously omitted from CFR note in 2022/23 SoA.

\*\* Opening position restated to reconcile CFR to correct capital assets on balance sheet.

2022/23 £'000		2023/24 £'000
13,657	Increase in underlying need to borrow (unsupported by government financial assistance)	6,304
<b>13,657</b>	<b>Inc/(dec) in Capital Financing Requirement</b>	<b>6,304</b>

## Note 39 - Leases and Private Finance Initiative (PFI)

### Private Finance Initiative (PFI)

The Council's Private Finance Initiative (PFI) Scheme provided two new Leisure Centres in Great Dunmow and Stansted Mountfitchet and the refurbishment of the Lord Butler Fitness and Leisure Centre in Saffron Walden. The PFI contract is with 1Life who manages the three Leisure Centres on the Council's behalf.

The carrying value of the PFI assets as at 31 March 2024 was £20.417m (£20.254m 22/23). The contract was operational from the financial year 2003/04 and runs for a period of 32 years (ending 2035/36) leaving 14 years outstanding.

The total contract payments estimated at the time of entering into the contract were £39.9m. Actual payments are dependent on the service provided. The remaining capital liability as at the balance sheet date is £3.649m. The figures have been updated in line with RPI.

The PFI unitary charge has been forecast to increase by an average RPI of 2% from April 2023 to the end of the PFI contract. This reflects the Bank of England's inflation target.

2022/23 £'000		2023/24 £'000	1 Year £'000	2-5 Years £'000	6-10 Years £'000	11-15 Years £'000
1,199	<b>Leisure PFI- Unitary Charge</b>	1,401	1,438	5,934	7,346	2,257
	Summary:					
167	Capital repayment	181	196	959	1,720	968
348	Interest expense	334	319	1,099	852	102
347	Contingent rent	370	393	1,832	2,875	621
337	Services	516	530	2,044	1,899	566
1,199	<b>Total Unitary Charge</b>	1,401	1,438	5,934	7,346	2,257

## Leases-

### Council as Lessee

#### Finance Leases

The Council has no currently determined finance leases as lessee.

#### Operating Leases

Though the Council has operating leases as lessee, these are deemed immaterial for 2023/24.

### Council as Lessor

#### Finance Leases

The Council has no currently determined finance leases as lessor.

#### Operating Leases

Though the Council has operating leases as lessor, these are deemed immaterial for 2023/24.

## Note 40 - Defined Benefit Pension Scheme

### Participation in Pension Schemes

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

The Council participates in two post-employment schemes:

- The Local Government Pension Scheme, administered locally by Essex County Council. This is a funded defined benefit plan with benefits earned up to 31 March 2014 being linked to final salary. Benefits after 31st March 2014 are based on a Career Average Revalued Earnings scheme. The funded nature of the scheme requires employers and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets.
- Arrangements for the award of discretionary post-retirement benefits upon early retirement. This is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

The pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of Essex County Council. Policy is determined in accordance with the Pensions Fund Regulations.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.

#### Discretionary post-retirement benefits

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

#### Transactions relating to post-employment benefits

The cost of retirement benefits in the reported cost of services is recognised when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund balance via the Movement in Reserves Statement during the year.

	LGPS		Disc Benefits	
	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000
Cost of services:				
Service cost comprising:				
* Current service costs	3,404	2,000		
* Past service costs				
Financing and Investment income and exp:				
* Net interest expense	96	94		
Admin costs	60	71		
<b>Total post emp benefit charged to the surplus/deficit on PoS</b>	<b>3,560</b>	<b>2,165</b>		
Other post emp benefits charge to the CIES				
Remeasurement of the net defined benefit liability comprising:				
* Return on plan assets (exc. amount inc. the net interest exp.)	(3,089)	7,684		
* Actuarial gain/loss arising on changes in financial assumptions	50,443	2,111		
* Actuarial gain/loss arising on changes in demographic assump.		1,292		
* Actuarial (gains) and losses arising from liability other exper.				
Other experience	(9,988)	(281)		
Changes in asset ceiling	(14,670)	(11,073)		
<b>Total amount recognized in Other Comp Income</b>	<b>22,696</b>	<b>(267)</b>		
<b>Total post emp benefit charged to the CIES</b>	<b>26,256</b>	<b>1,898</b>	<b>0</b>	<b>0</b>
<u>Movement in Reserves Statement</u>				
* Rev of net charges made to sur/def on PoS for post emp ben.	(2,672)	(2,165)		
Actual amount charged to GF for pensions in year:				
* Employer's contributions payable to scheme	2,098	2,901		
* Retirement benefits payable to pensioners	-	(3,734)		

#### Pensions Assets and liabilities recognised in the Balance Sheet

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

	LGPS		Disc Benefits	
	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000
Present value of the defined benefit obligation	(91,177)	(91,341)		
Fair value of plan assets	102,445	114,855		
Effect of asset ceiling	(14,670)	(26,447)		
<b>Net liability arising from the defined benefit obligation</b>	<b>(3,402)</b>	<b>(2,933)</b>	<b>0</b>	<b>0</b>



## Reconciliation of the movements in the fair value of scheme (plan) assets

	LGPS		Disc Benefits	
	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000
<b>Opening fair value of scheme assets</b>	<b>102,338</b>	<b>102,445</b>	<b>0</b>	<b>0</b>
Opening balance adjustment per IAS19 actuary report	1,042	0		
Interest income	3,453	4,915		
Return on assets less interest	(3,089)	7,684		
Admin expenses	(60)	(71)		
Contribution from employer	2,098	2,901		
Contribution from employees into scheme	667	715		
Benefits paid	(4,004)	(3,734)		
<b>Closing fair value of scheme assets</b>	<b>102,445</b>	<b>114,855</b>	<b>0</b>	<b>0</b>

## Reconciliation of present value of the scheme liabilities (Defined Benefit Oblig.)

	LGPS		Disc Benefits	
	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000
<b>Opening balance at 1st April</b>	<b>130,016</b>	<b>105,847</b>	<b>0</b>	<b>0</b>
Opening balance adjustment per IAS19 actuary report	(2,000)	(14,670)		
Current service costs	3,334	2,000		
Interest costs	3,549	4,305		
Contributions by scheme participants	667	715		
Remeasurement gain/(loss):				
* Actuarial gain/loss arising on changes in financial assumptions	(50,443)	(2,111)		
* Actuarial gain/loss arising on changes in demographic assumptn	0	(1,292)		
* Actuarial gain/loss arising from liability experience	9,988	281		
Benefits paid	(3,909)	(3,637)		
Past service costs	70	0		
Unfunded pension payment	(95)	(97)		
<b>Closing balance at 31st March (without asset ceiling adj.)</b>	<b>91,177</b>	<b>91,341</b>	<b>0</b>	<b>0</b>

<b>Opening impact of asset ceiling</b>	<b>0</b>	<b>14,670</b>		
Interest on impact of asset ceiling	0	704		
Actuarial losses / (gain)	14,670	11,073		
<b>Closing impact of asset ceiling</b>	<b>14,670</b>	<b>26,447</b>	<b>0</b>	<b>0</b>

<b>Closing balance at 31st March (with asset ceiling adj.)</b>	<b>105,847</b>	<b>117,788</b>	<b>0</b>	<b>0</b>
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## Local Govt Pension Scheme assets comprised

2022/23 Quoted £'000	2022/23 Unquoted £'000	2022/23 Total £'000	Fair value of scheme assets	2023/24 Quoted £'000	2023/24 Unquoted £'000	2023/24 Total £'000
0	3,303	3,303	<b>Cash and Cash equivalents</b>	0	2,833	2,833
			Equity instruments:			
53,889	0	53,889	• Overseas	58,681	0	58,681
<b>53,889</b>	<b>0</b>	<b>53,889</b>	<b>Sub-total equity</b>	<b>58,681</b>	<b>0</b>	<b>58,681</b>
			Private equity:			
0	5,122	5,122	• Overseas	0	4,938	4,938
<b>0</b>	<b>5,122</b>	<b>5,122</b>	<b>Sub-total private equity</b>	<b>0</b>	<b>4,938</b>	<b>4,938</b>
			Debt securities:			
1,499	0	1,499	• Guilts	2,052	0	2,052
<b>1,499</b>	<b>0</b>	<b>1,499</b>	<b>Sub-total debt securities</b>	<b>2,052</b>	<b>0</b>	<b>2,052</b>
			Property:			
1,944	6,446	8,390	• All	1,723	6,205	7,928
<b>1,944</b>	<b>6,446</b>	<b>8,390</b>	<b>Sub-total property</b>	<b>1,723</b>	<b>6,205</b>	<b>7,928</b>
			Other investment funds:			
0	16,214	16,214	• Alternative Assets	0	17,462	17,462
0	14,029	14,029	• Other Managed Funds	0	20,961	20,961
<b>0</b>	<b>30,243</b>	<b>30,243</b>	<b>Sub-total other investment funds</b>	<b>0</b>	<b>38,423</b>	<b>38,423</b>
<b>57,332</b>	<b>45,114</b>	<b>102,445</b>	<b>Total Assets</b>	<b>62,457</b>	<b>52,398</b>	<b>114,855</b>

All scheme assets have quoted prices in active markets.

## Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, estimates for the Essex County Council (Pensions) Fund being based on the latest full valuation of the scheme as at 31st March 2023.

The significant assumptions used by the actuary have been:

	LGPS	
	2022/23 %	2023/24 %
Longevity at 65 for current pensioners:		
Men	21.1 yrs	20.8 yrs
Women	23.5 yrs	23.3 yrs
Longevity at 65 for future pensioners:		
Men	22.3 yrs	22.0 yrs
Women	25.0 yrs	24.7 yrs
Rate for discounting scheme liabilities	4.80%	4.90%
Rate of inflation	3.30%	3.25%
Rate of increase in pensions (CPI)	3.00%	2.90%
Rate of increase in salaries	4.00%	3.90%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	Impact on the defined benefit obligation in the scheme	
	Approx money amount Present value of total obligation £91,341k base (£000)	Approx money amount Projected service cost £2,044k base (£000)
	0.5% increase in real discount rate	84,951
0.5% increase in the salary increase rate	91,876	2,051
0.5% increase in the pensions increase rate (CPI)	98,154	2,419
1 year increase in member life expectancy	95,229	2,124

## Impact on the Council's cash flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The scheme's actuary assessed the scheme to be fully funded. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2026.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The Council is anticipated to pay £2.525m expected contributions to the scheme in 2024/25.

In June 2023, the UK High Court (*Virgin Media Limited v NTL Pension Trustees II Limited*) ruled that certain historical amendments for contracted-out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. The judgment is subject to appeal, and the Court of Appeal heard the arguments on 26 and 27 June 2024.

The Local Government Pension Scheme is a contracted out defined benefit scheme and amendments have been made during the period 1996 to 2016 which could impact member benefits. Work is being performed by the Government Actuary's Department as the Local Government Pension Scheme actuary to assess whether section 37 certificates are in place for all amendments and some of these have been confirmed however, at the date of these financial statements, the full assessment is not complete. Until this analysis is complete, we are unable to conclude whether there is any impact on the assessed actuarial present value of promised retirement benefits under IAS 19, or if it can be reliably estimated. As a result, Essex Pension fund does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in the disclosure of the actuarial present value of promised retirement benefits in its financial statements.

## **Note 41 – Nature and Extent of Risks arising from Financial Instruments**

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

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

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

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

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

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy. The Council provides written

principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

## Credit Risk

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

### Credit risk: Investments

The Council manages credit risk by ensuring that investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of A-, the UK government, other local authorities, and organisations without credit ratings upon which the Council has received independent investment advice. Recognising that credit ratings are imperfect predictors of default; the Council has regard to other measures when selecting commercial entities for investment.

A limit of £2m was placed on the money that can be invested with a single counterparty (other than UK government and local authorities). A limit of £3m was placed on UK local authorities per authority and a limit of £2m per Money Market Fund. All the Council’s investments during 2023/24 were placed with UK Central Government, UK Local Government and Money Market Funds. No more than £10m in total can be invested for a period longer than 1 year.

The amount of money that can be invested with a single counterparty or same counterparty group is bound by the Council’s Treasury Management Strategy, reviewed annually.

Credit risk is minimised through the annual investment strategy (details of which are available on the Council’s website) which requires the Council to maintain a counterparty list that follows the criteria set out in the Treasury Management Practices. Credit worthiness is assessed by the use of credit ratings provided by a selection of external rating agencies to assess an institution’s long- and short-term financial strength along with its individual and support ratings. Other information provided by brokers, advisers and financial and economic reports are also collated and assessed to monitor each individual institution against the Council’s criteria.

Any counterparty whose ratings fall to the extent that they no longer meet the credit criteria are immediately removed from the lending list. Only highly rated counterparties are included on the lending list.

The Council holds all of its short-term investments with central government and local authorities, so no loss allowances have been calculated.

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

2022/23 £'000	Risk Table – Short Term Investments	2023/24 £'000
8,000	Unrated Local Authorities	8,000
4,050	UK Debt Management Office (DMO)	0
-	- Credit risk not applicable *	-
<b>12,050</b>	<b>Total ST Investment</b>	<b>8,000</b>

\* Credit risk is n/a to shareholding and pooled funds where the Council has no contractual right to receive any sum of money.

## Amounts arising from expected credit losses

The total expected credit loss for 2023/24 was £397k (22/23, £154k).

The changes in the loss allowance during the year are as follows:

Asset class (amortised cost)	12 month expected credit losses	Lifetime expected credit losses- not credit impaired	Lifetime expected credit losses- credit impaired	Lifetime expected credit losses- simplified approach	Purchased or originated credit impaired fin asset	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Opening 01/04/2023	0	0	0	154	0	154
New FA originated or purchased	0				0	0
Amounts written off	(0)	(0)	(0)	(0)	(0)	(0)
Other changes	0	0	0	243	0	243
Closing 31/03/2024	0	0	0	397	0	397

During the year, the Council wrote off financial assets with a contractual amount outstanding of £0 nil (£0 nil in 22/23) that are still subject to enforcement activity.

## Credit risk: Trade Receivables and Contract Assets

Payments for services are either required in advance or due at the time of the service is provided. See table below, for the amount due to the Council from its customers as at 31 March 2024.

Note: the debtor (contractual) excludes payments in advance as these are technically not debts. Government grants due are also excluded as they will be received in full. In line with "The Code", statutory debt (Council Tax, NNDR, and Housing Benefit Overpayment arrears) are excluded from the analysis. In order to recover all debts effectively the Council will concentrate on debt management and ensure efficient use of debt management information.

The following analysis summarises the Council's trade receivables (excluding HRA debt which is not reported by age)

2022/23 £'000		2023/24 £'000
855	Neither past due nor impaired	792
31	Past due <3months	110
1	Past due 3-6months	0
8	Past due 6-12months	0
25	Past due 12+months	24
<b>920</b>	<b>Total</b>	<b>927</b>

Loss allowances on trade receivables have been calculated by reference to the Council's historic experience of default with an adjustment for current and forecast economic conditions. Receivables are collectively assessed for credit risk in the following groupings:

2022/23 £'000			2023/24 £'000
Gross rec'able	Less Allowan	Range of Allowances set aside	Gross rec'able Less Allowan
419	(310)	HRA tenants 25 - 95%	-
192	(57)	Private sector 15 - 80%	207 (42)
121	-	Public sector 0%	720 -
<b>732</b>	<b>(367)</b>	<b>Total</b>	<b>927 (42)</b>

Receivables are written off to the Surplus or Deficit on the Provision of Services when they are deemed no longer collectable. Steps are taken to collect all outstanding amounts until this point.

## Liquidity Risk

The Council has ready access to borrowing at favourable rates from other local authorities, and at higher rates from banks and building societies. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. It is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates. This risk is managed by maintaining a spread of fixed rate loans and ensuring that no more than 70% of the Council's borrowing matures in any one financial year.

The maturity analysis of financial instruments is as follows:

2022/23 £'000			Time of Maturity	2023/24 £'000		
Liabilities £'000	Assets £'000	Net £'000		Liabilities £'000	Assets £'000	Net £'000
(108,815)	12,416	<b>(96,399)</b>	Under 1 year	(122,341)	8,383	<b>(113,958)</b>
(18,252)	1,638	<b>(16,614)</b>	1-5 years	(16,387)	1,711	<b>(14,676)</b>
(74,207)	2,497	<b>(71,710)</b>	6-10 years	(78,376)	2,610	<b>(75,766)</b>
(28,108)	3,112	<b>(24,996)</b>	11-15 years	(29,307)	3,252	<b>(26,055)</b>
(27,579)	2,365	<b>(25,214)</b>	16-20 years	(22,814)	1,656	<b>(21,158)</b>
(8,429)	-	<b>(8,429)</b>	21-25 years	(8,707)	0	<b>(8,707)</b>
(9,917)	-	<b>(9,917)</b>	26-30 years	(10,246)	0	<b>(10,246)</b>
(9,164)	-	<b>(9,164)</b>	31-35 years	(7,816)	0	<b>(7,816)</b>
(4,568)	-	<b>(4,568)</b>	36-40 years	(4,765)	0	<b>(4,765)</b>
(10,371)	49,991	<b>39,620</b>	Over 40 years	(9,336)	53,291	<b>43,955</b>
<b>(299,410)</b>	<b>72,019</b>	<b>(227,391)</b>	<b>Total</b>	<b>(310,095)</b>	<b>70,903</b>	<b>(239,192)</b>

## Market Risks

### Interest rate risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the surplus or deficit on the provision of services will rise
- Borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- Investments at variable rates – the interest income credited to the surplus or deficit on the provision of services will rise
- Investments at fixed rates – the fair value of the assets will fall.

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the CIES. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services. Movements in the fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the Provision of Services as appropriate.

The Treasury Management Strategy aims to mitigate these risks by setting an upper limit of £200,000 on the 12-month revenue impact of a 1% fall and rise in interest rates. If all

interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

2022/23 £'000		2023/24 £'000
725	Increase in interest payable on variable rate borrowing	896
(96)	Increase in interest receivable on variable rate investments	(73)
-	Decrease in FV of investment held at FVPL	4
629	Impact on surplus/deficit on the PoS	827

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

## Financial Instruments- Collateral

2022/23 £'000		2023/24 £'000
1,340	Rent to mortgages (BNH213)	1,336
1,340	Total	1,336

## Price Risk

The market prices of the Council's fixed rate bond investments are governed by prevailing interest rates and the price risk associated with these instruments is managed alongside interest rate risk.

## Foreign exchange risk

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

## Note 42 – Subsidiary (Group Accounts Notes)

In the Consolidated accounts, the loan value, its respective transactions and any other transactions or balances between the Council and the subsidiary have been eliminated.

Investment Properties- Income & Expenditure	2022/23 Single £000	2022/23 Aspire £000	2022/23 Group £000	2023/24 Single £000	2023/24 Aspire £000	2023/24 Group £000
Rental income from Inv Prop	(8,078)	(3,491)	(11,569)	(8,669)	(2,702)	(11,371)
Direct operating expenses from Inv prop	200	119	319	209	93	302
<b>Net (Gain)/Loss</b>	<b>(7,878)</b>	<b>(3,372)</b>	<b>(11,250)</b>	<b>(8,460)</b>	<b>(2,609)</b>	<b>(11,069)</b>

Investment Properties- Movements in year	2022/23 Single £000	2022/23 Aspire £000	2022/23 Group £000	2023/24 Single £000	2023/24 Aspire £000	2023/24 Group £000
Opening Balance	190,475	106,297	296,772	168,575	103,026	271,601
Additions	15,872	0	15,872	9,018	3,300	12,318
Disposals	0	0	0	0	0	0
Net (Gain)/Loss from fair value (CIES)	(37,772)	(3,271)	(41,043)	(11,218)	(3,268)	(14,486)
<b>Closing Balance</b>	<b>168,575</b>	<b>103,026</b>	<b>271,601</b>	<b>166,375</b>	<b>103,058</b>	<b>269,433</b>

Investment Properties- 31/03/2024 Recurring fair value measuring usage	Quoted Prices active market (Level1) £'000	Single Other sig observ- able (Level2) £'000	Aspire Other sig observ- able (Level2) £'000	Signif- icant unobserv- able (Level3) £'000	Group Fair Value 31 Mar 2024 £'000
Land & Buildings	0	166,375	103,058	0	269,433
<b>Total</b>	<b>0</b>	<b>166,375</b>	<b>103,058</b>	<b>0</b>	<b>269,433</b>
Investment Properties- 31/03/2023 Recurring fair value measuring usage	Quoted Prices active market (Level1) £'000	Single Other sig observ- able (Level2) £'000	Aspire Other sig observ- able (Level2) £'000	Signif- icant unobserv- able (Level3) £'000	Group Fair Value 31 Mar 2023 £'000
Land & Buildings	0	168,575	103,026	0	271,601
<b>Total</b>	<b>0</b>	<b>168,575</b>	<b>103,026</b>	<b>0</b>	<b>271,601</b>

2022/23 £'000	Profit/Loss from Aspire	2023/24 £'000
(3,491)	Turnover	(2,702)
119	Admin expenses	93
<b>(3,372)</b>	<b>Operating (profit)/loss</b>	<b>(2,609)</b>
2,451	Financing costs- interest payable	2,418
3,271	Fair value loss/(gain)	3,268
<b>2,350</b>	<b>(Profit)/Loss before tax</b>	<b>3,077</b>
(600)	Tax on ordinary activities	(719)
0	Dividends	0
<b>1,750</b>	<b>Total (profit)/loss for the year</b>	<b>2,358</b>
<b>32,419</b>	<b>Shareholders' funds</b>	<b>30,061</b>

2022/23 £'000	Share of Ownership Interests between Aspire and UDC	2023/24 £'000
0	Investment in shareholding company(s)	0
62,196	Loans with Uttlesford District Council	65,099
<b>62,196</b>	<b>Total</b>	<b>65,099</b>

## Note 43 – Contingencies

A contingent liability arises where an event has taken place that gives the Council a possible obligation which will only be confirmed by the occurrence of an uncertain future event/s which is not wholly in the control of the Council. Contingent liabilities also arise where the amount of the obligation cannot be reliably measured. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the Accounts.

### Grant from External Body-

In 2015, the Council received a grant from an external body towards a community project within the district. The grant was paid to the relevant community organisation; however, the project has not proceeded as expected. Discussion with the grant funder has raised the prospect of repayment of the grant amount in full from Uttlesford District Council as the original recipient of the grant, minus the proper expenditure incurred relating directly to the project. A further extension has been given to progress the project but in the event the project does not meet agreed milestones, the Council will recover the grant sum, minus the proper expenditure incurred relating directly to the project. However, if the Council fails to recover the money it will remain liable for the repayment to the external funder.



#### Mutual Municipal Insurance-

MMI is an insurance company established by a group of Local Authorities and incorporated in 1903. The Company suffered substantial losses between 1990 and 1992. These losses reduced MMI's net assets to a level below the minimum regulatory solvency requirement. In September 1992 MMI ceased to write new or to renew general insurance business and a contingent Scheme of Arrangement became effective in 1994. The Council is a scheme Creditor, under the scheme MMI will continue to pay agreed claims arising from incidents that occurred prior to September 1992, if their funds remain sufficient to meet obligations. If MMI funds become insufficient to meet the cost of agreed claims, it is possible that MMI will seek to recover monies from the Scheme Creditors.

As at 31 March 2021 the maximum possible liability for the Council under the Scheme is £60,477. This liability could increase in the event new claims arise relating to incidents that occurred prior to September 1992.

Details of the scheme can be found at [www.mminsurace.co.uk](http://www.mminsurace.co.uk)

## Housing Revenue Account

The Housing Revenue Account (HRA) is a record of revenue income and expenditure relating the Council's housing stock. The items charged to the HRA are prescribed by statute and are funded by the rent collected. The HRA is ring fenced from the General Fund, the Council has no general discretion to transfer sums between the Housing Revenue and General Fund accounts. Selected housing services (e.g. homelessness) are charged to the General Fund account under direction from Government.

2022/23 £'000	HRA income and Expenditure Statement	2023/24 £'000
	<b>Expenditure:</b>	
2,948	Repairs and Maintenance	3,178
2,451	Supervision and Management	2,500
130	Rent, Rates and Other Charges	194
2,077	Overheads	2,478
3,993	Depreciation- Dwellings & amortisation	4,173
11	Depreciation- Other non-current assets	8
(405)	Change in valuation of non-current assets	(10,694)
21	REFCUS	103
600	Share of corporate core	403
<b>11,826</b>	<b>Total Expenditure</b>	<b>2,342</b>
	<b>Income:</b>	
(15,185)	Dwelling Rents	(16,584)
(676)	Non-dwelling Rents	(735)
(436)	Charges for Services and Facilities	(1,014)
(90)	Contributions towards expenditure	0
<b>(16,387)</b>	<b>Total Income</b>	<b>(18,332)</b>
<b>(4,561)</b>	<b>Net Cost of HRA Services as included in the CIES</b>	<b>(15,990)</b>
66	HRA services share of non-distributed costs	1
<b>(4,495)</b>	<b>Net Cost of HRA services</b>	<b>(15,989)</b>
(753)	Loss/(Gain) on sale of HRA non-current assets & pooling	(316)
2,601	Interest Payable and similar charges	2,684
(263)	Interest and Investment Income	0
27	IAS19 Pensions- net interest on defined assets/liabilities	28
58	Anticipated credit loss	0
-	Other	2
-	Capital grant and contributions	-
<b>(2,825)</b>	<b>(Surplus)/Deficit for the year on HRA services</b>	<b>(13,592)</b>

2022/23 £'000	Movement of HRA Statement	2023/24 £'000
<b>(471)</b>	<b>HRA balance brought forward</b>	<b>(673)</b>
(2,826)	(Surplus)/Deficit for the year on the HRA Income and Expenditure Account	(13,592)
4,573	Adjustments between accounting basis and funding basis under statute	12,969
<b>1,747</b>	<b>Net increase/(decrease) in year on HRA before transfers to/from reserves</b>	<b>(623)</b>
(1,747)	Transfer to/from earmarked reserves	(365)
(201)	Other	0
<b>(201)</b>	<b>Dec/(inc) in the HRA balance for the year</b>	<b>(988)</b>
<b>(673)</b>	<b>HRA balance at the end of the year, carried forward</b>	<b>(1,661)</b>

2022/23 £'000	Council Dwelling Non-current Assets- Balance Sheet	2023/24 £'000
	<b>Cost or valuation:</b>	
<b>343,206</b>	<b>Brought Forward 1 April</b>	<b>350,926</b>
4,430	Additions	3,684
953	Revaluation inc/(dec) recognised in the Revaluation Reserve	11,774
268	Revaluation inc/(dec) recognised in the Surplus/Deficit on the Provision of Services	10,609
(1,666)	Derecognition- Disposal	(1,715)
-	- Derecognition - other	-
3,736	Reclassification- within PPE	4,554
-	- Reclassification- outside PPE	-
<b>350,927</b>	<b>Balance carried forward 31 March</b>	<b>379,832</b>
	<b>Accumulated Depreciation and impairment:</b>	
<b>0</b>	<b>Brought Forward 1 April</b>	<b>0</b>
(4,004)	Depreciation annual charge	(4,116)
3,848	Depreciation written out to Reval Reserve	3,990
137	Depreciation written out to Provision of Service	117
19	Derecognition- Disposal	9
-	- Derecognition - other	-
-	- Reclassification- within PPE	-
-	- Reclassification- outside PPE	-
<b>0</b>	<b>Balance carried forward 31 March</b>	<b>0</b>
<b>350,926</b>	<b>NBV carried forward 31 March</b>	<b>379,832</b>
<b>343,206</b>	<b>NBV brought forward 1 April</b>	<b>350,926</b>

2022/23 No. Of Prop	Housing Stock and Build Type	Number of beds	2023/24 No. Of Prop
717	Flats		696
750	Bungalows		748
1,323	Houses		1,321
<b>2,790</b>	<b>Total Properties</b>		<b>2,765</b>
	Houses:		
10	"	1	10
214	"	2	217
1,045	"	3	1,040
53	"	4	53
1	"	5	1
	Flats:		
15	"	0	3
421	"	1	420
260	"	2	252
21	"	3	21
	Bungalows:		
135	"	1	135
608	"	2	604
7	"	3	9
<b>2,790</b>	<b>Total</b>		<b>2,765</b>

2022/23 £'000	HRA Balance Sheet Values	2023/24 £'000
350,926	Council Dwellings	379,832
2,276	Other Land & Buildings-Garages	2,364
1,211	Other Land & Buildings-Temporary Accommodation	1,020
612	Other Land & Buildings- rest	607
5	Vehicles, Plant & Equipment	2
35	Community	35
-	Surplus	3,685
10	Infrastructure	8
6,399	Assets under Construction	2,803
11	Intangibles	7
<b>361,484</b>	<b>Balance carried forward 31 March</b>	<b>390,363</b>

2022/23 £'000	Rent Arrears	2023/24 £'000
470	Arrears due from: Current Tenants	570
22	Arrears due from: Former Tenants	1
<b>492</b>	<b>Total Rent Arrears</b>	<b>571</b>
3.2%	Total as a % of Gross Rent	3.4%

2022/23 £'000	HRA Reserves (balances and earmarked)	2023/24 £'000
<b>(472)</b>	<b>Balances as at 1 April</b>	<b>(673)</b>
(201)	Movement	(988)
<b>(673)</b>	<b>Balances as at 31 March (year-end)</b>	<b>(1,661)</b>
<b>(2,830)</b>	<b>Earmarked Reserves at 1 April</b>	<b>(1,083)</b>
1,747	Movement	365
<b>(1,083)</b>	<b>Earmarked Reserves at 31 March (year-end)</b>	<b>(718)</b>
<b>(1,756)</b>	<b>Housing Revenue Account Total Reserves (Balances &amp; EM) as at 31 Mar. (year-end)</b>	<b>(2,379)</b>

2022/23 £'000	Major Repairs Reserve	2023/24 £'000
<b>(1,031)</b>	<b>Balance as at 1 April</b>	<b>(605)</b>
(4,004)	Transfers in	(4,181)
4,430	Transfers out	3,680
<b>(605)</b>	<b>Balance as at 31 March</b>	<b>(1,106)</b>

2022/23 £'000	HRA Capital Expenditure	2023/24 £'000
<b>9,666</b>	<b>Total HRA Capital Expenditure</b>	<b>8,444</b>
(3,313)	Financed by: Revenue Contributions	(2,057)
(4,445)	Financed by: Contribution from Major Repairs Reserve	(3,680)
(1,908)	Financed by: Capital Receipts	(2,369)
-	Financed by: Capital Grant & Contributions	(338)
<b>(9,666)</b>	<b>Total Financing</b>	<b>(8,444)</b>

2022/23 £'000	HRA Capital Receipts Reserve	2023/24 £'000
<b>(3,553)</b>	<b>Balance 1 April</b>	<b>(4,313)</b>
(2,582)	Capital Receipts received	(2,051)
70	Notional Capital receipts received	12
1,737	Capital Receipts used for Financing	2,369
15	Expenses from sales of Capital Receipts	-
<b>(4,313)</b>	<b>Balance 31 March</b>	<b>(3,984)</b>

Housing Revenue Account Self-Financing Transactions:

With effect from April 2012 Housing Subsidy arrangements ceased for Uttlesford District Council and were replaced by a self-financing system giving local authorities greater autonomy and flexibility with its finances for the provision of Council housing.

## Collection Fund

Uttlesford District Council is the authority responsible for the billing, collection and recovery of Council Tax and Business Rates on behalf of itself, its preceptors (Essex County Council, Essex Fire Authority and Essex Police Authority) and Central Government.

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

31 March 2023			31 March 2024			
Business Rates £'000	Council Tax £'000	Total £'000	Collection Fund Income and Expenditure Account	Business Rates £'000	Council Tax £'000	Total £'000
			<b>Income:</b>			
	(76,111)	(76,111)	Council Tax Receivable		(80,394)	<b>(80,394)</b>
(43,242)		(43,242)	Business Rates Receivable	(49,761)		<b>(49,761)</b>
-		0	Trans Protection Payments rec'able	(2,836)		<b>(2,836)</b>
<b>(43,242)</b>	<b>(76,111)</b>	<b>(119,353)</b>	<b>Total amounts to be credited</b>	<b>(52,597)</b>	<b>(80,394)</b>	<b>(132,991)</b>
			<b>Expenditure:</b>			
			<b>Precepts, demands and shares:</b>			
3,809	53,853	57,662	Essex County Council	4,713	56,567	<b>61,280</b>
	8,399	8,399	Essex Police Authority		9,107	<b>9,107</b>
423	2,895	3,318	Essex Fire Authority	524	3,131	<b>3,655</b>
16,930	10,402	27,332	Uttlesford DC / Parishes	20,948	10,952	<b>31,900</b>
21,163		21,163	Central Government	26,185		<b>26,185</b>
			<b>Apportm't of Prev. Year Sur/Def:</b>			
134	(177)	(43)	Essex County Council	(49)	(156)	<b>(205)</b>
	(26)	(26)	Essex Police Authority		(22)	<b>(22)</b>
15	(10)	5	Essex Fire Authority	(5)	(9)	<b>(15)</b>
593	(33)	560	Uttlesford DC / Parishes	(220)	(30)	<b>(249)</b>
741		741	Central Government	(274)		<b>(274)</b>
			<b>Charges to Collection Fund:</b>			
215	311	526	Inc/(dec) in allowance debt impair.	492	406	<b>898</b>
-		0	Interest charged to the Coll. Fund	15		<b>15</b>
144		144	Trans Protection Payments pay'able	0		<b>0</b>
156		156	Bus. Rates Renewable Energy	136		<b>136</b>
141		141	Bus. Rates Cost of Collection Allow	144		<b>144</b>
1,053		1,053	Bus. Rates Provision created in year	967		<b>967</b>
(1,316)		(1,316)	Bus. Rates Provision released	(3,860)		<b>(3,860)</b>
<b>44,201</b>	<b>75,614</b>	<b>119,815</b>	<b>Total amounts to be debited</b>	<b>49,716</b>	<b>79,945</b>	<b>129,661</b>
<b>960</b>	<b>(497)</b>	<b>462</b>	<b>(Surplus)/Deficit arising in year</b>	<b>(2,881)</b>	<b>(449)</b>	<b>(3,330)</b>
<b>(1,175)</b>	<b>716</b>	<b>(459)</b>	<b>(Surplus)/Deficit b/f at 1 April</b>	<b>(215)</b>	<b>219</b>	<b>4</b>
<b>(215)</b>	<b>219</b>	<b>4</b>	<b>(Surplus)/Deficit c/f at 31 March</b>	<b>(3,097)</b>	<b>(230)</b>	<b>(3,327)</b>
			<b>Allocated to;</b>			
(19)	155	135	Essex County Council	(279)	(163)	<b>(441)</b>
-	25	25	Essex Police Authority	-	(26)	<b>(26)</b>
(2)	8	6	Essex Fire Authority	(31)	(9)	<b>(40)</b>
(86)	30	(56)	Uttlesford DC / Parishes	(1,239)	(32)	<b>(1,271)</b>
(108)	-	(108)	Central Government	(1,548)	-	<b>(1,548)</b>
<b>(215)</b>	<b>219</b>	<b>4</b>	<b>Total</b>	<b>(3,097)</b>	<b>(230)</b>	<b>(3,327)</b>
-	-	0	<i>UDC renewable energy</i>	<i>(31)</i>	-	<i>(31)</i>

## Notes to the Collection Fund

### 1. Council Tax Base

Council Tax derives from charges raised according to the value of residential properties which have been classified into 8 valuation bands estimating 1st April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Essex County Council, Essex Police and Crime Commissioner, Essex Fire Authority and the Council for the forthcoming year and dividing this by the Council Tax base, the total number of properties in each band adjusted to convert the number to a Band D equivalent and adjusted for discounts: 39,007.21 for 2023/24.

The average amount for a Band D property in 2023/24 was £1,935.52p (2022/23 was £1,861.58p), this is multiplied by the proportion specified for the particular band to give an individual amount due, to which any parish precept must be added. The average Band D Council Tax bill including town/Parish Precepts in 2023/24 was £2,044.67p (2022/23 was £1,965.60p).

Council Tax Base (23/24) bills are based on the following dwellings and proportions:

	Discounted Equivalent Dwelling	Weighting	Band D Equivalent
Valuation Band A	1,105	6/9	737
Valuation Band B	3,319	7/9	2,581
Valuation Band C	7,856	8/9	6,983
Valuation Band D	7,126	1	7,126
Valuation Band E	6,849	11/9	8,371
Valuation Band F	4,968	13/9	7,176
Valuation Band G	4,622	15/9	7,703
Valuation Band H	421	18/9	842
<b>Total Band D Equivalents</b>			<b>41,520</b>
Less Local Council Tax Support	(1,956)		(1,956)
Less allowance for non-collection (2%)			(791)
Valuation Band O (MoD)	236	-	236
<b>Total Band D Equivalents</b>			<b>39,007</b>

### Council Tax Income Analysis

2022/23 £'000		2023/24 £'000
87,623	Gross Council Tax Collectable	92,829
(1,765)	Less- Exemptions	(1,982)
(5,880)	Less- Discounts	(6,420)
(3,906)	Less- Reductions	(4,033)
3	Transitional Relief	-
<b>76,075</b>	<b>Income from Council Taxpayers</b>	<b>80,394</b>

### Council Tax Collection Fund Balances

2022/23 £'000		2023/24 £'000
157	Essex County Council	(163)
23	Essex Police Authority	(26)
9	Essex Fire Authority	(9)
30	Uttlesford DC / Parishes	(32)
<b>219</b>	<b>Total (Surplus)/Deficit Apportioned</b>	<b>(230)</b>

## 2. Income from Non-Domestic Rates

The Council collects non-domestic rates for its area, which are based on local rateable values multiplied by a uniform rate specified by the government. In 2013/14 the administration of NDR changed following the introduction of the business rates retention scheme, so instead of paying the NDR to the pool the local Council retains a share of the total collectable rates due. For Uttlesford this is 40%, Essex County Council 9%, Essex Fire Authority 1% and the Government (DLUHC) 50%.

The rateable value of properties at 31st March 2024 is £128.496m (£129.139m 31<sup>st</sup> March 2023) and the national non-domestic multiplier was 51.2p (small businesses 49.9p).

### Business Rates Income Analysis

2022/23 £'000		2023/24 £'000
54,722	Gross Business Rate Collectable	63,473
(4,344)	Small Business Rate Relief	(3,623)
(1,177)	Mandatory Relief	(2,218)
(1,271)	Property Relief	(1,111)
(4,832)	Discretionary Relief	(3,924)
144	Transitional Relief	(2,836)
<b>43,242</b>	<b>Income from Business Rates Payers</b>	<b>49,761</b>

### Business Rates Fund Balances

2022/23 £'000		2023/24 £'000
(108)	Central Government	(1,548)
(19)	Essex County Council	(279)
(2)	Essex Fire Authority	(31)
(86)	Uttlesford District Council	(1,239)
<b>(215)</b>	<b>Total (Surplus)/Deficit Apportioned</b>	<b>(3,097)</b>
0	UDC renewable energy	(31)

### Business Rates Revaluation 2023

At revaluation, the Valuation Office Agency (VOA) adjusts the rateable value of business properties to reflect changes in the property market. The most recent revaluation came into effect in England and Wales on 1st April 2023, based on rateable values from 1st April 2021. Across England as a whole, the revaluation was expected to lead to an increase in the rateable value of the average non-domestic property, with changes unevenly distributed across the country.

The business rates multiplier was adjusted so that revaluation would be revenue neutral, after accounting for a forecast of the cost of appeals against the new values. A complex package of reliefs was introduced to phase in the biggest increase in bills to ratepayers resulting from the revaluation.

The impact of revaluation on the amount of business rates retained by individual councils has been offset by changes to the redistributive "tariffs" and "top-ups" between councils, with the aim of leaving underlying budgets unaffected by revaluation.

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