



CASTLE POINT BOROUGH COUNCIL

UNAUDITED STATEMENT OF ACCOUNTS FOR THE FINANCIAL YEAR 2024/25

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1 Introduction

The Statement of Accounts summarises the Council's transactions for the 2024/25 financial year and the Council's financial position at the year-end date, 31 March 2025.

This Narrative Report provides interested parties with an effective guide to the most significant matters reported in the accounts and although it is part of the same published document, it does not form part of the Statement of Accounts. Instead it serves as a summary and a source of supplementary information. The formal Statement of Accounts commences on page 22. The figures within the statements may contain rounding differences in casting and between notes.

The Narrative Report is split into the following sections:

- **Section 2 – Financial overview and commentary** – this section includes information on the Council's accounts, financial performance and economy, efficiency, and effectiveness in its use of resources over the financial year, future challenges, and other items.
- **Section 3 – Descriptions of the Financial Statements** – the Statement of Accounts contains several core and supplementary financial statements. This section contains descriptions of each of them, an explanation of the links between them, and reports some of the key amounts included in these statements.
- **Section 4 – Summary of the Council's spending and income** – this section contains charts showing high level summaries of the Council's spending and income for the year, and definitions of the different Council services and types of cost and income included in the charts.
- **Section 5 – Outturn and comparison to budget** – this section contains a more detailed analysis of the Council's financial performance for the year compared to budget.

Within the Narrative Report and the Statement of Accounts all reported amounts have generally been rounded to the nearest thousand pounds ("£000s" or "k") or are stated in millions ("m").

2 Financial Overview and Commentary

2.1 – The framework for completion of the Statement of Accounts

The Council is required to prepare an annual Statement of Accounts in accordance with the statutory framework established for England by the Accounts and Audit Regulations 2015 and in accordance with proper accounting practices. These practices primarily comprise of The Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 ("the Code"), based on International Financial Reporting Standards (IFRS), and the associated Guidance Notes for Practitioners, both as published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The Summary of Significant Accounting Policies describe the principles, rules and procedures which have been consistently followed in preparing and reporting the financial statements.

The Code of Practice sometimes requires accounting policies to be changed, and this may require prior year information to be restated. There are no such changes applicable for the 2024/25 accounts.

The financial statements of the Council are intended to provide information on and present a "True and Fair view" about the Council's financial position, financial performance and cash flows. They should provide such information to support the need for public responsibility by enabling users to assess the stewardship and accountability of elected members and senior management for the resources entrusted to them. To provide a true and fair view the financial statements must present a faithful representation of the effects of transactions, other events and conditions in accordance with specified definitions and recognition criteria for assets, liabilities, income and expenditure, as set out in the Code.

The presentation of the information in the statements should meet the common needs of, and be useful to, a wide range of users. As such, the financial statements should be readily understandable by users. However, it is assumed that the user has a reasonable knowledge of accounting and of the functions of local authorities and the way they provide their services. Where it is unavoidable to use technical terms, those terms are defined in the glossary of terms at the end of this document.

2.2 – Classifications of income and expenditure, and operating/budgeting model/process

The Council has three distinct categories of expenditure and income reported within the Statement of Accounts:

- **The General Fund (GF)** – the account that is charged with revenue expenditure incurred on delivering the Council's services or meeting its day-to-day expenses that is not connected to the Housing Revenue Account (as described below) and credited with revenue income generated through those services. The net of this expenditure and income is funded by grants and contributions from Central Government, Council Tax collected from residents of the borough and the share of Non-Domestic Rates collected from businesses retained by the Council.
- **The Housing Revenue Account (HRA)** – the account that records the revenue income and expenditure relating to the Council's stock of dwellings and garages. Income received from tenants of these properties is credited into the HRA. The Council is required to maintain the HRA as a separate account, distinct from the General Fund, for the provision of local authority housing in accordance with Part VI of the Local Government and Housing Act 1989.
- **The Capital Programme** – the account that is charged with expenditure on the acquisition or enhancement of non-current (long-term) assets. These are assets with a usable life of greater than one year, such as property, land, vehicles, and equipment. The capital programme covers non-current assets relating to both the General Fund and the Housing Revenue Account.

Section 4 of the Narrative Report describes the specific service functions and activities and categories of income and expenditure which sit within the General Fund and Housing Revenue Account. These are shown in accordance with the internal structure used by the Council for reporting, decision making and budget setting. Where relevant the information included within both the Narrative Report and the Statement of Accounts itself is reported under this same internal structure.

Budgets are allocated to services through the annual budget setting and service planning process which culminates in reports to Cabinet and Council in February each year which set Council Tax and HRA Rent charges for the new financial year. These reports may be found in the Agendas and Minutes Library on the Council website: <https://www.castlepoint.gov.uk/agendas-minutes-library>

The Statement of Accounts includes the Annual Governance Statement (AGS), which reports on the governance framework within which the Council operates, including the effectiveness of that framework as well as details on the roles and responsibilities of the Chief Financial Officer, Internal and External Audit and the Audit Committee. The AGS also includes actions to address identified governance issues and a report on progress in addressing issues identified in prior years.

Unspent budgets meeting specific criteria may be carried forward into the following financial year. These arise when at year end, goods have been ordered and not received, or works and services have been committed to, but not commenced or completed. After adjusting for these carried forward budgets and any reserve movements the overall outturn position at the end of 2024/25 is as shown below:

Outturn position 2024/25	
General Fund	£0.36m overspend (1.99% of net budget of £18m)
Housing Revenue Account	£1.0m underspend (291.29% of net budget of (£0.343m))*
Capital programme	£0.6m overspend (3.67% of gross budget of £15.06m)

*This is due to £1.5m of reserve contribution for future debt repayment that has been reprofiled due to the pressures on the HRA to adhere to the regulators review. If this is removed there is a £500k overspend,

A detailed analysis of spend against budget is shown in section 5 below.

2.3 – Council priorities and the Corporate Plan

To achieve its long-term vision for the Borough, the Council focused on the following four priority areas and objectives:

- **Economy and Growth:** ‘We want Castle Point to be a place where our economy is thriving, businesses are growing, and we are prospering through having the skills to access good quality jobs.’
 - We want the local economy of Castle Point to create more value, driven by our vibrant town centres, increased earnings and the productivity of our companies.
 - We want the right conditions for existing businesses to grow and new businesses to come here, including good transport links and access to a skilled workforce.
 - We are proud of our strong work ethic and entrepreneurial spirit; we want all of us to embrace the opportunities of work and the prosperity it brings.
 - We want to make sure that everyone has the right skills to access good quality jobs on offer now and in the future.
- **People:** ‘We want Castle Point to be a place where we are a safe, inclusive and healthy community free to get on with our lives with access to the right support when it is needed, particularly our vulnerable residents, the young and elderly.’
 - Our communities are one of our biggest strengths; we want to nurture our community spirit across the whole Borough so that we can all feel safe and that we belong.
 - We want to lead long and healthy lives with access to leisure facilities and organised activities that encourage us to keep active and feel good about ourselves.
 - Those in our community who are vulnerable will be cared for and looked after.
 - We want to nurture young people to reach their full potential and give support to the elderly through providing services that deliver community value.
- **Place:** ‘We want Castle Point to be a place where we have enough good quality homes with appropriate levels of local services and we can get around easily with choices about how we travel.’
 - We need to have enough quality new homes to support our growing population, minimise homelessness and meet our housing needs as this changes over different stages of our lives.
 - We want to ensure that new development is designed to make places safe and helps to deliver affordable housing, transport improvements, great public spaces, schools and healthcare.
 - Getting around is important to us for both work and leisure so we want a transport system that is effective and offers real choice for the way we travel, not just the car but walking, cycling, bus or train.
- **Environment:** ‘We want Castle Point to be a place where our natural and historic assets are protected and enhanced, we are proud of our clean and pleasant surroundings, and we are all helping to improve the local environment and to combat climate change.’
 - Our natural and historic assets are our best kept secret – from the beaches and the foreshore to the ‘green lungs’ of our parks and open spaces – we want to protect and enhance these.
 - We are proud of where we live and want to keep our local neighbourhoods looking clean and green.
 - We want to help improve the local environment by reducing waste and reusing and recycling more.

- We also want to help combat climate change by making choices in our lives that reduce CO2 emissions.

Climate change is a significant issue for the UK and the Council is committed to tackling this – agreeing a target of net-zero carbon emissions by 2040 – and has implemented a number of initiatives in recent years to reduce the impact of the Council's operations on the environment. These include: moving to a zero carbon electric tariff, insulation and boiler replacements in Council-owned housing; LED light upgrades and pool covers in the leisure centres; facilitation of grants to privately-owned houses to improve energy efficiency (especially those experiencing fuel poverty); and various other lighting and insulation improvements to Council offices and community halls. The Council has also set aside funds in a reserve to be able to take forward new projects as they arise.

A new corporate plan was agreed for April 2025 onwards.

More information on these priorities can be found in the Council's Corporate Plan, which is available here: <https://www.castlepoint.gov.uk/council-strategies-and-policies>.

2.4 - Financial performance, economy, efficiency and effectiveness in the use of resources

The Council publishes its Corporate Performance Scorecard on its website and is discussed at the relevant Cabinet meeting. The Quarter 4 scorecard can be found on [this link](#).

Section 5 of this report details the Council's financial performance against budget.

2.5 – Financial Reserves and looking ahead

There are two principles which the Council is required to follow when determining its annual budget:

- The budget must be balanced, meaning that expenditure does not exceed income and the Council does not have to rely on the sustained use of unallocated reserves to support ongoing spending; and
- Reserves must be maintained at or above the minimum recommended level determined by the Council's Chief Financial Officer (s151 Officer). This level is set after consideration of potential risk factors and for 2024/25 is **£2.5m** for General Fund reserves and **£694k** for Housing Revenue Account reserves.

The Council's budget for 2025/26 does not require the use of general reserves to balance. In future years the budget is currently balanced, however there is significant risk arising from Government's review of Local Government funding.

The Council, like all local authorities, has been delivering savings and efficiencies for many years but is now at the point where the smaller or easier options have been exhausted. Consequently, the Council commenced a transformation programme and saw a new structure go live in November 2023. The Directors and Assistant Directors have now been tasked with the detailed review of their services, making sure that the Council had the right people in the right place doing the right things. There is also an ambition that these service reviews will in most cases identify savings of 10% within three years as well as any one-off investment required to enable this to happen. Majority of service reviews are agreed and implemented, with a number of them identifying saving to be achieved over the next three years.

Following a recent review of the regulator, the Housing Revenue Account is in the process of a significant review which will cause short term volatility in the predicted reserve balances.

More information in relation to the Council's budget can be found in reports presented to Cabinet and Council in February each year, located in the Agendas and Minutes Library on the Council website: <https://www.castlepoint.gov.uk/agendas-minutes-library>

2.6 – Other areas of financial uncertainty

As part of the process of completing the Statement of Accounts the Council has to consider other areas of financial uncertainty.

The Council must review if any provisions or contingencies are required. Accounting Policy AP21, Provisions and Contingencies, provides further information on the nature of these items.

- Provisions are liabilities of either uncertain timing and/or uncertain value. The Council had outstanding provisions as at 31 March 2025 of **£323k**, primarily in relation to business rates appeals. The provisions are explained in Note 22 to the Core Financial Statements.
- Contingent assets and contingent liabilities are assets and liabilities that are dependent on future events which may or may not occur. The Council had two contingent assets as at 31 March 2025, but did have a number of contingent liabilities. These items are also disclosed in Note 22 to the Core Financial Statements.

The Council must also make allowance for the possibility that some of the amounts outstanding and due to be paid to the Council at 31 March 2025 may not actually be paid. The allowances are determined in accordance with Accounting Policy AP20 and serve to reduce the value of the outstanding debts included on the Balance Sheet. These allowances are disclosed in Note 14 to the Core Financial Statements, with further analysis in Note 19.

The Council uses independent external valuers to review its non-current (long-term) assets for indications of impairment at the Balance Sheet date. An impairment would mean that without adjustment the asset values stated in the balance sheet would be overstated. Further information is disclosed in Note 25.1.

The valuations are not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

Further information on impairments and revaluations is found in Note 13.6 to the Core Financial Statements and Note 3 to the Housing Revenue Account. Accounting Policy AP16.5 provides further information on impairments of non-current assets.

The Council is required to consider whether there are events, both favourable and unfavourable, that have occurred after the end of the accounting period and before the date when the financial statements are authorised for issue, which are required to be reported within the Statement of Accounts. These are referred to as Post Balance Sheet events and are of two types:

- Adjusting events: events that provide additional evidence regarding conditions which existed at the end of the accounting period; and
- Non-Adjusting events: events that provide evidence regarding conditions that arose after the end of the accounting period.

2.7 – Borrowing and financing of the Capital Programme

The Council owns many assets, including land, buildings, and vehicles. The most significant buildings owned by the Council are the Council Offices and Runnymede Leisure Centre in Benfleet, and Waterside Farm Leisure Centre and Knightswick Shopping Centre on Canvey Island. The Council also owns around 1,500 council houses. The capital value of the assets owned by the Council is reported on the Balance Sheet.

Total capital expenditure for 2024/25, across both General Fund and Housing Revenue Account, was **£9.6m**, as shown in Section 5 of this Narrative Report. The main items of capital expenditure during 2024/25 included:

- Council house improvements;
- Disabled Facilities and other home improvement grants; and
- Completion of the refurbishment of the Paddocks community hall.
- Acquisition of Abbeyfield house for Temporary Housing
- Progression with the seafront regeneration project on Canvey Island

The Local Government Act 2003 includes provisions relating to capital expenditure and borrowing controls. These provisions require local authorities to determine and keep under review the amount of their affordable borrowing. They must also have regard to the Prudential Code for Capital Finance in Local Authorities issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). In

accordance with these provisions and the Prudential Code the amount the Council can afford to borrow is called the Affordable Borrowing Limit. This limit ensures that total capital investment remains within affordable and sustainable limits and that any impact on future Council Tax and Dwelling rent levels is acceptable.

The Council's General Fund borrowing now consists of a single fixed rate loan (in relation to the Knightswick Centre) at an interest rate of **1.08%** per annum. The Council's HRA borrowing consists of fixed rate loans at interest rates ranging from **3.05%** to **4.42%** per annum.

As at 31 March 2025 the Council had **£4.5m** relating to the purchase of the Knightswick Shopping Centre) of outstanding General Fund borrowing and **£25.5m** of outstanding Housing Revenue Account borrowings.

Note 13 to the Core Financial Statements, Non-Current Assets, contains details of the Council's capital expenditure and shows how it was financed. Note 19 to the Core Financial Statements, Financial Instruments, contains details of the Council's borrowing.

2.8 – Pension Scheme

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

The Council participates in the Local Government Pension Scheme (LGPS) administered by Essex County Council (ECC). This is a funded defined benefit Career Average Revalued Earnings (CARE) salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions' liabilities with investment assets over the long term.

The scheme deficit or liability shows the underlying commitment that the Council has in the long run to pay future post-employment benefits. The current pension scheme asset means that the benefits earned by past and current employees are less than the resource the Council has set aside to meet them. The net liability of **£1.13m** as at 31 March 2025 is recorded in the Balance Sheet. Employer contributions take into account the forecast position of the pension fund and will be adjusted as necessary, up or down, to ensure the fund position balances in the long term.

Further detailed information in relation to the pension scheme is reported in Note 18 to the Core Financial Statements, Post-Employment Benefits and Net Pension Liability.

3 Descriptions of the Financial Statements

3.1 – Core Financial Statements

There are four core financial statements included in the Statement of Accounts, as follows:

3.1.1 – Comprehensive Income and Expenditure Statement (CI&ES)

The Comprehensive Income and Expenditure Statement consolidates all of the gains and losses of the Council during the year, so effectively reports the Council's financial performance for the year. It reports the consolidated position for both the General Fund and the Housing Revenue Account.

This statement shows the accounting cost in the year of providing services on an accounting basis, i.e. in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this taxation or funding position is different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement (MIRS). Therefore, in order to reflect the financial results for the year on a funding basis, i.e. as supported by Council Tax and Housing Rents, additional statutory accounting entries are required. These "Adjustments between accounting basis and funding basis under regulations" are reported in the MIRS and analysed in further detail in the accompanying notes.

Services reported within "Net Cost of Services" on the CI&ES are disclosed in accordance with the Council's internal reporting structure used for decision making and budget setting. Internal recharges between services are not reported on the CI&ES but are still included in the Expenditure and Funding Analysis (see below).

The line “(Surplus) / Deficit on the provision of services” shows the increase or decrease in the net worth of the Council as a result of incurring expenses and generating income. For 2024/25 this was an increase of **£2,261k**.

The line “Other Comprehensive Income and Expenditure” shows the increase or decrease in the net worth of the Council as a result of movements in the fair value of its assets, and also from movements on pension fund assets and liabilities. For 2024/25 this amount increased by **£7.4m**.

3.1.2 – Movement in Reserves Statement (MIRS)

The Movement in Reserves Statement summarises the change in the financial year across all reserves and balances held by the Council, both from incurring expenses and generating income through the Council’s services, as well as changes in the fair values of assets held by the Council, and changes in the pension fund liability.

The statement shows the movement in reserves in the year, categorised as Usable Reserves (i.e. those which can be applied to fund expenditure or reduce local taxation) and Unusable Reserves. The Surplus / (Deficit) on the Provision of Services shows the true economic cost of providing the Council’s services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund and the Housing Revenue Account for setting Council Tax and Housing Rents. The “Net Increase / (Decrease) before Transfers to / (from) Earmarked Reserves” line shows the statutory General Fund and Housing Revenue Account balances for the year before any discretionary transfers to or from earmarked reserves undertaken by the Council.

3.1.3 – Balance Sheet

The Balance Sheet summarises the Council’s overall financial position at the end of the financial year i.e. as at 31 March 2025. It shows the value of assets and liabilities recognised by the Council, which are presented in the top section. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council, which are reported in the bottom section. Reserves are reported in two categories, as follows:

- The first category of reserves is Usable Reserves, i.e. those reserves that the Council may use to fund the provision of services and meet future expenditure, both revenue and capital in nature. These are subject to the need to maintain a prudent level of reserves and any statutory limitation on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The total as at 31 March 2025 was **£31.9m**.
- The second category of reserves is Unusable Reserves. These are reserves that the Council is not able to use to provide services. This category 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 were sold, and reserves that hold timing differences shown in the Movement in Reserves Statement line “Adjustments between accounting basis and funding basis under regulations.” These represent the differences between the outcome of applying proper accounting practices, and the requirements of statutory arrangements for funding expenditure from Council Tax and Housing Rent receipts. The total as at 31 March 2025 was **£182m**.

3.1.4 – Cash Flow Statement

The Cash Flow Statement shows changes in cash and cash equivalents during the accounting period. The statement shows how the Council generates and uses cash and cash equivalents and classifies cash flows as operating, investing and financing activities. The net cash flow 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 for items such as borrowing and loan repayments.

Cash and Cash Equivalents are defined in accounting policy AP5, Cash and Cash Equivalents. The total movement in Cash and Cash Equivalents during 2024/25 was a decrease of **£1.3m**.

3.2 – Connections between the core financial statements

The relationship between the core financial statements can be described as follows:

<ul style="list-style-type: none"> • The Movement in Reserves Statement (MIRS) shows the changes in the Council's financial resources over the year;
<ul style="list-style-type: none"> • The Comprehensive Income and Expenditure Statement (CI&ES) shows the gains and losses that have contributed to the change in resources;
<ul style="list-style-type: none"> • The Balance Sheet shows how the resources available to the Council are held in the form of the Council's assets and liabilities; and
<ul style="list-style-type: none"> • The Cash Flow Statement shows how the movement in reserves has been reflected in cash flows.

The total movement in the year on the MIRS is equivalent to the Total Comprehensive Income and Expenditure on the CI&ES, and also equivalent to the change in both Net Assets and Total Reserves between the previous and current financial years on the Balance Sheet.

3.3 – Expenditure and Funding Analysis (EFA)

The Expenditure and Funding Analysis (EFA) shows how funding available to the Council has been used in providing services in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. The EFA also shows expenditure allocated between the Council's directorates. The EFA is included as Note 1 to the Core Financial Statements.

3.4 – Supplementary Financial Statements

There are three supplementary financial statements included in the Statement of Accounts, as follows:

3.4.1 – Housing Revenue Account (HRA) Income and Expenditure Statement

The Housing Revenue Account reflects a statutory obligation to maintain a separate revenue account for local authority housing provision in accordance with the Local Government and Housing Act 1989.

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. The Council charges rent to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the funding basis through which rents are raised, is shown in the Movement on the Housing Revenue Account (HRA) Statement.

The majority of amounts shown on this statement are also included within the whole Council Comprehensive Income and Expenditure Statement.

The total on the HRA Income and Expenditure Statement for 2024/25 was an increase of **£680k**.

3.4.2 – Movement on the Housing Revenue Account (HRA) Statement

This statement shows how the HRA Income and Expenditure Statement surplus or deficit for the year reconciles to the movement on the HRA reserve balance for the year.

The HRA balance at the end of 2024/25 was **£1.6m**.

3.4.3 – Collection Fund Income and Expenditure Account

The Collection Fund is an agent's statement that reflects the statutory obligation for the Council, as a billing authority, to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and Central Government of Council Tax and Non-Domestic Rates (NDR).

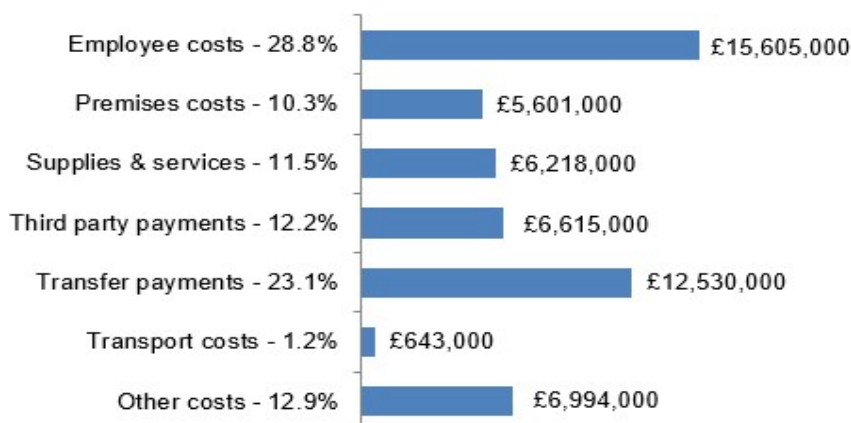
At the end of 2024/25 the Collection Fund reported a deficit on Council Tax of **£3k** and a surplus on NDR of **£2.2m**. These amounts will be shared in subsequent years between the Council, Central Government and the other major precepting authorities (Essex County Council, Essex Police, Fire and Crime Commissioner (PFCC) - Fire and Rescue Authority and Essex PFCC - Policing and Community Safety).

4 Summary of the Council's Spending and Income

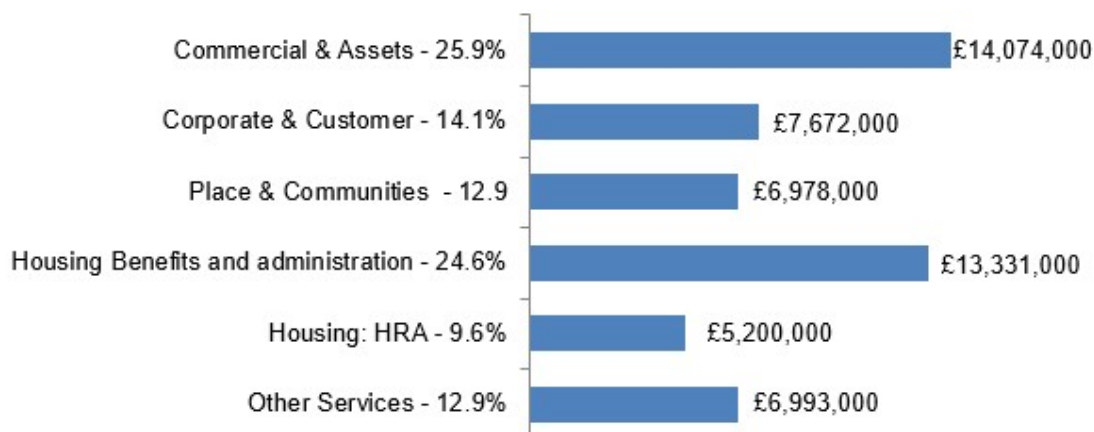
The following charts show in broad terms where the Council's money came from and what it was spent on during the year.

These figures represent a simplified version of the Council's revenue income and expenses, without the statutory adjustments such as capital charges that are required to be used in the amounts reported in the Statement of Accounts. They also exclude internal recharges between services and therefore figures shown are not directly comparable with those shown on the financial statements and supporting notes. The charts report combined figures for both the General Fund (GF) and Housing Revenue Account (HRA). All amounts are rounded to the nearest thousand pounds.

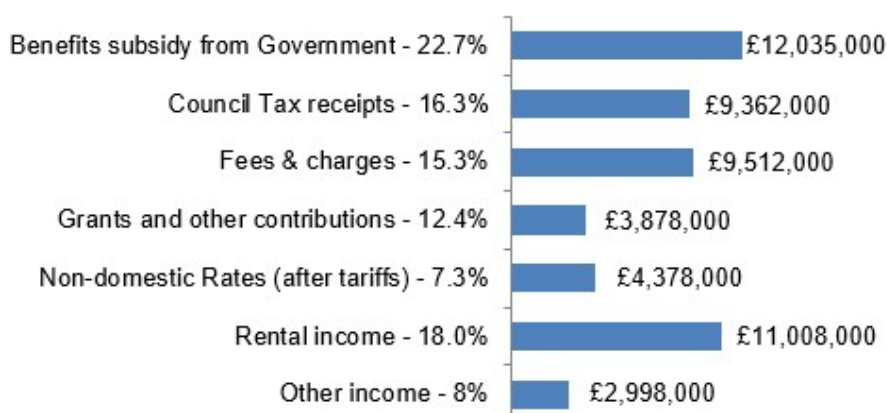
4.2 – Spending by the Council – by cost type (total spent £54.25m)



4.1 – Spending by the Council – by service area (total spent £54.25m)



4.3 – Income received by the Council (total received £53.17m)



4.4 - Council Service Definitions

The following paragraphs provide definitions of the Council services, as used in the preceding charts and elsewhere in the Statement of Accounts.

Commercial & Assets is the directorate which contains the Estates service which looks after the Council's buildings, the Recreation service which runs the Council's two leisure centres and community halls, the Waste & Recycling service and the Environment service which looks after the Council's parks and open spaces.

Corporate & Customer is the directorate which contains Finance & Procurement (including the Revenues and Benefits services), Legal and Democratic Services, People & Engagement and the Policy, Performance & Customer team. This also includes corporate activities and costs which are not allocated to any other specific service, including pension costs for past employees and properties not used as part of the Council's normal activities.

Place & Communities is the directorate that contains the Council's Climate & Growth team which includes economic development, along with the Development Services team which includes planning, the Housing (General Fund elements), Health & Partnerships team and the Environmental Health, Licensing & Community teams.

Housing Benefits and administration includes the cost of all Housing benefit payments made to claimants, and the cost of administering the Housing Benefit function.

Housing (Housing Revenue Account) includes the management and maintenance of the Council's own housing stock.

Place and Policy includes all planning services, such as building control, development control, planning policy, and economic development.

Other services consists of any expenditure which does not fall into the other categories. This includes payments of interest, the precept payment to Canvey Island Town Council, and contributions towards capital expenditure and capital funding. This relates to both the General Fund and Housing Revenue Account.

4.5 - Definition of types of cost and income

The following paragraphs provide definitions of the types of cost and income spent and received by the Council, as used in the preceding charts and elsewhere in the Statement of Accounts.

Employee costs primarily consists of the salaries of current employees. It also includes agency staff costs, National Insurance costs and pension scheme contributions as well as other miscellaneous staffing-related costs.

Premises costs consists of the operating costs of the Council's properties, including repair and maintenance costs and utility charges such as gas and electricity. It also includes costs in relation to Council owned land, such as grounds maintenance.

Supplies and services include costs of equipment, stationery, computer related costs, and various other miscellaneous expenditure items. Allowances paid to Councillors also fall within this category.

Third party payments consist of costs paid to external providers of services, for example the various other local authorities in Essex that the Council works in partnership with.

Transfer payments consists of costs paid by the Council for which no goods or services are received in return. This is primarily the payment of Housing Benefit to claimants.

Transport costs consists of the costs of operating the Council's vehicles, such as the refuse and recycling fleet. It also includes costs of using public transport and employee car allowances.

Other costs consist of any expenditure which does not fall into the other categories. This includes payments of interest, the precept payment to Canvey Island Town Council, and contributions towards capital expenditure and capital funding.

Benefits subsidy is the amount received from Central Government to reimburse the Council for payments it has made to claimants of Housing Benefits.

Council Tax receipts is the Council's share of the Council Tax it has collected from residents of the borough. The Council retains approximately 14 pence of every pound collected, with the remainder going to Essex County Council, Essex PFCC - Policing and Community Safety, Essex PFCC - Fire and Rescue Authority, and for Canvey Island residents only, Canvey Island Town Council.

Fees and charges consist of the income the Council has received from charging users of its services or facilities, for example community centres and leisure centres amongst others.

Grants and other contributions include grants and similar items received from Central Government and other bodies, including grants to fund specific expenditure, as well as general grants to fund overall Council services.

Non-Domestic Rates is the amount of business rates retained by the Council to fund Council services after the portions and tariffs paid to Central Government and major preceptors.



Rental income consists of income the Council has received from renting out its property to third parties. Rents from council house tenants are also included in this category.


Other income consists of various miscellaneous income amounts that do not fall within the other categories. An example would be the recycling credits received from Essex County Council.


Transfers to / from Reserves - when spending is greater than income received, the difference is taken from the Council's reserves. When spending is lower than income received, the difference is added to the Council's reserves.

5 Outturn for the Financial Year and Comparison to Budget

The following tables compare final outturn against budget for the financial year and include recharges between.

5.1 - The General Fund	Note	Actual (Income) & Expenditure £000s	Revised Net Budget £000s	Difference £000s	Budget Carried Forward £000s	Final Residual Difference £000s
Net Expenditure item						
Commercial & Assets		5,256	5,026	230	104	334
Corporate & Customer		5,909	5,221	688	27	715
Place & Communities		4,740	4,698	42	622	664
Net cost of services		15,905	14,945	960	753	1,713
Exceptional items		0	0	0	0	0
Other operating expenditure/(income)		354	532	(178)	0	(178)
Financing and investment income and expenditure		(1,375)	(2,340)	965	0	965
(Surplus) / deficit on continuing operations		14,884	13,137	1,747	753	2,500
Council Tax income from the Collection Fund		(9,189)	(9,141)	(48)	0	(48)
Council Tax surplus from the Collection Fund		(49)	0	(49)	0	(49)
General Government Grants		(4,120)	(3,559)	(561)	0	(561)
National Non-domestic Rates (Net of tariffs and levies and safety net)		(1,587)	(1,442)	(145)	0	(145)
Capital grants and contributions		(1,665)	(959)	(706)	0	(706)
Council tax, business rates and non specific grant income and expenditure	4	(16,610)	(15,101)	(1,509)	0	(1,509)
(Surplus) / deficit on the provision of services		(1,726)	(1,964) 	238	753	991
Adjustments between accounting basis and funding basis under regulations	1	3,688	4,901	(1,213)	0	(1,213)
Net transfer to / (from) Earmarked Reserves	2	(2,385)	(3,719)	1,334	(753)	581
Transfer (to) / from General Fund balance		(423)	(782) 	359	0	359

5.2 - The Housing Revenue Account	Note	Actual (Income) & Expenditure £000s	Revised Net Budget £000s	Difference £000s	Budget Carried Forward £000s	Final Residual Difference £000s
Income and expenditure						
Service Income		(9,794)	(9,519)	(275)	0	(275)
Service Expenditure		8,211	7,564	647	206	853
Net Expenditure / (Income) of HRA Services		(1,583)	(1,955)	372	206	578
HRA Share of other whole Council income and expenditure	3	1,047	617	430	0	430
(Surplus) / deficit on the provision of HRA services		(536)	(1,338)	802	206	1,008
Adjustments between accounting basis and funding basis under regulations	1	(350)	1,491	(1,841)	0	(1,841)
Net transfer to / (from) Earmarked Reserves	2	206	167	39	(206)	(167)
Transfer (to) / from HRA reserve		(680)	320 	(1,000)	0	(1,000)

5.3 - The Capital programme	Note	Actual Expenditure £000s	Revised Budget £000s	Difference £000s	Budget Carried Forward £000s	Final Residual Difference £000s
Capital Expenditure by service						
Corporate & Customer		307	200	107	545	652
Commercial & Assets		3,000	7,803	(4,803)	5,063	260
Place and Policy		2,115	2,364	(249)	219	(30)
Housing - Housing Revenue Account		4,212	4,140	72	147	219
Total Capital Expenditure		9,634	14,507 	(4,873)	5,974	1,101

5.4 - Notes on outturn and comparison to budget

The following notes provide further information on the more significant amounts and differences reported in the three previous tables. A positive amount in the difference column means there has been either an overspend on expenditure and/or a shortfall in expected income, whereas a negative amount, i.e. an amount in brackets, means there has been either an underspend on expenditure and / or a greater amount of income received than expected.

Note 1 – A full breakdown of the statutory amounts included in these lines can be found at Note 11 accompanying the Movement in Reserves Statement.

Note 2 – The Council maintains several earmarked reserves for specific purposes. The balance remaining at 31 March 2025 in each of these reserves will be carried forward into the new financial year. Details of the movements and balances in these reserves are set out in Note 12.1 to the Core Financial Statements.

Note 3 – The majority of difference on this line relates to statutory adjustments which are reversed through the “Adjustment between accounting basis and funding basis under regulations” line, and as such do not affect the Housing Revenue Account balance.

Note 4 – Non-Domestic Rating income is returning to pre-covid levels.

Statement of Responsibilities for the Statement of Accounts

Responsibilities of the Council

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 (known as the section 151 officer). For Castle Point Borough Council, that officer is the Assistant Director, Finance & Procurement, Lance Wosko ACMA CGMA;
- manage its affairs to secure the economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

Responsibilities of the Financial Services Manager

The section 151 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').

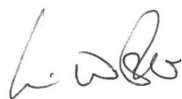
In preparing this Statement of Accounts, the section 151 officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the Local Authority Code.

The section 151 officer has also:

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

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Council as at 31 March 2025 and its income and expenditure for the year ended 31 March 2025.



Lance Wosko ACMA CGMA
Assistant Director, Finance & Procurement
(s151 officer)

I confirm that the Statement of Accounts was approved by the Audit and Governance Committee at the meeting held on xxxxxxxxx.

Signed on behalf of Castle Point Borough Council by the Chair of the meeting approving the Accounts.

Councillor Nick Harvey
Chair of Audit Committee

External Auditor's Report

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Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation and rents. The Council raises taxation and rents to cover expenditure in accordance with statutory requirements; this funding position is different from the accounting cost. The taxation position is shown in both the Movement in Reserves Statement and the Expenditure and Funding Analysis. This statement reports the consolidated position for both the General Fund and the Housing Revenue Account.

Gross Expend 2023/24 £000s	Gross Income 2023/24 £000s	Net Expend 2023/24 £000s		Notes	Gross Expend 2024/25 £000s	Gross Income 2024/25 £000s	Net Expend 2024/25 £000s
			Gross Expenditure, Gross Income and Net Expenditure of Continuing Operations				
15,239	(9,745)	5,495	Commercial & Assets		14,962	(10,692)	4,270
25,623	(18,101)	7,522	Corporate & Customer		20,815	(11,349)	9,466
6,408	(3,390)	3,017	Place & Communities		8,620	(5,430)	3,190
8,851	(8,867)	(17)	Housing: Housing Revenue Account (HRA)		7,191	(9,794)	(2,603)
56,121	(40,103)	16,017	Net Cost of Services - Continuing Operations		51,588	(37,265)	14,323
			Exceptional Items				
302	(187)	115	VAT claims		0	0	0
56,423	(40,290)	16,132	Net Cost of Services after Exceptional Items		51,588	(37,265)	14,323
			Other Operating Expenditure				
		679	(Gain) / loss on disposal / derecognition of non-current assets				422
		274	Payment of precept to Canvey Island Town Council				288
		70	Pensions - IAS19 administration expenses	18			67
			Financing and Investment Income and Expenditure				
		931	Interest payable on debts and finance leases, and similar charges	19			1,130
		(2,011)	Interest and investment income receivable, and similar income				(1,759)
		0	Expenses incurred on Investment Properties				0
		0	Rental income received from Investment Properties				(128)
		0	Changes in the fair value of Investment Properties				(7)
		0	(Gain) / loss on disposal / derecognition of Investment Properties				0
		(243)	Investment Properties - income, expenditure, changes in the fair value of assets, and (gains) / losses on disposal or derecognition	13			(135)
		(1,265)	Pensions - net interest on the net defined benefit liability	18			13
		14,567	(Surplus) / Deficit on Continuing Operations				14,349

Comprehensive Income and Expenditure Statement

2023/24	2023/24	2023/24	Notes	Gross Expend	Gross Income	Net Expend
£000s	£000s	£000s		2024/25	2024/25	2024/25
£000s	£000s	£000s		£000s	£000s	£000s
			Taxation and Non-Specific Grant Income and Expenditure			
		(9,082)	Council Tax income			(9,189)
		6	Council Tax surplus transferred from the Collection Fund			(49)
		(4,186)	Non-Domestic Rates (NDR) income			(4,552)
		(688)	Revenue Support Grant and General Government Grants	10		(1,156)
		(623)	Capital grants and contributions	10		(1,665)
		(14,573)	Total Taxation and Non-Specific Grant Income and Expenditure			(16,611)
		(6)	(Surplus) / Deficit on the Provision of Services			(2,262)
			Other Comprehensive Income and Expenditure			
			Items non-reclassifiable to (Surplus) / Deficit on Continuing Operations:			
		4,668	• (Surplus) / deficit on revaluation of non-current assets	12.6 & 13		(7,702)
		21,331	• Pensions - remeasurements of the net defined benefit (assets) / liabilities	12.5 & 18		277
		25,999	Total Other Comprehensive Income and Expenditure			(7,425)
		25,993	Total Comprehensive Income and Expenditure			(9,687)

Movement in Reserves Statement

This statement shows the movement from the start to the end of the financial year on the different reserves held by the Council, analysed into Usable Reserves (i.e. those which can be applied to fund expenditure or reduce local taxation) and other Unusable Reserves. The Movement in Reserves Statement shows how the movements in the year of the Council's reserves are broken down between gains and losses in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to Council Tax and housing rents for the year. The "Net increase / (decrease) during the year" shows the General Fund Balance and Housing Revenue Account Balance movements in the year after these adjustments and after discretionary transfers to or from earmarked reserves undertaken by the Council.

Notes		Usable Reserves:						Unusable Reserves:						Total Council Reserves
		General Fund (GF) Balance	Housing Revenue Account	GF & HRA Earmarked Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Pensions Reserve	Revaluation Reserve	Capital Adjustment Account	Other Adjustment Accounts	Total Unusable Reserves	
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	
Balance as at 1 April 2023		6,086	1,173	20,323	4,034	2,985	81	34,682	18,430	84,945	91,055	1,509	195,939	230,621
Movement in reserves during the year														
Total Comprehensive Income and Expenditure		1,678	(1,672)	0	0	0	1	7	(21,331)	(4,668)	0	0	(25,999)	(25,992)
Adjustments between accounting basis and funding basis under regulations	11 & 12	(655)	2,375	0	(1,036)	(984)	(0)	(300)	1,599	(1,409)	274	(164)	300	0
Increase / (decrease) in the year before transfers to and from Earmarked Reserves		1,023	704	0	(1,037)	(984)	1	(293)	(19,732)	(6,077)	274	(164)	(25,699)	(25,992)
Transfers to and (from) Earmarked Reserves	12.1	(1,248)	(1,000)	2,248	0	0	0	0	0	0	0	0	0	0
Net increase / (decrease) during the year		(225)	(296)	2,248	(1,037)	(984)	1	(293)	(19,732)	(6,077)	274	(164)	(25,699)	(25,992)
Balance as at 1 April 2024		5,861	877	22,571	2,997	2,001	82	34,389	(1,302)	78,868	91,329	1,345	170,240	204,629
Balance as at 1 April 2024		5,861	877	22,571	2,997	2,001	82	34,389	(1,302)	78,868	91,329	1,345	170,240	204,629
Surplus / (Deficit) on Provision of Services (accounting basis)		1,725	536	0	0	0	0	2,261	0	0	0	0	0	2,261
Other Comprehensive Income and Expenditure	12.5 & 12.6	0	0	0	0	0	0	0	(277)	7,702	0	0	7,425	7,425
• Actuarial gains / (losses) on pension fund assets and liabilities	12.5	0	0	0	0	0	0	0	0	0	0	0	0	0
Movement in reserves during the year														
Total Comprehensive Income and Expenditure		1,725	536	0	0	0	0	2,261	(277)	7,702	0	0	7,425	9,686
Adjustments between accounting basis and funding basis under regulations	11 & 12	(3,687)	350	0	(631)	(777)	0	(4,745)	454	(1,268)	5,580	(21)	4,745	0
Increase / (decrease) in the year before transfers to and from Earmarked Reserves		(1,962)	886	0	(631)	(777)	0	(2,484)	177	6,434	5,580	(21)	12,170	9,686
Transfers to and (from) Earmarked Reserves	12.1	2,385	(206)	(2,179)	0	0	0	0	0	0	0	0	0	0
Net increase / (decrease) during the year		423	680	(2,179)	(631)	(777)	0	(2,484)	177	6,434	5,580	(21)	12,170	9,686
Balance as at 31 March 2025		6,284	1,557	20,392	2,366	1,224	82	31,905	(1,125)	85,302	96,909	1,324	182,410	214,315

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 limitation 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 Unusable Reserves, those that the Council is not able to use to provide services. This category 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 were sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations".

31 March 2024		Notes	31 March 2025	
£000s			£000s	£000s
	Non-Current (Long Term) Assets			
209,589	Property, plant and equipment	13	223,095	
562	Heritage assets	13	558	
2,276	Investment properties	13	1,207	
0	Right of Use Assets	13	2,656	
53	Intangible assets	13	161	
178	Long term debtors	14 & 19	186	
212,658	Total Non-Current (Long Term) Assets			227,863
	Current Assets			
32,879	Short term Investments	19	27,506	
86	Inventories		114	
7,611	Short term debtors	14 & 19	7,832	
0	Cash and cash equivalents	15	627	
40,576	Total Current Assets			36,079
	Current Liabilities			
(7,209)	Short term borrowing	19	(5,659)	
0	Short term Finance leases liability		(851)	
(7,209)	Short term borrowing and finance lease liabilities	19	(6,510)	
(4,578)	Revenue and capital grants receipts in advance		(3,471)	
(8,847)	Short term creditors	17	(11,286)	
(268)	Provisions	22	(322)	
(722)	Cash and cash equivalents (net overdrawn total)	15	0	
(21,624)	Total Current Liabilities			(21,589)

31 March 2024 £000s		Notes	31 March 2025 £000s £000s	
	Non-Current (Long Term) Liabilities			
(25,500)	Long term borrowing and finance lease liabilities	19	(26,471)	
(180)	Long term creditors	17	(441)	
(1,302)	Liability related to defined benefit pension scheme	18	(1,125)	
(26,982)	Total Non-Current (Long Term) Liabilities			(28,037)
204,628	Net Assets			214,316
	Usable Reserves			
5,859	General Fund		6,283	
877	Housing Revenue Account		1,557	
22,572	Earmarked Reserves	12.1	20,393	
2,001	Major Repairs Reserve	12	1,224	
2,998	Capital Receipts Reserve	12	2,367	
80	Capital Grants Unapplied Account	12	81	
34,387	Total Usable Reserves			31,905
	Unusable Reserves			
(1,302)	Pensions Reserve	12.5 & 18	(1,125)	
78,868	Revaluation Reserve	13	85,302	
91,329	Capital Adjustment Account	13	96,909	
	Other Statutory Adjustment Accounts:			
837	• Collection Fund Adjustment Account	13	886	
(135)	• Accumulated Absences Account	13	(130)	
644	• Financial Instruments Adjustment Account	13	569	
170,241	Total Unusable Reserves			182,411
204,628	Total Reserves			214,316

I certify that the accounts present to the best of my knowledge a true and fair view of the financial position of the Authority as at 31 March 2025 and the income and expenditure for the year then ended.



Lance Wosko
Assistant Director, Finance & Procurement (s151 officer)
30 June 2025

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. It 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 (i.e. borrowing) to the Council.

2023/24		Notes	2024/25	
£000s			£000s	£000s
	Operating Activities			
	Cash Outflows on Operating Activities			
11,052	Cash paid to and on behalf of employees		12,178	
274	Precept paid to Canvey Island Town Council		288	
7,790	Housing Benefit paid		6,628	
4,554	Non-domestic Rates - net total of tariff, levy and safety net amounts to/from Central Government		(172)	
931	Interest paid, including interest on finance lease liabilities		1,180	
30,452	Cash paid to suppliers of goods and services, and other payments for Operating Activities		23,522	
55,053	Total Cash Outflows on Operating Activities			43,624
	Cash Inflows on Operating Activities			
(3,309)	Rents (after rebates)		(3,956)	
(9,194)	Council Tax received		(9,417)	
(8,649)	Non-domestic Rates received		(4,424)	
1,122	Revenue Support Grant and General Government Grants		(4,437)	
(12,663)	Housing Benefit Subsidy		(11,887)	
(8,430)	Cash received from the sale of goods and the rendering of services		(9,350)	
(1,644)	Interest received		(1,961)	
(12,359)	Other cash receipts from Operating Activities		(2,987)	
(55,126)	Total Cash Inflows on Operating Activities			(48,419)
(73)	Net Cash (Inflow)/Outflow from Operating Activities			(4,795)

2023/24		Notes	2024/25	
£000s			£000s	£000s
	Investing Activities			
5,694	Purchase and enhancement of non-current (long term) assets		7,616	
(397)	Proceeds from the sale of non-current (long term) assets		(444)	
70	Expenses incurred on Investment Properties		0	
(226)	Rental income received from Investment Properties		(128)	
(160)	Government capital grants received		(1,665)	
(471)	Other capital grants and capital cash receipts		0	
236,790	Purchase of short term and long term investments		166,258	
(241,910)	Proceeds from redemption of short term and long term investments		(171,421)	
(610)	Net Cash (Inflow)/Outflow from Investing Activities			216
	Financing Activities	16		
900	Repayments of short term and long term borrowing		6,900	
0	Cash receipts from short term and long term borrowing		(4,500)	
0	Cash payments for the reduction of the outstanding liability relating to finance leases		887	
	Collection Fund - Agency Adjustments:			
572	• Council Tax relating to major preceptors		390	
452	• Non-Domestic Rates relating to Central Government and major preceptors		(447)	
1,924	Net Cash (Inflow)/Outflow from Financing Activities			3,230
1,241	Net (Increase)/Decrease in Cash and Cash Equivalents			(1,349)
(519)	Cash and Cash Equivalents as at 1 April			722
722	Cash and Cash Equivalents as at 31 March	15		(627)

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AP1 - Accounting Policies – Introduction and General Principles

The Statement of Accounts summarises the Council's transactions for the 2024/25 financial year, 1 April 2024 to 31 March 2025, and its position at the year end date, 31 March 2025. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, and it has been prepared in accordance with proper accounting practices. These practices primarily comprise The Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, based on International Financial Reporting Standards (IFRS) ("the Code"), and the associated Guidance Notes for Practitioners, both as published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The accounting convention that has been adopted in the financial statements is primarily that of historical cost, modified using Fair Value for certain categories of assets and liabilities. Where relevant, materiality levels are stated under applicable accounting policies. These set tolerance limits, below which omissions or misstatements would not prevent the financial statements being fairly stated, nor affect the decisions or assessments made by users of the financial statements.

The following abbreviations are used throughout these policies:

- Comprehensive Income and Expenditure Statement – abbreviated to CI&ES.
- Movement in Reserves Statement - abbreviated to MIRS.
- Capital Adjustment Account – abbreviated to CAA.

Basis of preparation of the accounts

These accounts have been prepared on a going concern basis.

The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the 2024/25 Code of Practice on Local Authority Accounting in the UK ('the Code') in respect of going concern reporting requirements, reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

Local authorities carry out functions essential to the local community and are revenue-raising bodies with limits on their revenue-raising powers set at the discretion of central government. If an authority were in financial difficulty and unable to provide its essential functions, possible options of last resort are that alternative arrangements might be made by central government for the continuation of the services it provides, or for additional financial assistance / flexibilities to be offered to enable the local authority to continue to operate e.g. to allow recovery of any deficit over more than one financial year.

The Council's investments and cash balances totalled **£28.1m** at 31 March 2025, which was held in either short term investments (maturing in 2024/25) or cash balances. These accessible balances are forecast to remain above **£10m** for the 2026/27

The Council's General Reserves remain relatively healthy and exceed the minimum level of **£2.5m** recommended by the Council's s151 Officer.

In addition to General Reserves (**£6.2m** at 31 March 2025) the Council holds Earmarked Reserves to the value of **£19.2m** at 31 March 2025. These reserves are either supported by detailed spending plans which span several financial years, earmarked for transformation and spend to save initiatives or are held in respect of grants given to the Council for specific purposes (e.g. ringfenced grants). Earmarked Reserves are forecast to reduce to **£11.6m** by 31 March 2027. This forecast will change before the budget for 2026/27 is set in February 2026 as other items occur and timings of spend are confirmed.

Going forward there remains uncertainty around local government funding as well as the impact of inflation on the cost of living, particularly on pay and energy costs. The Council's financial plans are designed as far as possible to smooth any detrimental impact which may arise, at least in the short term.

The assumption in the MTFS is for government income to continue at the 25/26 level but there is significant uncertainty and therefore risk regarding this and the Government's consultations on funding reform.

AP2 - Accounting Policy Changes

The Council only changes accounting policies where the change is required by the Code, or where the change results in the financial statements providing reliable or more relevant information on the Council's financial position, financial performance or cash flows. When an accounting policy is changed, the Council is required to apply the change retrospectively, and present comparative transactions and opening balances as if that new policy or changed policy had always been in place. In certain circumstances the Code will provide transitional provisions to be followed, which may mitigate or negate the impact of such a change.

The Council is also required to disclose information on the impact of a change in accounting policy that will be required by an accounting standard that has been issued but not yet adopted. This applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (i.e. 1 January 2024 for the 2024/25 financial year). This disclosure is reported in Note 22 to the Core Financial Statements.

AP3 - Accruals of Income And Expenditure

The financial statements are prepared under the accruals basis of accounting. This means that transactions are accounted for in the financial year that the relevant activity took place, rather than when cash payments were 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.
- Revenue from Council Tax and Non-Domestic Rates is measured at the full amount receivable, net of any impairment losses, as these are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.
- Supplies are recorded as expenditure when they are used. Supplies received and not yet used at the Balance Sheet date are held as inventories on the Balance Sheet.
- Expenditure incurred by the Council is recorded as such when the associated services are received, as opposed to when payment is made.
- Interest receivable and payable to and from the Council are accounted for as income and expenditure based on the effective interest rate for the associated financial instruments rather than by the actual cash flows received and made.
- 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 the CI&ES for the income that might not be collected.

Low value items below **£200**, which have no material impact, may not always be accrued for and will remain in the financial year in which they were received or paid. Other immaterial items may also not be accrued where a full year's amount is already accounted for. Cash flow information, primarily the Cash Flow Statement, is prepared on a cash basis rather than an accruals basis.

AP4 - Administrative Overheads and Support Services Costs

Administrative overheads and other support service costs are apportioned across the service segments that benefit from the associated supply of service in accordance with the Council's arrangements for accountability and financial performance. This is done using a suitable basis of measurement or estimation, such as percentages or time recording. These recharges are not permitted under the Code to be included in the CI&ES but are included in all service lines reported in the Expenditure and Funding Analysis note in the column "Net Expenditure chargeable to the General Fund & HRA balances", and in the adjustments reconciling that note to the CI&ES.

AP5 - Cash and Cash Equivalents

Cash and cash equivalents are those sums held for the purposes of meeting short term cash commitments, as opposed to those sums held for investment and other purposes. Cash equivalents are generally short term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of any change in value. Cash and cash equivalents primarily consist of the Council's net balance or overdraft on its current and call accounts with Lloyds Bank and any amounts held in petty cash floats.

The Council on occasion holds other investments which are repayable on demand, principally funds invested in Sterling Money Market Funds. Although they meet the above cash equivalent definition, they are used for investment purposes and to ensure security of funds rather than day to day cash management. Therefore, they are not included in cash and cash equivalents and are instead reported under Short Term Investments on the Balance Sheet. Should any amounts be held in other bank call accounts repayable on demand, although these would also primarily be held for investment purposes, they would be required to be recorded as part of cash and cash equivalents as they meet the statutory definition of cash.

AP6 - Collection Fund – Agency Arrangements

The financial statements reflect that the Council is acting as an agent on behalf of the major preceptors (Essex County Council, Essex PFCC - Fire and Rescue Authority and Essex PFCC - Policing and Community Safety) for the collection and distribution of Council Tax income, and on behalf of Central Government, Essex County Council and Essex PFCC - Fire and Rescue Authority for the collection and distribution of Non-Domestic Rates (NDR). As a result, the Council Tax and NDR income included in the CI&ES is the accrued income for the year relating to Castle Point Borough Council and Canvey Island Town Council (for Council Tax only). The difference between the income included in the CI&ES and the amount required by regulation to be credited to the General Fund for the Council is taken to the Collection Fund Adjustment Account in the Balance Sheet. This adjustment is reported through the MIRS.

The shares of debtors, creditors, the appeals provision and impairment allowances balances on Council Tax and NDR payers which are attributable to Central Government and the precepting authorities are derecognised to reflect the agency arrangement. This is done by netting off these amounts against those bodies' share of the collection fund balance. The resulting net balances are split between current and non-current (long-term) creditors on the Balance Sheet.

The Cash Flow Statement includes within Operating Activities only those cash flows relating to the Council's own share of the Council Tax and NDR net cash collected. The amounts included in precepts paid exclude amounts relating to major preceptors and Central Government and only show the precept paid to Canvey Island Town Council, which as a parish council is not classified as a major preceptor. The difference between the Central Government and major preceptors' shares of the net cash collected, the net cash paid to them and the settlement of previous years surplus or deficit on the Collection Fund is included in Financing Activities as a net inflow or outflow in the two Collection Fund Adjustment lines.

Allowances are made for non-payment of debt by Council Taxpayers and Non-Domestic Rate payers, in accordance with policy note AP20.

AP7 - Employee Benefits – Benefits Payable During Employment

Benefits payable during employment are primarily those benefits paid to current employees that fall wholly due within 12 months of the year end. These include wages and salaries, compensated absences (see below), bonuses, and other non-monetary benefits such as leased cars (if applicable). Short term employee benefits are recognised on an accruals basis in the relevant lines under (Surplus) / Deficit on the Provision of Services on the CI&ES. Where they occur, non-monetary benefits (i.e. benefits in kind) are recognised at the cost to the Council of providing the benefit. Compensated absences are those periods during which an employee does not provide services to the Council, but benefits continue to be paid, including sick pay, annual leave and flexi leave. Entitlements to annual leave and flexi leave which have not been used by the end of the financial period are treated as accumulating compensated absences, which means they can be carried forward to the following financial period. The Council is required to accrue for the estimated cost, including employer's National Insurance and pension contributions, of any outstanding accumulating compensated absences at the end of the financial period. The estimates are charged to the relevant lines under Net Cost of Services on the CI&ES, however to avoid any impact on Council Tax and Housing Rents, the amounts are reversed through the MIRS to an Unusable Reserve on the Balance Sheet: Accumulated Absences Account.

AP8 - Employee Benefits – Post-Employment Benefits

Employees of the Council are entitled to membership of the Local Government Pension Scheme (LGPS) which is accounted for as a defined benefits scheme. Further information on the scheme can be found in note 18 to the Core Financial Statements. Liabilities of the pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e. an estimate of the pensions that will be payable in future years based on assumptions about mortality rates, salary levels, etc. The liabilities are discounted to their current value, using a discount rate derived using the Single Equivalent Discount Rate methodology and the annualised Merrill Lynch AA rated corporate bond yield. The assets of the pension fund attributable to the Council are included in the Balance Sheet at their fair value (principally market value and bid value for investments).

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

- Current Service Cost – the increase in liabilities as a result of years of service earned during the current year, allocated across all relevant services on the CI&ES;
- Past Service Cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to service earned in earlier years, charged to the Central and Corporate Services line on the CI&ES;
- Administrative expenses – charged to Other Operating Expenditure on the CI&ES;
- Net Interest on the Net Defined Benefit Liability – the net interest expense for the Council, charged to Financing and Investment Income and Expenditure on the CI&ES. This is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability;
- Remeasurements – the return on plan assets (excluding amounts in Net Interest on the Net Defined Benefit Liability), and actuarial gains and losses arising from events not coinciding with assumptions made at the previous valuation, or changes to those assumptions. These are charged to Other Comprehensive Income and Expenditure on the CI&ES; and
- Employer contributions paid to the Pension Fund – not accounted for as an expense.

Statutory provisions require the General Fund and Housing Revenue Account balances to be charged with the amount payable by the Council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the MIRS there are appropriations to and from the Pensions Reserve to remove the amounts included in the CI&ES and replace them with amounts equivalent to the cost payable during the year. The negative balance on the Pensions Reserve, as reported on the Balance Sheet, measures the beneficial impact on the General Fund and Housing Revenue Account of being required to account for post-employment benefits on the basis of cash flows rather than as benefits are earned by employees.

AP9 - Employee Benefits – Termination Benefits

Termination benefits become payable as a result of either the Council terminating an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for these benefits. They are usually lump sum payments and include enhanced retirement benefits and/or salary to the end of a specified notice period if the employee provides no more service during that period. The benefits are recognised on an accruals basis as part of (Surplus) / Deficit on the Provision of Services on the CI&ES, at the earlier of when the Council can no longer withdraw the offer or when the Council recognises restructuring costs that involves paying termination benefits.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund or Housing Revenue Account to be charged with the amount payable by the Council in the year, not the amount calculated according to the relevant accounting standards. Adjustments are made to or from the Pension Reserve through the MIRS to remove the notional amounts for pension enhancement termination benefits and replace them with the amounts paid or payable for the year.

AP10 - Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur after the end of the accounting period, and before the date when the financial statements are authorised for issue. There are two types of events:

- **Adjusting events** - events that provide additional evidence regarding conditions which existed at the end of the accounting period. For these the Council is required to disclose the event and update any relevant amounts included in the financial statements; and
- **Non-Adjusting events** - events that provide evidence regarding conditions that arose after the end of the accounting period, prior to the date of approval. Where the event is material the Council is required to disclose the nature of the event, and an estimate of the financial effect of the event. Where estimation is not possible the Council is required to state that it is not possible.

Details of any events are reported in note 20 to the Core Financial Statements.

AP11 - Fair Value Measurement

In accordance with IFRS 13 the Council is required to measure some of its non-financial assets, in particular Investment Properties, at Fair Value, and also report the Fair Value of some of its financial instruments. Fair Value is the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the date of measurement. This assumes that the transaction takes place in the principal market for the asset or liability, or in the most advantageous market if there is no principal market.

The Council measures the Fair Value of an asset or liability using the assumptions that market participants would use when pricing it, assuming they were acting in their economic best interest and taking into account their ability to generate economic benefits by using the asset in its highest and best use or selling it on that basis. Appropriate valuation techniques are used for which sufficient data is available, where possible using observable rather than unobservable inputs:

- Observable inputs: developed using market data such as publicly available information about actual transactions;
- Unobservable inputs: for which data is not available and are developed using the best information available about assumptions that market participants would make.

Inputs to valuation techniques are categorised into the following hierarchy:

- Level 1: Quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices, that are either directly or indirectly observable;
- Level 3: Unobservable inputs.

AP12 - Financial Assets and Financial Liabilities

Financial assets and liabilities are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument. They are initially measured at Fair Value and then subsequently carried at amortised cost. Interest is charged or credited to the Financing and Investment Income and Expenditure line in the CI&ES. These amounts are based on the principal outstanding multiplied by the interest rate for the instruments. The amounts for borrowing and investments shown on the Balance Sheet are the carrying amount, which is outstanding principal and accrued interest. No premiums nor discounts were charged or credited during the year.

As stated above, financial assets are classified and measured at amortised cost, none are measured at Fair Value through Profit and Loss. This is because no gains or losses are expected on investments. The Council's business model is to hold investments to collect contractual cash flows and so all are treated as solely payment of principal and interest.

The Council has not made nor received any soft loans at less than market rates, nor entered into any financial guarantees that are required to be accounted for as financial instruments.

Impairment losses reflect the expectation that the future cash flows might not take place because the debtor could default on their obligations. They are calculated using the simplified method on a collective basis, based on age of the debt and recovery stage, and by making a judgement on individual larger or overdue accounts, based on individual debtors' circumstances.

AP13 - Grants and Contributions (Government and Non-Government)

Revenue and Capital grants and contributions are accounted for on an accruals basis, and recognised immediately in the CI&ES, unless the grant has an outstanding condition that the Council has yet to satisfy, whereby the grant would have to be returned to the grant provider if not used as set out in the terms of the grant.

Grants with outstanding conditions which have not yet been met are held as Current Liabilities on the Balance Sheet, in either the Revenue Grants or Capital Grants Receipts in Advance Accounts. If any conditions are not satisfied, grants are repaid direct to the grant provider from these accounts. If there is insufficient balance or no balance for any grant remaining in the relevant account then the excess repayable is charged as an expense to the CI&ES. A grant or contribution may be received subject to a condition that it be returned to the grantor if a specified future event does or does not occur (for example, a grant may need to be returned if the Council ceases to use the asset purchased with that grant for a purpose specified by the grant provider). In these cases, an obligation to return does not arise until such time as it is expected that the condition will be breached and a liability is not recognised until that time. Such conditions do not prevent the grant or contribution being recognised as income in the CI&ES.

Grants are reported in Note 10 to the Core Financial Statements. The treatment of different types of grants and contributions with no outstanding conditions are as follows:

- **Capital grants and contributions** - the grant is recognised under Taxation and Non-Specific Grant Income on the CI&ES, and then transferred through the MIRS, to an appropriate capital reserve on the Balance Sheet, as follows:
 - If capital expenditure has been incurred the grant is credited to the CAA, to reflect the application of capital resources to fund capital expenditure.
 - If capital expenditure has not yet been incurred the grant is credited to the Capital Grants Unapplied Account. When capital expenditure subsequently occurs, the grant is then transferred from the Capital Grants Unapplied Account to the CAA.

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- **Revenue grants and contributions** - general revenue government grants, which are not ring-fenced and not provided for a specific purpose, are recognised under Taxation and Non-Specific Grant Income and Expenditure on the CI&ES. Other grants which are for specific purposes are recognised as income for the relevant service line under Net Cost of Services. If a grant has been recognised but expenditure has not occurred then the Council may hold the balance of the grant in an earmarked reserve until such time as expenditure takes place. The analysis of the amounts recognised in the relevant service lines shown in Note 10.1 to the Core Financial Statements generally excludes immaterial grants below **£1,000**.
- **Capital grants and contributions funding Revenue Expenditure Funded from Capital under Statute (REFCUS)** - grants to fund REFCUS are deemed to be revenue grants, as these amounts are only capital for statutory capital control purposes. These grants are therefore treated in accordance with the above revenue grant principles. However, an additional adjustment is required through the MIRS to transfer the grant to the CAA if expenditure has occurred, or the Capital Grants Unapplied Account, if expenditure has not occurred. Where a capital grant is held and expenditure has not yet been incurred, and the decision has yet to be taken whether the grant will fund capital expenditure or REFCUS expenditure, the unused grant is deemed to be a capital grant and is held under either the Capital Grants Receipts in Advance account or the Capital Grants Unapplied Account, depending on whether the grant has outstanding conditions or not. Please also refer to policy note AP23 on REFCUS for further information.

AP14 - Leasing Arrangements

Leases are classified as either finance leases or operating leases. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Any lease which does not meet these criteria is classified as an operating lease. Where a lease covers both land and buildings, they are required to be split between the land and building elements for the purposes of classifying the lease as finance or operating lease. The accounting adjustments required for leases are as follows:

- **Finance leases - Council is lessee** - the Council has adopted IFRS 16 (Leases) for leased in assets and Right of Use Assets with effect from 1 April 2024. The main impact of the requirements of IFRS 16 is that, for arrangements that were previously accounted for as payments to suppliers (i.e. without recognising leased vehicles, plant, equipment and property or their corresponding future rents as a liability), a right of use asset is now included on the balance sheet from 1 April 2024. The Council has elected to apply recognition exemptions to low value assets (below £10,000 when new) and to short term leases with less than 12 months to run. A contract is, or contains a lease, if the contract conveys the right to control the assets. The council is required to recognise the lease as an asset and corresponding liability on the Balance Sheet, at an amount equal to the Fair Value of the asset; or the present value of the minimum lease payments, if that is lower. Minimum lease payments are apportioned between the finance charge, which is the interest element of the lease and is recognised under Financing and Investment Income and Expenditure on the CI&ES, and the reduction in the outstanding liability on the Balance Sheet. The asset is subsequently depreciated over the term of the lease, or, if longer, over the useful life of the asset when it is certain that the Council will purchase the asset at the end of the lease term. Depreciation is applied in accordance with policy note AP16.9. Where applicable, assets held by the Council under finance leases are re-valued in accordance with policy note AP16.3. See also policy note AP15 regarding the Minimum Revenue Provision for finance leases.
- **Finance leases - Council is lessor** - the Council is required to derecognise the asset leased out and recognise a debtor for the net investment in the lease. The lease repayments made to the Council are apportioned between repayment of the outstanding liability on the Balance Sheet and a receipt of interest from the finance charge. The finance charge is recognised as income under Financing and Investment Income and Expenditure on the CI&ES. The Council has set a de minimis level of **£2.5k**, whereby any lease with annual rental income below that amount that would otherwise be classified as a finance lease, will be treated as an operating lease, on grounds of materiality.

- **Operating leases – Council is lessee** - lease payments under operating leases are recognised as an expense on a straight-line basis over the term of the lease. Operating lease payments are charged to the relevant lines under Net Cost of Services on the CI&ES.
- **Operating leases – Council is lessor** - Assets which the Council leases out under operating lease arrangements remain on the Council's Balance Sheet under Property, Plant and Equipment or Investment Properties and are accounted for in accordance with policy notes AP16 and AP17. Operating lease receipts relating to Investment Properties are recognised under Financing and Investment Income and Expenditure on the CI&ES. Other operating lease receipts are credited to the relevant lines reported under Net Cost of Services on the CI&ES.

AP15 - Minimum Revenue Provision (MRP)

Regulations require the Council to approve an Annual Statement of Minimum Revenue Provision (MRP). MRP is an amount which is set aside from revenue annually for the repayment of debt principal relating to the General Fund. It must be an amount which the Council considers to be prudent and is recognised in the MIRS, with a corresponding credit to the CAA in the same statement. The Council calculates MRP using the Asset Life Method for new borrowing under the Prudential system for which no Government support is being given. This option makes provision over the estimated life of the asset for which the borrowing is undertaken. On occasion the Council may take a more prudent approach of applying MRP charges over a shorter term than the estimated life of the associated asset. A further MRP charge is also required for finance leases where the Council is lessee. This is applied using the Annuity Method, whereby the annual MRP charge is equivalent to the reduction in the outstanding liability on the lease reported on the Balance Sheet, over the term of the lease.

AP16 - Non-Current (Long Term) Assets – Property, Plant and Equipment (PPE)

AP16.1 – Recognition

These are assets with a physical substance, that have a cost that can be reliably measured, have a life of more than one year, and it must be probable that some future economic benefit or service potential associated with the asset will flow to the Council. All expenditure on the acquisition, creation or enhancement of property, plant and equipment (PPE) assets is capitalised on an accruals basis. The Council operates a de minimis limit of **£10,000** below which items will be charged to revenue rather than to capital.

AP16.2 – Initial measurement

PPE assets are initially measured at cost and capitalised on an accruals basis. The measurement of cost primarily comprises the purchase costs and all expenditure that is directly attributable to bringing the asset to the location and condition necessary for its intended use.

AP16.3 – Subsequent measurement after initial recognition

Assets are valued on the basis recommended by CIPFA in the Code, and in accordance with the Statement of Asset Valuation Principles and Guidance Notes, issued by the Royal Institution of Chartered Surveyors (RICS). Infrastructure assets are generally measured at historical cost, adjusted where applicable for subsequent depreciation and impairment. Community assets can be measured at either depreciated historical cost, or at valuation, and the Council has opted to measure at the former. All other classes of asset are measured at their current value, using the following valuation methods:

- Current value determined using the basis of existing use value for social housing (EUV-SH). As part of this valuation method, a vacant possession factor is applied to the valuation of the Council dwellings to represent their continued use as residential accommodation.
- Current value, determined as the amount that would be paid for the asset in its existing use (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.

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- Vehicles, plant and equipment assets which are either of a low value or have a short life are included at depreciated historical cost, which is deemed to be a materially sufficient proxy for depreciated replacement cost.

The valuation methods for PPE assets are summarised as follows:

Type of Asset	Valuation Method
Council dwellings	Existing use value and existing use value – social housing
Other land and buildings	Existing use value and depreciated replacement cost
Infrastructure assets	Depreciated historical cost
Community assets	Depreciated historical cost
Vehicles, plant and equipment	Depreciated historical cost

Council dwellings and other land and buildings, require the use of two valuation methods, depending on the nature and usage of the individual asset.

AP16.4 – Revaluations

Classes of assets held at current value are carried at re-valued amounts. The revalued amount is the asset's current value at its most recent date of valuation, less any subsequent accumulated depreciation and accumulated impairment. When assets are re-valued the accumulated depreciation and impairment at the date of valuation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the new re-valued amount of the asset.

Revaluations of assets are carried out by a qualified valuer as follows:

- Council dwellings and garages are re-valued annually on a beacon basis; and
- All other classes of assets required to be re-valued are re-valued as part of a rolling five-year programme. Therefore around 20% of the total assets, by number, are re-valued each year. Several the Council's highest value assets are however revalued on a more frequent basis, usually annually, where appropriate taking consideration of material or significant changes that might indicate the need for a valuation.

Council houses are re-valued using the Guidance on Stock Valuation for Resource Accounting issued by the Ministry of Housing, Communities and Local Government (MHCLG), updated in 2016. The guidance allows qualified valuers the ability to vary the rate at which the discount for vacant possession adjustment is made. The valuer has adopted the discount rate applying to the South East region as it was deemed that the property market in Castle Point corresponded and conformed with the property market in Kent and the South East region rather than the more rural aspect of the Eastern region.

As stated above, the approach to Council dwelling and garages works on a beacon basis. Under this methodology the dwellings are placed into groups by property type, and also separately between Canvey Island and the mainland, so for example mainland one bed flats, Canvey three bed houses, and so on. A sample property, the "beacon", is selected which is deemed to be representative of all properties in each group. The valuation of this beacon property is used as the base valuation from which the valuations of the other dwellings in each group are derived.

Material changes to asset valuations are adjusted in the accounts in the year that they occur. Revaluation gains, which are increases in value, are generally credited to the Revaluation Reserve. This is an unusable reserve used to record unrealised gains from changes in value of assets. Revaluation losses, which are decreases in value, are also generally charged to the Revaluation Reserve, provided previous valuation gains are available for the relevant assets. The Revaluation Reserve only contains gains recognised since 1 April 2007, the date that this reserve was formally implemented. Gains arising before that date were consolidated into the CAA. Under certain circumstances gains and losses can also be credited or charged to the relevant service line on the CI&ES.

AP16.5 – Impairments

Impairment arises when the carrying amount of an asset exceeds its recoverable amount:

- The carrying amount is the amount at which the asset is recognised in the Council's accounts, i.e. its historical or re-valued amount, less any accumulated depreciation and accumulated impairment loss.
- The recoverable amount of an asset is the higher of its net selling price (Fair Value less costs to sell) and its value in use (the present value of the asset's remaining service potential).

Examples of impairment include a significant decline in an asset's carrying amount, more than would be expected as a result of the passage of time or normal usage, or obsolescence or physical damage to an asset. Assets are reviewed annually at the end of the financial year by the Council's qualified valuers, to assess if there is any need for an impairment adjustment, or any reversal of a previous impairment adjustment. If any indication exists that an asset is impaired then the asset's carrying amount is required to be reduced to the estimated recoverable amount or increased if the previous impairment has been reduced.

AP16.6 – Treatment of revaluations and impairments

The specific treatment of revaluation and impairment gains and losses is as follows:

- **Revaluation gains** - Revaluation gains are generally recognised in the Revaluation Reserve and are also reported as part of Other Comprehensive Income and Expenditure on the CI&ES. If, however, the gain is reversing a previous revaluation loss charged to the (Surplus) / Deficit on the Provision of Services in the CI&ES, then the gain is credited back to the relevant line previously charged under Net Cost of Services. The reversal shall not exceed the carrying amount of the asset that would have been determined (net of depreciation) had no prior revaluation decrease been recognised for the asset. Any excess gain above this amount is recognised in the Revaluation Reserve. Any gains credited to the (Surplus) / Deficit on the Provision of Services are transferred to the CAA, through the MIRS.
- **Revaluation losses** - Revaluation losses are initially recognised against any credit balance held for the same asset in the Revaluation Reserve and are also reported as part of Other Comprehensive Income and Expenditure on the CI&ES. If no balance exists for the asset in the Revaluation Reserve, or the loss exceeds the balance held, then the additional amount is charged to the relevant service line under Net Cost of Services as part of the (Surplus) / Deficit on the Provision of Services in the CI&ES. Any such losses charged to the (Surplus) / Deficit on the Provision of Services are appropriated to the CAA, through the MIRS.
- **Impairment reversals** - Any impairment loss previously recognised in the (Surplus) / Deficit on the Provision of Services in the CI&ES is only reversed when there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. Generally, this occurs when the example circumstances noted in section AP16.5 above are mirrored. The reversal shall not exceed the carrying amount of the asset that would have been determined (net of depreciation) had no prior revaluation decrease been recognised for the asset. Excess gains above this amount are treated as a revaluation gain and recognised in the Revaluation Reserve. Any gains credited to the (Surplus) / Deficit on the Provision of Services are transferred to the CAA, through the MIRS.

- **Impairment losses** - Impairment losses are initially recognised against any credit balance held for the same asset in the Revaluation Reserve and are also reported as part of Other Comprehensive Income and Expenditure on the CI&ES. If no balance exists for the asset in the Revaluation Reserve, or the loss exceeds the balance held, then the additional amount is charged to the relevant service line under Net Cost of Services as part of the (Surplus) / Deficit on the Provision of Services in the CI&ES. Any such losses charged to the (Surplus) / Deficit on the Provision of Services are appropriated to the CAA, through the MIRS.

AP16.7 – Disposals

When an asset is derecognised on disposal, any gain or loss arising on the disposal is reported as part of Other Operating Expenditure on the CI&ES. The gain or loss is calculated as the difference between the net disposal proceeds (proceeds of the sale less costs to sell), which are credited to Other Operating Income and Expenditure, and the carrying amount of the asset on the Balance Sheet, which is debited to Other Operating Income and Expenditure.

The gain or loss on disposals is not a proper charge to the General Fund and / or Housing Revenue Account. As such, the gain or loss recognised under the (Surplus) / Deficit on the Provision of Services is appropriated to the CAA, through the MIRS, except for capital receipts less than **£10,000** and associated disposal costs which are treated as revenue transactions within the CI&ES.

Any residual revaluation gains in the Revaluation Reserve are transferred from the Revaluation Reserve to the CAA, again through the MIRS, and the net disposal proceeds are credited to the Capital Receipts Reserve.

AP16.8 – Capital Receipts

The proceeds from sales where Housing tenants have exercised the right to purchase their dwellings under the Right to Buy (RTB) scheme, as well as from other asset disposals, are known as capital receipts. Receipts in excess of **£10,000** are categorised as capital receipts. Receipts of **£10,000** or less are generally deemed to be de minimis and accounted for as revenue receipts within the CI&ES.

Government guidance determines on an annual basis the apportionment of housing property capital receipts which the Council follows. For RTB disposals of houses the following two deductions are made:

- An amount based on a Central Government calculation which is intended to compensate the Council for debt which may be still outstanding against the sold property, as determined by the original self-financing of the HRA. This amount is available to use for future HRA capital expenditure or HRA debt repayment.
- An administration allowance per RTB sale, treated as HRA revenue income.

The remaining balance after these deductions is then split as per the relevant guidance for the year.

The capital receipts retained by the Council after any deductions are credited to the Capital Receipts Reserve on an accruals basis. They are then immediately available to finance new capital expenditure, subject to the above conditions for usage of housing receipts. Receipts are appropriated to this reserve through the MIRS.

Some statutorily defined capital receipts do not arise from the disposal of a non-current asset and represent income under the general provisions of the code (e.g. the repayment of a grant awarded by the Council to enhance a non-current asset by the recipient). The income received is credited to the CI&ES. A transfer to the Capital Receipts Reserve through the MIRS reverses out the income so that there is no impact on the level of Council Tax or Housing Rents.

AP16.9 – Depreciation

Depreciation is the process by which the consumption of the economic benefits or service potential inherent in an item of property, plant and equipment is recognised in the cost of services. This is done by allocating depreciable amounts over the useful life of each asset. In effect depreciation measures the extent to which the Council's resources have been used up during a financial year using property, plant and equipment in the provision of services.

Depreciation is required to be provided for on all assets classified as Property, Plant and Equipment, except for freehold land, which is deemed to have an unlimited useful life. All operational buildings, vehicles, plant and equipment, and other relevant non-land assets are depreciated on a straight-line basis over the period of their useful life, i.e. an equal amount is charged in each financial year over the life of an asset.

Depreciation is charged to the relevant lines reported under Net Cost of Services on the CI&ES. However, depreciation is not a proper charge to the General Fund and/or Housing Revenue Account. As such the depreciation charges are appropriated to the CAA, through the MIRS.

Additional adjustments through the Major Repairs Reserve are also made in connection to depreciation on Housing Revenue Account assets.

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 CAA. This transfer is also reported through the MIRS.

AP16.10 – Componentisation

Any part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the asset is required to be depreciated separately over its useful life. This is achieved by separately accounting for any significant components of an asset that have different useful lives. All assets are already split out between the land and buildings elements, and componentisation relates to the building element only, and other non-land assets.

Componentisation is applied on material asset acquisitions, enhancements and revaluations. The Council has set a de minimis level for componentisation, as follows:

- Componentisation will be applied for any revaluations and enhancements on the Council's three most significant Property, Plant and Equipment assets: Benfleet Council Offices, Runnymede Pool, and Waterside Farm Sports Centre.
- On revaluation of other assets, componentisation will be applied where:
 - The component represents 20% or more of the whole asset (excluding land);
 - The component life is different to the core structure of the asset by 5 years or more; and
 - The resulting change in annual depreciation arising from the above two criteria for the individual asset in question will exceed **£5,000**;
 - Any asset with components below these threshold levels will not be accounted for separately for componentisation purposes, on grounds of materiality.
- For other significant acquisition or enhancement expenditure, componentisation will be reviewed on a case-by-case basis with the Council's qualified valuers, when such expenditure is incurred. For some assets the valuer applied a weighted average life to the asset to take into account componentisation.
- Vehicles, plant and equipment, which generally have useful lives of around 7 years or less, and other assets of a short life will not be componentised.
- For Council dwellings in the Housing Revenue Account it was deemed in discussion with the Council's qualified valuers that a level of **20%** would be a suitable component materiality threshold. There were no components above that threshold, therefore componentisation was not applied to those assets. An adjustment is made to derecognise replaced components as part of the annual major replacement programmes – see policy note AP16.11 below.

AP16.11 – Enhancement and derecognition

As well as on disposal, the Council is also required to derecognise an asset or asset component where no future economic benefit is expected from the use of that asset or asset component. As a result, when an asset component is replaced or restored, the carrying value of that element is derecognised, and the carrying value of the new component is recognised in its place. The derecognition of the previous element is required regardless of whether that component was accounted for separately for depreciation purposes or not - see policy note AP16.10 above.

Where the carrying value of the replaced component is not known, the cost of the new component is used as an indication of the cost of the replaced component, adjusted for depreciation and impairment where applicable. Some replaced components also have an inflation adjustment applied to reduce them back to the estimated value at the point the original cost was incurred. The carrying value of the derecognised component is then charged as part of the (gain) / loss on disposal / derecognition of non-current (long term) assets entry reported under Other Operating Income and Expenditure.

Enhancement derecognition and component derecognition are not proper charges to the General Fund and Housing Revenue Account for the purposes of setting Council Tax and Housing Rents. As such, the charges are appropriated to the CAA, through the MIRS. Any residual revaluation gains in the Revaluation Reserve relating to the component are transferred from the Revaluation Reserve to the CAA, again through the MIRS.

AP17 - Non-Current (Long Term) Assets – Investment Properties

Investment Properties are properties held solely to earn rental income, capital appreciation, or both. Property held for the purpose of regeneration is accounted for in Property, Plant and Equipment, and not as an Investment Property. Investment Properties are accounted for in accordance with the relevant sections of policy AP16, with the following exceptions:

- Investment properties are all re-valued on 1 April annually at their Fair Value, as defined in Accounting Policy AP11. All revaluation and impairment gains and losses on Investment Properties are charged directly to Financing and Investment Income and Expenditure under the (Surplus) / Deficit on the Provision of Services on the CI&ES, rather than to or from the Revaluation Reserve. They are then appropriated to the CAA, through the MIRS;
- If an asset is transferred to Investment Properties from Property, Plant and Equipment assets, the asset is re-valued to Fair Value at the point of transfer, and any revaluation gain or loss is recognised in the Revaluation Reserve (for the reversal of any former losses, this is first applied against any loss previously charged to the relevant service line under Net Cost of Services in the CI&ES for that asset, and then subsequently to the Revaluation Reserve). Any such balance is held on the Revaluation Reserve until such time as the asset is derecognised;
- Gains and losses on the disposal of Investment Properties are also charged to Financing and Investment Income and Expenditure on the CI&ES, and are appropriated to the CAA, through the MIRS;
- Investment properties are not depreciated; and
- Expenditure incurred and rental income received on investment properties are both recognised under Financing and Investment Income and Expenditure on the CI&ES. The expenditure relates to those properties where the Council is responsible for structural or other repairs as part of the relevant rental agreements.

AP18 - Non-Current (Long Term) Assets – Heritage Assets

Heritage Assets are tangible or intangible assets which have historical, artistic, scientific, technological, geophysical or environmental qualities and are held and maintained principally for their contribution to knowledge and culture. They are also intended to be preserved in trust for future generations due to their cultural, environmental or historical associations. They are accounted for in accordance with FRS102, Heritage Assets, and are disclosed separately on the face of the Balance Sheet. The Council primarily has the following Heritage Assets:

- **Memorials, statues, and other miscellaneous heritage assets** - This includes various war memorials found around the borough, as well as other memorials, statues, and other similar items. These items are accounted for using annual insurance valuations.
- **Other Heritage Assets not recognised** - The Council holds other assets not recognised on the Balance Sheet as either cost or valuation information is not available, or the assets are considered immaterial in value.
- **Dutch Cottage** - A 17th century property on Canvey Island. The building and land are measured and depreciated in accordance with the accounting policies for other land and buildings, as disclosed in policy AP16.9. It is included as part of the 5 year revaluation programme carried out by the Council's external valuers. Further information can be found on the Council's website: <http://www.castlepoint.gov.uk/dutch-cottage-museum>
- **Civic Regalia** - Items of office that reflect the Council's status as a borough, such as chains, badges and robes. These items are recognised at their value for insurance purposes. Insurance valuations are updated on an annual basis. As the carrying amount from the insurance valuation is equivalent to their recoverable amount they are not depreciated. Further information can be found on the Council's website: <http://www.castlepoint.gov.uk/the-civic-insignia>

As well as the revaluation basis described above the Council will also recognise impairments of Heritage Assets when applicable, for example, if physical deterioration or breakages occur. The accounting entries for revaluations and impairments of Heritage Assets are equivalent to those described in policy AP16 for Property, Plant and Equipment.

AP19 - Prior Period Errors and Adjustments

Prior period errors and adjustments are omissions or misstatements in the Council's financial statements, relating to one or more prior periods, arising from a failure to use, or incorrect use of, information that was available when the statements for the affected periods were authorised for issue and could reasonably have been expected to have been obtained and taken into consideration when preparing those statements. For material errors the Council is required to correct prior period errors retrospectively in the next set of financial statements after the discovery of the error, by amending the affected opening balances and comparative amounts for the prior period. There were no errors to report in the 2024/25 accounts.

AP20 - Provision For Bad and Doubtful Debts

Impairment allowances have been made in the accounts for potential bad and doubtful debts where there is a likelihood arising based on past events and experience that cash received will be lower than the carrying amount for receivables. Known uncollectable debts have been written off. Allowances are typically estimated on a percentage basis, with the older the outstanding debt the higher the percentage of the debt that is provided for. All allowances are reviewed and recalculated at the end of the accounting period. Allowances are generally included within short term debtors on the Balance Sheet.

AP21 - Provisions and Contingencies

AP21.1 – Provisions

A provision is a liability of uncertain timing or amount. These are made when an event has taken place that gives the Council an obligation that would probably require settlement to be made by transfer of economic benefits, but where the timing of that transfer is uncertain. A provision is only required to be recognised when the following conditions are met:

- The Council has a legal or constructive obligation as a result of a past event;
- It is probable that an outflow of resources (economic benefits) will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

Provisions are charged to the appropriate service line under (Surplus) / Deficit on the Provision of Services on the CI&ES in the year that the Council becomes aware of the obligation, based on the best estimate of the likely settlement. When provisions are settled, they are charged to the provision line on the Balance Sheet and are reported under either Current Liabilities or Non-current liabilities.

Estimated settlements are reviewed at the end of each financial year, and the provisions increased or decreased through the relevant service line.

Current provisions are reported as part of Note 21 to the Financial Statements.

AP21.2 – Contingencies

There are two types of contingencies required to be disclosed, as described below. They are not recognised in the Balance Sheet; instead they are disclosed in the notes. Current items under these categories are also reported as part of Note 21 to the Financial Statements.

- **Contingent Assets** - A contingent asset is a possible asset arising from past events, but which will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of the Council.
- **Contingent Liabilities** - A contingent liability is either:
 - A possible obligation that arises from past events, but whose existence will be confirmed only by the occurrence of one or more uncertain future events, not wholly within the Council's control; or
 - A present obligation that arises from past events, but which is not recognised because either it is not probable that a transfer of economic benefits will occur; or the amount of the obligation cannot be measured with enough reliability.

AP22 - Reserves

The Council maintains earmarked reserves for certain purposes. These are shown separately under Usable Reserves on the Balance Sheet. Earmarked reserves are created by appropriating amounts out of the General Fund or Housing Revenue Account balances. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year and is included in Net Cost of Services in the CI&ES. The amount in the reserve is then appropriated back to the General Fund or Housing Revenue Account so that there is no net charge against Council Tax or Dwelling Rents for the expenditure.

Other statutory reserves are required to manage the accounting process for tangible non-current assets, retirement benefits and employee benefits. These Unusable Reserves do not represent usable resources for the Council. These reserves are explained under the relevant policies.

AP23 - Revenue Expenditure Funded From Capital Under Statute (REFCUS)

Revenue Expenditure Funded from Capital Under Statute (REFCUS) is expenditure that is allowed by legislation to be classified as capital for funding purposes, although not resulting in the creation of non-current (long term) assets carried on the Balance Sheet. This enables the expenditure to be funded from capital resources rather than be charged to the General Fund or Housing Revenue Account. Generally, it relates to expenditure incurred on properties not owned by the Council, such as disabled facilities grants, and other similar grants awarded to improve or convert private sector dwellings. Any such expenditure, along with any associated grants, is charged to the relevant service revenue account under Net Cost of Services in the CI&ES in the year. Any statutory provision that allows capital resources to meet the expenditure is met by debiting the Capital Adjustment Account (CAA) through the MIRS so that there is no impact on the level of Council Tax or Housing Rents. Please also refer to policy AP13 regarding grants funding REFCUS.

AP24 - Value Added Tax (VAT)

VAT is an indirect tax levied on most business transactions, and on many goods and services. There are two elements to VAT:

- Input tax - tax paid by the Council on purchases it makes; and
- Output tax - tax received by the Council on sales it makes.

The net amount of VAT owed to or from HMRC at the Balance Sheet date is included in either short term debtors or short term creditors. Input and output VAT amounts are not included in the Comprehensive Income and Expenditure Statement, unless they are irrecoverable, and the cost must be borne by the Council. In these circumstances the VAT cost is added to the cost of the relevant revenue or capital expenditure.

1 - Expenditure and Funding Analysis

The Expenditure and Funding Analysis (EFA) shows how the funding available to the Council (government grants, rents, Council Tax and business rates) has been used in providing services in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. The EFA also shows how this expenditure is allocated between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the CI&ES.

Net Expenditure chargeable to the GF & HRA balances	Adjustments (See note 1.3 below)	Net Expenditure in the CI&ES	1.1 Expenditure and Funding Analysis	Net Expenditure chargeable to the GF & HRA balances	Adjustments (See note 1.3 below)	Net Expenditure in the CI&ES
2023/24 £000s	2023/24 £000s	2023/24 £000s		2024/25 £000s	2024/25 £000s	2024/25 £000s
4,257	1,237	5,495	Commercial & Assets	4,515	(245)	4,271
4,603	2,918	7,522	Corporate & Customer	5,954	3,512	9,466
4,518	(1,500)	3,017	Place & Communities	4,058	(868)	3,189
(1,358)	1,341	(18)	Housing: Housing Revenue Account (HRA)	(1,480)	(1,123)	(2,603)
12,020	3,996	16,016	Net Cost of Services	13,047	1,276	14,323
(13,746)	(2,277)	(16,023)	Other income and expenditure	(11,970)	(4,615)	(16,585)
(1,726)	1,719	(7)	(Surplus) / Deficit	1,077	(3,339)	(2,262)
			GF, HRA and earmarked reserves balances (See note 1.2 below):			
(27,582)			Total opening balance at 1 April	(29,309)		
(1,726)			Add (surplus) / less deficit for the year	1,077		
(29,308)			Total closing balance at 31 March	(28,232)		

Note: Table may not cross cast due to roundings.

The overall reserves balance referred to in AP22 above is analysed below:

Notes to the Core Financial Statements - Comprehensive Income and Expenditure Statement

GF	HRA	Earmarked Reserves	1.2 Analysis of Reserve Balances	GF	HRA	Earmarked Reserves
2023/24	2023/24	2023/24		2024/25	2024/25	2024/25
£000s	£000s	£000s		£000s	£000s	£000s
(6,086)	(1,174)	(20,323)	Opening balances at 1 April	(5,860)	(878)	(22,572)
(1,022)	(704)	0	Add (surplus) / less deficit for the year	1,963	(886)	0
1,248	1,000	(2,248)	Transfers to and from Earmarked Reserves	(2,385)	206	2,179
(5,860)	(878)	(22,571)	Closing balances at 31 March	(6,282)	(1,558)	(20,393)

Capital (note 1.4.1)	Pensions (note 1.4.2)	Other (note 1.4.3)	Total	1.3 Adjustments from the GF and HRA to arrive at the CI&ES amounts	Capital (note 1.4.1)	Pensions (note 1.4.2)	Other (note 1.4.3)	Total
2023/24	2023/24	2023/24	2023/24		2024/25	2024/25	2024/25	2024/25
£000s	£000s	£000s	£000s		£000s	£000s	£000s	£000s
2,014	(160)	(617)	1,237	Commercial & Assets	1,038	(292)	(990)	(244)
67	(137)	2,988	2,918	Corporate & Customer	70	(114)	3,555	3,511
30	(91)	(1,439)	(1,500)	Place & Communities	761	(76)	(1,553)	(868)
2,254	(16)	(897)	1,341	Housing: Housing Revenue Account (HRA)	(55)	(51)	(1,017)	(1,123)
4,365	(404)	35	3,996	Net Cost of Services	1,814	(533)	(5)	1,276
(1,210)	(1,196)	129	(2,277)	Other income and expenditure	(4,719)	79	25	(4,615)
3,155	(1,600)	164	1,719	Difference between GF and HRA (surplus) / deficit and CI&ES (surplus) / deficit	(2,905)	(454)	20	(3,339)

1.4 - Explanatory notes to the adjustments

1.4.1 - Adjustments for capital purposes:

- **Service lines** - these adjustments add in depreciation and impairment, revaluation gains and losses and expenditure on Revenue Expenditure Funded from Capital Under Statute (REFCUS) as well as grants that fund that expenditure.
- **Other income and expenditure** - includes the following three sub-categories of adjustments:
 - **Other operating expenditure** - adjustments for capital disposals with a transfer of income, or amounts written off, relating to those assets.
 - **Financing and investment income and expenditure** - statutory charges for capital financing, i.e. Minimum Revenue Provision and other revenue contributions, are deducted 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 receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

1.4.2 - Adjustments for net change to pensions:

These adjustments represent the net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- **Service lines** - these adjustments remove the employer pension contributions made by the authority as permitted by statute and replaces them with current service costs and past service costs.
- **Other income and expenditure** - the net interest on the defined benefit liability is charged to the CI&ES.

1.4.3 - Other adjustments:

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

- **Service lines** - statutory adjustments for accumulated absences are applied to the CI&ES. This column also includes adjustments to reflect those recharges between services are no longer reported in the CI&ES but are still included in the Net Expenditure chargeable to the General Fund & HRA balances on the Expenditure and Funding Analysis.
- **Other income and expenditure** - this 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.

2 - Prior Period Adjustment

There have been some changes to figures for the comparators for 2023/24 compared to those published in the 2023/24 accounts.

Pension note 18.3, the table did not include £30.356m asset ceiling. This was accounted for correctly in 23/24, but omitted from the note. This has been added for the comparator.

The Senior officers remuneration note was found to have small classification differences in the table published last year, the totals per individual were correct, this has been amended in this years accounts and only impacts the comparator for Head of Place.

3 - Expenditure and Income Analysed by their Nature

This note provides an analysis of the total surplus or deficit on the provision of services included in the CI&ES by income and expenditure type. These figures include internal recharges and hence the amounts are greater than those reported on the CI&ES.

	2023/24 £000s	2024/25 £000s
Expenditure:		
Employee expenses	14,946	15,204
Other service expenses	34,696	32,487
Support service recharges from other services	15,942	15,595
Capital charges - depreciation, amortisation, revaluation & impairment	6,502	3,914
Legal fees re VAT claims	302	(0)
Payment of precept to Canvey Island Town Council	0	0
Changes in the fair value of Investment Properties	274	288
Payment of Housing Pooled Capital Receipts to the Government Pool	4,548	0
National Non-Domestic Rates tariffs and levies and safety net	679	422
(Gain) / loss on disposal / derecognition of non-current (long term) assets	931	1,130
Interest payable and similar charges, including Finance Leases interest	(1,195)	80
Expenses incurred on Investment Properties	67	0
Total Expenditure	77,692	69,120
Income:		
Fees, charges and other service income	(20,742)	(21,557)
Government and other grants & contributions	(19,386)	(15,727)
Support service recharges to other services	(15,943)	(15,595)
Exceptional items (income)	(187)	0
Pensions - net interest on the net defined benefit liability, and IAS19 pension administration expenses	(64)	(7)
Rental income received on Investment Properties	(246)	(128)
Interest and investment income	(2,011)	(1,759)
Council Tax income	(9,077)	(9,238)
National Non-Domestic Rates income	(8,734)	(4,552)
General grants and contributions	(688)	(1,156)
Capital grants and contributions	(623)	(1,665)
Total Income	(77,700)	(71,382)
(Surplus) / Deficit on the provision of services	(7)	(2,262)

4 - Segmental Income

This note provides an analysis of total fees, charges, rents and other external service income received by the individual operating segments and reported within the gross income amounts included in the CI&ES. The amounts in this note exclude grants and similar contributions received.

Operating segment	2023/24 £000s	2024/25 £000s
Place & Communities	(2,385)	(3,242)
Commercial & Assets	(8,857)	(9,708)
Corporate & Customer	(608)	1,196
Housing: Housing Revenue Account (HRA)	(8,891)	(9,802)
Total fees, charges and other service income	(20,741)	(21,556)

Where income is received in advance of any relevant performance obligations having been met, this income is not recognised until the following financial year and is not included in the above amounts. The income is instead held within short term creditors on the Balance Sheet, and consists of the following items:

Income stream	31/03/2024 £000s	31/03/25 £000s
Community halls bookings	(99)	(19)
Development control fees and charges	(33)	(92)
Leisure - open spaces	(13)	(2)
Garden waste bin collections	(416)	(308)
Trade waste bin collections, and other miscellaneous income	(89)	(279)
Total	(650)	(700)

5 - Audit Fees

The Council incurred the following fees relating to external audit and inspection work carried out by the appointed external auditor Ernst and Young (EY). The Council received no additional chargeable services during either financial year.

Audit fees category	2023/24 £000's	2024/25 £000's
Fees payable to EY for external audit services	270	197
Fees payable for certification of grant claims and returns	66	100
Fees payable to BDO for certification of housing capital receipts return	(4)	6
Other external audit fees payable	0	1
Total audit fees	332	304

6 - Members' Allowances

Set out below is the total of Members' allowances and expenses paid:

Allowance category	2023/24 £000's	2024/25 £000's
Basic allowances	144	139
Special responsibility allowances	95	93
Mileage allowances	8	7
Mayor and Deputy Mayor's allowances	9	9
Total members' allowances	256	248

Further details on Members' Allowances are published on the Council's website, at the following link:
<http://www.castlepoint.gov.uk/members-allowances>

Members' expenses include travel, parking, subsistence and accommodation.

7 - Related Party Transactions

The Council is required to disclose material transactions occurring during the year with related parties. These are bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Related parties include the following:

- The UK (Central) Government effectively has significant influence over the general operations of the Council. It is responsible for providing the statutory legislative framework within which the Council operates, provides funding to the Council in the form of general and specific grants and prescribes the terms of many transactions that the Council has with other parties (e.g. Council Tax and Housing Benefits). Details of Central Government funding is set out in note 10 to the Core Financial Statements.
- Members of the Council have direct control over the Council's financial and operating policies. Total members allowances and expenses are disclosed in note 6.
- The Chief Executive and other key management personnel (i.e. other senior officers) can influence the Council's policies, within the provisions of the Council's regulations and schemes of delegation. Remuneration of the Chief Executive and senior officers is disclosed in note 9.
- Essex County Council, Essex PFCC - Fire and Rescue Authority, Essex PFCC - Policing and Community Safety and Canvey Island Town Council issue precepts on the Council, who act as a collecting agent on their behalf. Details of the transactions with the Precepting Authorities are set out in the Collection Fund Statement and accompanying notes.
- The Council collects rental income from the leasing of properties to various organisations. In some of these organisations Council Members are connected at a senior level, for example as governors or directors. However, in all instances relevant Members had no involvement in setting the rental agreements with the associated organisations.
- The Council pays annual donations under funding agreements to three voluntary bodies, and is a member of, or contracts services from, other organisations, including those detailed below. Officers or elected members serve as the Council's representatives to these bodies and organisations, but are not directly involved in determining the amounts involved:

Donations to voluntary bodies	2023/24 £000's	2024/25 £000's
The Peabody Group	39	41
Citizens Advice Bureau	18	19
Carer's Choices	34	34
Castle Point Association of Voluntary Services	42	41
Total donations	133	135

Payments to other organisations	2023/24 £000's	2024/25 £000's
Thames Gateway South Essex groups and Opportunity South Essex Partnership – membership subscriptions and other contributions	23	10
South Essex Councils (SEC) - membership subscriptions and other contributions	60	60
Wyvern Community Transport – community transport services	10	10
Vine HR Ltd – a not-for-profit human resources company formed by all 15 Essex councils – member subscription and other contributions	9	4
Total donations	102	84

8 - Termination Benefits (Exit Packages)

The Council is required to provide for termination benefits in relation to employees who are made compulsorily redundant or take other exit packages. There were three packages in 2024/25 (nine employee in 2023/24), as shown below, which took place during the year. The amounts include payments made direct to the relevant employee and where applicable payments made to the pension scheme on their behalf. There were no further planned terminations as at 31 March 2025.

Where payments are made to the pension fund, the amount paid to the fund and included in the total cost paid, is not the same as the pension amount required to be recognised for accounting purposes under IAS 19 (see note 18 for further information). This amount is reported in Corporate Services on the CI&ES and is adjusted for in the total accounting cost columns.

Exit Packages – 2024/25								
Package band	Number of compulsory redundancy packages	Number of other packages	Total number of packages	Redundancy Cost	Pension Cost	Total cost paid	Total accounting cost	
				£000's	£000's	£000's	No.	£000's
£0 - £20,000	1	0	1	13	0	13	1	13
£40,001 - £60,000	1	0	1	9	34	42	1	42
£120,000 - £140,000	1	0	1	53	82	135	1	135
Total	3	0	3	75	116	190	3	190

Exit Packages – 2023/24								
Package band	Number of compulsory redundancy packages	Number of other packages	Total number of packages	Redundancy Cost	Pension Cost	Total cost paid	Total accounting cost	
				£000's	£000's	£000's	No.	£000's
£0 - £20,000	1	0	1	16	0	16	1	16
£40,001 - £60,000	3	0	3	148	0	148	3	148
£61,001 - £80,000	1	0	1	60	0	60	1	60
£81,000 - £100,000	1	0	1	80	0	80	1	80
£120,000 - £140,000	1	0	1	77	0	77	1	77
£220,000 - £240,000	1	0	1	113	124	237	1	237
£460,001 - 480,000	1	0	1	113	357	470	1	470
Total	9	0	9	607	481	1088	9	1,088

9 - Officers' Remuneration

9.1 – Remuneration bandings

Regulations require disclosure of the numbers of staff whose remuneration exceeded **£50,000**. These are required to be shown in bands of **£5,000**. The regulations define remuneration as:

- Sums paid to or receivable by an employee (gross pay before deducting pension contributions);
- Compensation for loss of office and any other payments received on termination of employment;
- Expense allowances chargeable to tax (e.g. car allowances); and
- The money value of benefits received by an employee other than in cash (such as cars as declared on form P11D).

Notes to the Core Financial Statements - Movement in Reserves Statement

The numbers of staff whose remuneration exceeded **£50,000**, except for senior officers who are reported separately on the following two pages, were as shown below.

Remuneration band	2023/24	2024/25
£50,000 – £54,999	7	9
£55,000 – £59,999	6	9
£60,000 – £64,999	4	2
£65,000 - £69,999	0	0
£70,000 – £74,999	1	8
£80,000 - £84,999	0	1
£85,000 - £89,999	0	0
£90,000 - £94,999	1	0
£115,000-£120,000	1	0
Total	20	29

9.2 – Senior officer remuneration

The Council is required by regulation to disclose the following additional remuneration information for those senior employees responsible for the management of the Council.

The employees disclosed below are not included in the remuneration bandings in the previous page/above. The figures shown below also include employer's pension contributions paid by the Council. These pension contributions are not paid directly to the employees, but instead represent the proportion of the Council's contribution to the Essex County Council Pension Fund which relates to those employees. The amounts stated are determined by the Pension Fund Actuary.

9.2.1 – Remuneration for 2024/25

Position	Salary £000's	Total excluding pension conts. £000's	Employer's pension £000's	Total including pension conts. £000's
Chief Executive – Angela Hutchings	139	139	31	170
Director Corporate & Customer	95	95	21	116
Director Commercial & Assets	89	89	19	108
Director Place & Communities	93	93	20	113
Assistant Director S151 Officer	80	80	18	98
Assistant Director Monitoring Officer	80	80	18	98
Total	577	577	126	703

9.2.2 – Remuneration for 2023/24 - RESTATED

Position	Salary £000's	PRP and other one off payments * £000's	Total excluding pension conts. £000's	Employer's pension £000's	Total including pension conts. £000's
Chief Executive – Angela Hutchings	134	0	134	29	163
Head of Place and Policy	88	7	95	21	116
Assistant Director S151 Officer from 1 August 2023	73	0	52	16	63
Assistant Director Monitoring Officer from 12 February 2024	11	0	11	2	13
Director Commercial & Assets - Started 29/02/2024	7	0	7	2	9
Total	313	7	299	70	364

*Performance Related Pay (PRP).

10 - Grants and Other Contributions

The following tables provide an analysis of the recognised grants and contributions accounted for on an accruals basis on the CI&ES. The schedules include grants from Government departments as well as grants from other bodies.

Amounts of revenue and capital grants and contributions received with conditions attached are not recognised on the CI&ES until their conditions have been met. They are therefore reported on the Balance Sheet in the line Revenue and Capital Grants Receipts in Advance.

10.1 – Grants towards Revenue Expenditure

These grants are accounted for within Gross Income on the relevant service lines under Net Cost of Services. This analysis generally excludes grants below **£1,000**, as they are immaterial.

Service line and grant or contribution name	2023/24 £000s	2024/25 £000s
Place and Communities		
• Public health grant (ECC)	(61)	(61)
• Miscellaneous grants	(3)	(1)
• Housing and homelessness New Burdens grants	(470)	(511)
• Asylum Dispersal	0	(21)
• Biodiversity Net Gain	(39)	(11)
• Digitalising Planning	0	(29)
• UKSPF revenue funding	(124)	(428)
• Planning skills fund	(30)	(70)
• Green Belt Fund	0	(70)
Corporate and Customer		
• Housing Benefit subsidy	(12,651)	(11,887)
• Benefits administration grant	(153)	(155)
• Miscellaneous grants relating to Benefits and Business rates	(330)	(305)
• Covid grants	(3,162)	0
• Cost of living support	(923)	0
• Miscellaneous grants relating to Elections and Electoral Registration	(126)	(28)
• Housing and homelessness New Burdens grants (DHP)	(148)	(148)
• Redmond review	0	(22)
Commercial and Assets		
• Essex County Council (ECC) Recycling schemes	(812)	(850)
• Essex County Council (ECC) Grounds Maintenance contribution	(28)	(28)
• Salix Grant	0	(80)
• Various grants and contributions for parks and open spaces works	(43)	(13)
• Miscellaneous grants relating to sports and fitness	(5)	(13)
Housing: Housing Revenue Account (HRA)		
• Tenants Satisfaction Measures	0	(10)
Total Revenue Grants and Contributions	(19,108)	(14,756)

10.2 – Grants towards Revenue Expenditure Funded from Capital Under Statute (REFCUS)

The following grants are also accounted for within Gross Income on the relevant service lines under Net Cost of Services:

Service line and grant or contribution name	2023/24 £000s	2024/25 £000s
Environment		
• Disabled Facilities Grant	(279)	(970)
Total REFCUS Grants and Contributions	(279)	(970)

10.3 - Grants within Taxation and Non-Specific Grants Income and Expenditure

The grants within Taxation and Non-Specific Grants Income and Expenditure are as follows:

Grant or Contribution name	2023/24	2024/25
Revenue Support Grant	(86)	(92)
New Homes Bonus Grant	(62)	0
New Burdens Grants	(84)	(88)
Funding Guarantee Grant	0	(689)
Service Grants	(92)	(16)
Preceptors Council Tax technical changes funding	(365)	(271)
Total General Government Grants	(689)	(1,156)
Capital Grants and Contributions	2023/24 £000s	2024/25 £000s
Place and Communities		
• Coastal communities	(62)	(1,124)
• UKSPF Grant	(90)	(368)
• Lawn Tennis Association Contribution		
• Solar Panel Grant	0	(99)
• Football Grant	0	(4)
Housing: Housing Revenue Account (HRA)	0	(70)
• Section 106 Developer Contribution towards new build	(471)	0
Total Capital Grants and Contributions	(623)	(1,665)

11 - Reconciliation of Amounts Included in "Adjustments Between Accounting Basis and Funding Basis Under Regulations"

This reconciliation provides a breakdown of the amounts included for each reserve in the "Adjustments between Accounting Basis and Funding Basis under regulations" line on the Movement in Reserves Statement. The reconciliation also includes other adjusting transfers between these reserves, as they appear in the same line on the Movement in Reserves Statement. Further supporting information is also included in note 12.

11.1 - Adjustments for 2024/25	Usable Reserves:				Unusable Reserves:			
	General Fund (GF) Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Pensions Reserve	Revaluation Reserve	Capital Adjustment Account	Other Adjustment Accounts
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Adjustments to Revenue Resources								
Adjustments for the amounts included in the Comprehensive Income and Expenditure Statement (CI&ES) which are different from the amounts calculated in accordance with regulations for:								
• Pension costs	403	51	0	0	(454)	0	0	0
• Council Tax and Non-Domestic Rates income	50	0	0	0	0	0	0	(49)
• Accumulated Absences (holiday pay)	6	(1)	0	0	0	0	0	(5)
• Early Repayment Discounts	(43)	(32)	0	0	0	0	0	75
Adjustments between Revenue and Capital Resources								
Adjustments for depreciation, amortisation, revaluation and impairment of non-current assets	(1,865)	55	0	(2,106)	0	0	6,469	0
Additional transfers between the HRA and the Major Repairs Reserve	0	0	0	0	0	0	0	0
Adjustment for recognised capital grants and contributions (applied and unapplied)	2,635	0	0	0	0	0	(902)	0
Adjustment for Revenue Expenditure Funded from Capital Under Statute	(975)	0	0	0	0	0	279	0
Capital receipts arising other than from the disposal of a non current asset	0	0	(29)	0	0	0	0	0
Adjustment for disposal/derecognition of non-current assets & Investment Properties	0	(423)	(415)	0	0	0	1,077	0
Adjustment for changes in the fair value of Investment Properties	7	0	0	0	0	0	(64)	0
Provisions for the repayment of debt and finance lease liabilities	1,572	0	0	0	0	0	(779)	0
Revenue contribution to finance capital expenditure	1,897	0	0	0	0	0	(360)	0
Transfer from Capital Receipts Reserve for the Housing Capital Receipts Pool	0	0	0	0	0	0	0	0
Adjustments to Capital Resources								
Transfer from the Major Repairs Reserve to finance capital expenditure	0	0	0	2,883	0	0	(2,883)	0
Transfer from Usable Capital Receipts to finance capital expenditure	0	0	1,075	0	0	0	(1,075)	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash			0	0	0	0	0	0
Adjustment for the difference between fair value depreciation and historical cost depreciation	0	0	0	0	0	936	(936)	0
Adjustment to write out accumulated gains on disposal and derecognition of non-current assets	0	0	0	0	0	331	(331)	0
Total Adjustments	3,687	(350)	631	777	(454)	1,267	495	21

Notes to the Core Financial Statements - Movement in Reserves Statement

11.1 - Adjustments for 2023/24	Usable Reserves:					Unusable Reserves:			
	General Fund (GF) Balance £000s	Housing Revenue Account £000s	Capital Receipts Reserve £000s	Major Repairs Reserve £000s	Capital Grants Unapplied £000s	Pensions Reserve £000s	Revaluation Reserve £000s	Capital Adjustment Account £000s	Other Adjustment Accounts £000s
Adjustments to Revenue Resources									
Adjustments for the amounts included in the Comprehensive Income and Expenditure Statement (CI&ES) which are different from the amounts calculated in accordance with regulations for:									
• Pension costs	1,540	59	0	0	0	(1,599)	0	0	0
• Council Tax and Non-Domestic Rates income	(54)	0	0	0	0	0	0	0	53
• Accumulated Absences (holiday pay)	(32)	(4)	0	0	0	0	0	0	36
• Early Repayment Discounts	(43)	(32)	0	0	0	0	0	0	75
Adjustments between Revenue and Capital Resources									
Adjustments for depreciation, amortisation, revaluation and impairment of non-current assets	(2,111)	(2,254)	0	(2,138)	0	0	0	6,501	0
Additional transfers between the HRA and the Major Repairs Reserve	0	64	0	(64)	0	0	0	0	0
Adjustment for recognised capital grants and contributions (applied and unapplied)	431	471	0	0	0	0	0	(902)	0
Adjustment for Revenue Expenditure Funded from Capital Under Statute	(279)	0	0	0	0	0	0	279	0
Capital receipts arising other than from the disposal of a non current asset	0	0	(15)	0	0	0	0	0	0
Adjustment for disposal/derecognition of non-current assets & Investment Properties	0	(679)	(381)	0	0	0	0	1,077	0
Adjustment for changes in the fair value of Investment Properties	64	0	0	0	0	0	0	(64)	0
Provisions for the repayment of debt and finance lease liabilities	779	0	0	0	0	0	0	(779)	0
Revenue contribution to finance capital expenditure	360	0	0	0	0	0	0	(360)	0
Transfer from Capital Receipts Reserve for the Housing Capital Receipts Pool	0	0	0	0	0	0	0	0	0
Adjustments to Capital Resources									
Transfer from the Major Repairs Reserve to finance capital expenditure	0	0	0	3,184	0	0	0	(3,184)	0
Transfer from Usable Capital Receipts to finance capital expenditure	0	0	1,433	0	0	0	0	(1,433)	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash			0	0	0	0	0	0	0
Adjustment for the difference between fair value depreciation and historical cost depreciation	0	0	0	0	0	0	1,005	(1,005)	0
Adjustment to write out accumulated gains on disposal and derecognition of non-current assets	0	0	0	0	0	0	404	(404)	0
Total Adjustments	655	(2,375)	1,037	982	0	(1,599)	1,409	(274)	164

12 - Analysis of the Movement in Reserves Statement

The following notes provide further information on Usable and Unusable revenue and capital reserves reported in the Movement in Reserves Statement (MIRS) and analysed in note 11.

12.1 – Usable Revenue Reserve: Earmarked Reserves

The Council maintains several earmarked reserves, set aside from General Fund and HRA balances, to fund specific future expenditure plans, as detailed below. The net movement to or from earmarked reserves is reported in the "Transfers to / (from) Earmarked Reserves" line on the MIRS.

Earmarked Reserve	Balance 01/04/2023 £000s	Additions in 2023/24 £000s	Deductions in 2023/24 £000s	Balance 31/03/2024 £000s	Additions in 2024/25 £000s	Deductions in 2024/25 £000s	Balance 31/03/25 £000s
Coronavirus Impact	613	0	(200)	413	0	(413)	0
Carbon reduction	400	(9)	200	591	53	(99)	545
Interest Smoothing Reserve	0	0	817	817	0	0	817
Revenue grants unspent	885	190	(30)	1,045	71	(78)	1,038
Future asset maintenance	2,901	1,298	(549)	3,650	292	(1,213)	2,729
Priority initiatives VAT refunds	2,830	187	(1,067)	1,950	0	(1,328)	622
Insurance	348	0	0	348	0	0	348
Non-domestic rates equalisation	2,336	2,747	(2,479)	2,604	2,931	(4,135)	1,400
Council tax support scheme	200	1,021	(10)	1,211	17	(50)	1,178
Vehicle replacements	418	0	(18)	400	313	(400)	313
Improvement fund	1,400	251	(1,399)	252	795	(505)	542
Pension deficit payment	1,517	0	0	1,517	250	0	1,767
Planning - local development scheme and plan	1,433	221	(25)	1,629	0	(616)	1,013
Planning - joint strategic plan	187	0	(13)	173	0	0	173
Planning - Town Centre	0	0	0	0	250	0	250
ICT projects	2,086	217	(283)	2,020	1,123	(811)	2,332
Knightswick shopping centre	1,702	1,609	(1,295)	2,016	1,498	(1,247)	2,267
Commitments from previous year	149	84	(50)	183	459	0	642
Other earmarked reserves (note 1)	916	284	(447)	753	657	(200)	1,210
HRA earmarked reserves	0	1,000	0	1,000	206	0	1,206
Total Earmarked Reserves	20,321	9,100	(6,848)	22,572	8,915	(11,095)	20,392

12.2 – Usable Capital Reserve: Major Repairs Reserve

The Council is required to maintain a Major Repairs Reserve (MRR). The items to be credited to the reserve are an amount equal to, or on a voluntary basis higher than, HRA depreciation for the year. Items chargeable to the reserve include capital expenditure for HRA purposes. There were no movements in the reserve other than those analysed in note 11.

12.3 – Usable Capital Reserve: Capital Receipts Reserve

This reserve contains proceeds from the sale of non-current (long term) assets, which are available to meet future capital investment, or to finance past capital expenditure. There were no movements in the reserve other than those analysed in note 11.

The balance must be used for replacement housing purposes. Any of this not used within five years of the year end from the date of original receipt is repayable to Central Government.

12.4 – Usable Capital Reserve: Capital Grants Unapplied Account

This statutory reserve is for capital grants which have been received and have no conditions outstanding, but for which expenditure has not yet taken place. When expenditure subsequently occurs, the relevant amount is transferred to the Capital Adjustment Account. There were no movements in the reserve other than those analysed in note 11.

12.5 – Unusable Revenue Reserve: Pensions Reserve

This statutory reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding those benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the CI&ES as the benefits are earned by employees accruing years of service, and 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. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid. The table below shows the movements in the Pension Reserve each year. Further information on pensions is reported in note 18 to the Financial Statements.

Pensions Reserve	2023/24 £000s	2024/25 £000s
Balance as at 1 April	18,430	(1,302)
Remeasurements of the net defined benefit liability, reported in Other Comprehensive Income and Expenditure on the CI&ES	(21,331)	(277)
Total adjustments included in the MIRS, as shown in note 11	1,599	454
Balance as at 31 March	(1,302)	(1,125)

12.6 – Unusable Capital Reserve: Revaluation Reserve

This is a statutory reserve which records gains on the revaluation of non-current (long term) assets, excluding Investment Properties. The balance is reduced when assets with previously accumulated gains are revalued or impaired down; disposed of, and the gains are realised; or used in the provision of services, and the gains are consumed through depreciation.

The reserve only reports gains accumulated since 1 April 2007. Earlier gains are consolidated into the Capital Adjustment Account. The movements during the year were as follows:

Notes to the Core Financial Statements - Movement in Reserves Statement

Revaluation Reserve	2023/24 £000s	2024/25 £000s
Balance as at 1 April	84,945	78,868
Revaluations and impairments of assets, reported in Other Comprehensive Income and Expenditure on the CI&ES:		
Increases in asset values	1,678	9,207
Decreases in asset values	(6,346)	(1,506)
Total reported in Other Comprehensive Income and Expenditure	(4,668)	7,701
Total adjustments included in the MIRS, as shown in note 11	(1,409)	(1,267)
Balance as at 31 March	78,868	85,302

12.7 – Unusable Capital Reserve: Capital Adjustment Account

This statutory account records the timing differences arising from the different arrangements for accounting for the consumption of non-current assets, and for financing the acquisition and enhancement of those assets under statutory provisions. The account is debited with the cost of acquisitions and enhancements as well as subsequent costs such as depreciation, amortisation and impairments as they are charged to the CI&ES, with compensating adjustments between current or fair value and historical cost through the Revaluation Reserve. The account is credited with amounts set aside by the Council to finance acquisitions, enhancements and subsequent costs. The account contains accumulated gains and losses arising on the revaluation and impairment of Investment Properties. The account also contains accumulated revaluation gains on other classes of non-current (long-term) assets prior to 1 April 2007, the date that the Revaluation Reserve was created to record subsequent gains and losses for those assets. There were no movements in the reserve other than those analysed in note 11.

12.8 – Unusable Revenue Reserve: Other Statutory Adjustment Accounts

There are two other miscellaneous adjustment accounts the Council is required to maintain:

- **Collection Fund Adjustment Account** - This account manages the differences arising from the recognition of Council Tax and Non-Domestic Rate income in the CI&ES as it falls due from payers, compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.
- **Accumulated Absences Account** - This account manages the differences that would otherwise arise on the General Fund (GF) and Housing Revenue Account (HRA) balances from accruing for compensated absences (i.e., leave entitlement) earned but not yet taken in the year. Statutory arrangements require that the impact on GF and HRA balances are neutralised by transfers to or from this account.
- **PWLB Adjustment Account** – This account manages the recognition of early repayment discount received on the repayment of General Fund (GF) and Housing Revenue Account (HRA) loans in 2022/23. The benefit will be recognised over ten years into the GF and HRA accounts.

The movements during the year for these three accounts were as follows:

Other Statutory Adjustment Accounts	Collection Fund Adjustment Account		Accumulated Absences Account		PWLB Adjustment Account	
	2023/24 £000s	2024/25 £000s	2023/24 £000s	2024/25 £000s	2023/24 £000s	2024/25 £000s
Balance as at 1 April	888	835	(100)	(136)	719	644
Total adjustments included in the MIRS, as shown in note 11	(52)	50	(36)	5	(75)	(75)
Balance as at 31 March	836	885	(136)	(131)	644	569

13 - Non-Current (Long Term) Assets

13.1 - Comparative asset movements during 2024/25	Property, Plant and Equipment:						Total Property, Plant and Equipment	Heritage Assets	Investment Properties	Right of Use Assets	Total Assets
	Council Dwellings & Garages	Other Land & Buildings	Vehicles, Plant & Equipment (Owned)	Infra-structure	Community Assets	Assets under construction					
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cost or valuation (Gross Book Value)											
1 April 2024	148,626	59,461	5,925	374	596	305	215,286	572	2,276	3,609	221,743
Additions & enhancements	2,927	2,609	505	0	0	2,489	8,529	0	0	0	8,529
Acc Dep & Imp WO to GCA	(2,069)	(967)	0	0	0	0	(3,036)	0	0	0	(3,036)
Derecognition on disposal	(228)	0	0	0	0	0	(228)	0	0	0	(228)
Other derecognitions	(653)	0	0	0	0	0	(653)	0	0	0	(653)
Reclassified – (to)/from Assets Held for Sale	0	0	0	0	0	0	0	0	0	0	0
Other Reclassifications	0	1,076	0	0	0	0	1,076	0	(1,076)	0	0
Revaluation increases/(decreases) recognised in P&L	2,458	5,244	0	0	0	0	7,702	0	7	0	7,709
Revaluation increases/(decreases) recognised in OCI	55	27	0	0	0	0	83	0	0	0	83
31 March 2025	151,117	67,450	6,430	374	596	2,793	228,759	572	1,207	3,609	234,147
Depreciation and Impairments											
1 April 2024	(0)	(444)	(5,048)	(207)	(0)	0	(5,698)	(9)	0	0	(5,707)
Depreciation charged	(2,104)	(633)	(265)	(14)	(0)	0	(3,017)	(5)	0	(954)	(3,974)
Acc. Depreciation WO to GCA	2,069	967	0	0	0	0	3,036	0	0	0	3,036
Acc. Impairment WO to GCA	0	0	0	0	0	0	0	0	0	0	0
Derecognition - Disposals	3	0	0	0	0	0	3	0	0	0	3
Derecognition - Other	11	0	0	0	0	0	11	0	0	0	11
31 March 2025	(21)	(110)	(5,313)	(221)	(0)	0	(5,664)	(14)	0	(954)	(6,631)
Balance Sheet Amount (Net Book Value)											
1 April 2024	148,625	59,017	877	167	596	305	209,587	563	2,276	3,609	212,426
31 March 2025	151,096	67,340	1,117	153	596	2,793	223,095	558	1,207	2,656	227,516

The Right of Use assets in the table above are a new addition resulting from the implication of IFRS16. These are all leases and contracts we whilst we do not own the asset, we have a right of use and therefore these assets have to be reflected in our balance with a corresponding finance liability.

13.1 - Comparative asset movements during 2022/23	Property, Plant and Equipment:						Total Property, Plant and Equipment	Heritage Assets	Investment Properties	Total Assets
	Council Dwellings & Garages	Other Land & Buildings	Vehicles, Plant & Equipment (Owned)	Infra-structure	Community Assets	Assets under construction				
	£000s	£000s	£000s	£000s	£000s	£000s				
All assets are owned by the Council										
Cost or valuation (Gross Book Value)										
1 April 2022	148,410	55,100	5,624	374	596	467	210,571	555	2,206	213,332
Additions & enhancements	1,568	0	39	0	0	973	2,580	0	0	2,580
Derecognition on disposal	(341)	0	(29)	0	0	0	(370)	0	0	(370)
Other derecognitions	(467)	0	0	0	0	0	(467)	0	0	(467)
Other Reclassifications	0	0	108	0	0	(108)	0	0	0	0
Impairments and Revaluations – applied to Revaluation Reserve:										
• Increases	2,492	4,132	0	0	0	0	6,624	16	0	6,640
• Decreases	(728)	(216)	0	0	0	0	(944)	0	0	(944)
Impairments and Revaluations – applied to (Surplus) / Deficit on the provision of services:										
• Increases	2	3,233	0	0	0	0	3,235	0	28	3,263
• Decreases	(31)	(33)	0	0	0	0	(64)	0	(22)	(86)
31 March 2023	150,905	62,216	5,742	374	596	1,332	221,165	571	2,212	223,948
Depreciation and Impairments										
1 April 2022	(17)	(82)	(4,171)	(178)	0	0	(4,448)	(5)	0	(4,453)
Depreciation charged	(2,107)	(576)	(471)	(14)	0	0	(3,168)	(5)	0	(3,173)
Derecognition on disposal	1	0	21	0	0	0	22	0	0	22
Other derecognitions	8	0	0	0	0	0	8	0	0	8
Impairments and Revaluations – applied to:										
• the Revaluation Reserve	2,108	520	0	0	0	0	2,628	5	0	2,633
31 March 2023	(7)	(138)	(4,621)	(192)	0	0	(4,958)	(5)	0	(4,963)
Balance Sheet Amount (Net Book Value)										
1 April 2022	148,392	55,018	1,453	196	596	467	206,122	550	2,206	208,878
31 March 2023	150,898	62,078	1,121	182	596	1,332	216,207	566	2,212	218,985

13.2 – Valuation basis

Non-current assets are valued in accordance with the valuation methods and timescales detailed in Accounting Policy AP16. All valuations other than insurance valuations were carried out by chartered surveyors Wilks Head and Eve LLP. This included site visits of the properties subject to valuation. The valuations were carried out in accordance with the professional standards and guidance of the Royal Institute of Chartered Surveyors (RICS). Significant assumptions applied by the external valuers in estimating current values for revaluations included the following:

- There were no planning proposals likely to influence the property value, unless otherwise specifically advised.
- Assets were in a condition suitable for service provision. Structural surveys were not undertaken, nor were inspections performed on parts of properties which were covered, unexposed or inaccessible. Parts were assumed to be in good repair and condition.
- It was also assumed that no contaminative or potentially contaminative uses had ever been performed on the land or properties.
- Plant and machinery that was considered to form part of the building or service installation was included in the valuation.

The tables over the preceding pages show the movements in assets during 2024/25, with comparative figures for 2023/24. The Gross Book Value (GBV) of land and buildings shown on these pages, where relevant including subsequent enhancement costs and excluding amounts derecognised, are based on valuations made over the following timescales, as part of the rolling five-year programme.

Revaluation timescale	GBV at 31/03/24 £000's	GBV at 31/03/25 £000's
Revaluations performed in 2024/25	0	49,671
Revaluations performed in 2023/24	40,651	2,166
Revaluations performed in 2022/23	1,618	637
Revaluations performed in 2021/22	5,941	3,326
Revaluations performed in 2020/21	0	0
Revaluations performed in 2019/20	64	0
Valued at Historic Cost	11,187	11,650
Total land and buildings gross book value	59,461	67,450

13.3 – Capital expenditure

The Council undertook capital expenditure during 2023/24 and 2024/25 as follows

Capital expenditure item	2023/24 £000's	2024/25 £000's
Council house improvements	3,131	2,882
Council housing acquisitions and new	1,957	191
Disabled facilities and other home improvement	279	970
Seafront regeneration	62	1,123
Abbeyfield house	0	1,139
Tennis Court Refurbishment	0	83
Capitalised IT systems expenditure – hardware,	39	307
Swimming pool plant	0	245
Replacement playground equipment	90	0
Replacement gym equipment	59	0
The Paddock'S Community Centre	202	2,071
3g Pitch	13	437
Vehicle Replacement Programme	22	87
Depot	0	7
UKSPF Grant spend	0	22
Knightswick shopping centre refurbishment	28	70
Total capital expenditure	5,882	9,634

13.4 – Financing of capital expenditure

The total amount of capital expenditure incurred in 2023/24 and 2024/25 is shown in the table below. The table also shows the resources that have been used to finance the capital expenditure. 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). The CFR is a measure of the capital expenditure incurred historically by the Council that has yet to be financed. There has been a large increase in the CFR due to the introduction of IFRS16.

	2023/24 £000s	2024/25 £000s
Opening Capital Financing Requirement at 1 April	43,140	42,365
Capital Expenditure		
Acquisition / enhancement of Property, Plant and Equipment assets	5,576	8,530
Acquisition of intangible assets	27	134
Revenue expenditure funded from capital under statute (REFCUS)	279	970
Additions related to IFRS 16	0	3,609
Sources of Finance		
Capital receipts applied	(1,433)	(1,075)
Government grants and other contributions applied	(4,086)	(5,517)
Sums set aside from revenue or charged direct to revenue	(1,139)	(2,674)
CI&ES, but not reversed to Capital Adjustment Account		
Finance Lease RCCO		(899)
Closing Capital Financing Requirement at 31 March	42,364	45,443
Explanation of the movements in the Capital Financing Requirement during the year		
Increase / (decrease) in underlying need to borrow (unsupported by Government financial assistance)	(776)	3,078
Assets acquired under finance leases, and associated reduction in outstanding liability	0	(2,722)
Increase/(Decrease) in Capital Financing Requirement	(776)	356

13.5 – Commitments under capital contracts

As at 31 March 2025 the Council had £2.89m committed for capital expenditure (£1.9m as at 31 March 2024) of this, £0.278m related to the Seafront Regeneration, £0.679m for waste vehicles and £1.084m for HRA new build projects.

13.6 – Revaluation and Impairment review

The Council's independent valuers, Wilks Head and Eve LLP, carry out an annual market and impairment review at the end of each financial year, reporting on any issues arising at the Balance Sheet date of 31 March. The review performed during April 2025 providing data as at 31 March 2025 concluded that movements in values during 2024/25 had resulted in a decrease of 2% in the value of the Council's dwelling stock at March 2025. Movements of -1.1% to 2.1% on Depreciate Replacement Cost Assets. Movements ranging from 0.0% to 2% on those valued using the Existing Use Valuation method. There were no other significant changes required to any other assets. Further information on the Housing Revenue Account revaluations can be found in note 3 to the Housing Revenue Account.

13.7 – Depreciation

All assets required to be depreciated are depreciated using the straight-line basis, whereby an equal amount is charged each year to the relevant services on the CI&ES over the useful life of each asset. The useful lives for each category of asset, including components where relevant but excluding land assets which are not depreciated, are as follows:

Type of asset	Estimated Useful Life in Years
Council dwellings: housing stock	60 years
Council dwellings: garages	35 years
Other buildings	15 to 60 years
Infrastructure assets	20 to 60 years
Community assets	60 years
Vehicles, plant and equipment	Up to 10 years
Heritage assets (property only)	35 to 42 years

13.8 – Investment Properties

13.8.1 – General Information on Investment Properties

Investment Properties are reported in accordance with Accounting Policies AP11 and AP16. Movements in property values are shown as part of notes 13.1. The amount reported for Investment Properties under Financing and Investment Income and Expenditure on the CI&ES consists of the following items:

Investment properties	2023/24 £000's	2024/25 £000's
Expenses incurred on investment properties	67	0
Rental income received from investment properties	(246)	(128)
Changes in the fair value of investment properties	(64)	(7)
Total reported on the CI&ES	(243)	(135)

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

13.8.2 – Fair Value hierarchies, valuation techniques and quantitative information about fair value measurements

All Investment Properties are valued at Fair Value annually by the Council's external valuers in accordance with policies AP11 and AP16. The techniques used to determine level 2 and level 3 Fair Values, which were unchanged from the previous year, were as follows:

- **Significant observable inputs (Level 2):** assets have been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions for these asset types are such that the level of observable inputs is significant, leading to the properties being categorised at level 2 in the fair value hierarchy.
- **Significant unobservable inputs (Level 3):** inputs comprise unobservable inputs for an asset used to measure Fair Value in circumstances where market data is not available as there is little, if any, market activity for the asset at the measurement date.

Our Valuers WH&E were of the view that there are no assets within the portfolio which should be classified at Level 3 in the Fair Value hierarchy.

The Investment Properties are classified into the following Fair Value hierarchies:

Recurring fair value measurements using	Significant Observable inputs (Level 2) £000's	Significant Observable inputs (Level 3) £000's	Total £000's
Values at 31 March 2025			
Land, offices and similar assets	1,207	0	1,207
Halls, pavilions and similar assets	0	0	0
Total	1,207	-	1,207
Values at 31 March 2024			
Land, offices and similar assets	1,408	0	1,408
Halls, pavilions and similar assets	236	632	868
Total	1,644	632	2,276

There are no Investment Properties classified as level 1. There were no non-recurring valuations in 2024/25. Investment Properties were internally assessed in 2024/25 which has led to many being reclassified to Property Plant and equipment, which means that they no longer need the IFRS 3 Hierarchy disclosure. The two properties that were left were valued the same as previous years at Level 2.

13.9 – Intangible non-current (long term) assets

The Council holds intangible assets for IT system software, licences and other similar items. The intangible assets were all purchased, none were internally generated. These assets are held at cost and amortised over their expected useful life to the relevant service lines in the CI&ES. Amortisation charges are appropriated to the Capital Adjustment Account, through the MIRS.

Intangible assets	2023/24 £000s	2024/25 £000s
Balance at 1 April		
Gross book value	588	615
Accumulated amortisation	(513)	(562)
Net balance at 1 April	75	53
Purchases in year	27	130
Amortisation in year	(49)	(22)
Net balance at 31 March	53	161
Comprising of:		
Gross book value	615	745
Accumulated amortisation	(562)	(584)
	53	161

14 - Debtors

The long term and short term debtors on the Balance Sheet consist of the following amounts:

Debtor category	31/03/2023 £000s	31/03/2024 £000s
Short Term Debtors (amounts falling due within one year)		
Trade receivables	1,541	2,846
Less impairment allowances for bad and doubtful debts	(926)	(699)
Net trade receivables	615	2,147
Prepayments	410	408
Other receivable amounts	8,680	7,292
Less impairment allowances for bad and doubtful debts	(2,095)	(2,014)
Net other receivable amounts	6,586	5,278
Net Total Short Term Debtors	7,611	7,833
Long term Debtors (amounts falling due after one year)		
Other receivable amounts	178	186
Total long term Debtors	178	186
Total Debtors	7,789	8,018

Other receivable amounts include Central Government and Local Government, HMRC, Council Tax and Non-Domestic Rate payers, Housing Rent payers and debtors on Housing Benefit overpayments.

15 - Cash and Cash Equivalents

Cash and Cash Equivalents on the Cash Flow Statement and Balance Sheet consists of the following items:

Cash and cash equivalent elements	31/03/24 £000s	31/03/25 £000s
Petty cash floats held by the Council	2	2
Bank current accounts: net credit / (overdrawn balance)	(724)	625
Total cash and cash equivalents as at 31 March	(722)	627

16 - Reconciliation of Liabilities Arising from Financing Activities

This note reconciles the balances of relevant liabilities on the Balance Sheet to the movements reported in the Financing Activities section of the Cash Flow Statement. The non cash movements relate to reclassification of short and long term and the addition of the new IFRS16 Finance liability requirements that offsets the Right of Use Assets in Note 13.

	01/04/24 £000s	Financing cash flows £000s	Non-cash changes Acquisitions £000s	Other £000s	31/03/25 £000s
Long Term Borrowings	25,500	0	0	(900)	24,600
Short Term Borrowings	6,900	(2,400)	0	900	5,400
Long Term Finance Lease Liabilities	0	0	2,722	(851)	1,871
Short Term Finance Lease Liabilities	0	(887)	887	851	851
Collection Fund Agency Adjustments (Long Term & Short Term)	1,082	57	0	0	1,139
	33,482	(3,230)	3,609	0	33,861

	01/04/23 £000s	Financing cash flows £000s	31/03/24 £000s
Long Term Borrowings	32,400	(6,900)	25,500
Short Term Borrowings	900	6,000	6,900
Collection Fund Agency Adjustments (Long Term & Short Term)	2,106	(1,024)	1,082
	35,406	(1,924)	33,482

17 - Creditors

The long term and short term creditors total on the Balance Sheet consists of the following amounts:

Creditor category	2023/24 £000s	2024/25 £000s
Trade Payables (note 1)	4,255	6,333
Other Payables	3,884	5,394
Total Creditors	8,139	11,727

Other payables include Central Government and Local Government, HMRC, Council Tax and Non-Domestic Rates payers, Housing Rent payers and accumulated absences adjustments.

Note 1 – all creditors are due within 12 months, except for £441k of sundry creditors as at 31 March 2025 (£180k at 31 March 2024), which were due after 12 months and were accordingly classified as long term on the Balance Sheet at that date.

18 - Post-Employment Benefits and Net Pension Liability

18.1 – Characteristics of defined benefit plans and associated risks

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

The Council participates in the Local Government Pension Scheme (LGPS) Administered by Essex County Council. This is a funded defined benefit final salary scheme, meaning that both the Council and its employees pay contributions into a fund, calculated at a level intended to balance the pension fund's liabilities with its investment assets.

The pension scheme is administered locally by Essex County Council (ECC), in accordance with the Local Government Pension Scheme Regulations 2013. The Pension Fund Committee oversees the management of the Fund whilst the day to day fund administration is undertaken by a team within ECC. Where appropriate some functions are delegated to the Fund's professional advisers.

The principal risks to the Council of participating in a defined benefit scheme are:

- **Investment risk** - The Fund may hold investments in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long term, the short-term volatility can cause additional funding to be required if a deficit emerges.
- **Interest rate risk** - The fund's liabilities are assessed using market yields on high quality corporate bonds to discount future liability cashflows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way.
- **Inflation risk** - All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation.
- **Longevity Risk** - In the event that the members live longer than assumed a deficit will emerge in the fund. This may be mitigated by a longevity insurance contract if held by the fund. There are also other demographic risks.
- **Climate risk** - Climate risk can be grouped into two categories; Physical and Transitional risks. Physical risks are direct risks associated with an increased global temperature such as heatwaves and rising sea levels. Transitional risks are the costs of transitioning to a low carbon economy. These risks will manifest themselves in many of the other risks detailed above which the fund is exposed to, for example investment returns may be affected.
- **Regulatory risk** - Regulatory uncertainties could result in benefit changes to past or future benefits which could result in additional costs.
- **Orphan risk** - As many unrelated employers participate in each fund, there is an orphan liability risk where employers leave the fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers in that fund.

These risks are mitigated to an extent by the requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute, as described in Accounting Policy AP8. Furthermore, all of the risks may also benefit the Council, e.g., higher than expected investment returns or employers leaving the fund with excess assets which eventually get inherited by the remaining employers.

18.2 – Legal rulings

McCloud and Sargeant Judgments

Regulations in respect of the McCloud and Sargeant judgements came into force on 1 October 2023. These may affect the value of the liabilities in respect of accrued benefits and therefore an allowance may need to be included in an employer's report. An allowance for the McCloud remedy will have been made where required in the liabilities which is consistent with the method adopted at the last actuarial valuation.

Lloyds Judgement

The latest news on the Lloyds Banking Group court case involved a ruling that, in cases where a member exercised their right to a transfer value out of the scheme, the trustee had the duty to make a transfer payment that reflects the member's right to equalised benefits and remains liable if an inadequate transfer payment had been paid. It is not yet known if, or how, this will affect the LGPS. Further guidance from CIPFA and MHCLG is awaited. The actuary's standard approach currently is to make no allowance to reflect this judgement.

Goodwin Case

Our actuaries do not intend making to make any adjustments to accounting valuations resulting from the Goodwin case. This relates to survivor benefits payable to same-sex and opposite-sex survivors.

As this has just been announced the actuary does not have an accurate indication of the potential impact this may have on the value of employers' liabilities or the cost of the scheme. Any indication of cost at this stage will only be a rough estimate as in most cases, funds will not have this information or data to hand. It is their understanding that the Government Actuary's Department (GAD) is undertaking a review to assess the potential impact on public sector pension schemes, which the Actuary expect will be minimal for LGPS funds.

It is the actuary's expectation that the impact on the value of LGPS liabilities as a whole, and for the majority of employers participating in the LGPS, will not be material. It is possible that the impact on individual employers will vary depending on their specific membership profile, although any cases resulting in a significant impact are likely to be few and far between.

18.3 – Transactions relating to post-employment benefits

The Council recognises the cost of post-employment benefits in the (Surplus) / Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement (CI&ES) when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make 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 (MIRS). The transactions are as shown on the following table:

18.3 Comprehensive Income and Expenditure Statement	2023/24 £000s	2024/25 £000s
Net Cost of Services:		
• Service costs:		
o Current service costs	1,200	1,500
o Past service costs, including curtailments	1,031	118
o Net Settlement costs	(3)	0
Other Operating Expenditure:		
• Administrative expenses	70	67
Financing and Investment Income and Expenditure:		
• Net interest on defined benefit liability	(1,265)	13
Other Comprehensive Income and Expenditure:		
• Remeasurements of the net defined benefit liability:		
o Return on plan assets (in excess of interest)	(7,115)	(214)
o Actuarial (gains) / losses: changes in demographic assumptions	(1,170)	(214)
o Actuarial (gains) / losses: changes in financial assumptions	(995)	(9,940)
o Other actuarial (gains) / losses on assets	0	0
o Experience (gain) / loss on defined benefit obligation	255	(190)
o Changes in Asset Ceiling	30,356	10,835
Net charge / (credit) to the CI&ES	22,364	1,975
Movement in Reserves Statement		
• Reversal of net charges made for post-employment benefits in accordance with IAS 19	(1,033)	(1,698)
• Employer's contributions payable to the scheme	2,632	2,152
Net adjustment in the Movement in Reserves Statement	1,599	454

18.4 – Pension assets and liabilities recognised in the Balance Sheet

18.4.1 Net Liability	2023/24 £000s	2024/25 £000s
Present value of the funded defined benefit obligation	(81,031)	(71,626)
Fair value of the scheme assets	111,387	114,304
Sub-total	30,356	42,678
Present value of the unfunded defined benefit obligation	(1,302)	(1,125)
Impact of Asset Ceiling	(30,356)	(42,678)
Net (liability) asset arising from defined benefit obligation	(1,302)	(1,125)

Notes to the Core Financial Statements - Other Notes

At 31 March 2025, the Standard states that if an employer has an accounting surplus, it should only be recognised to the extent that it is able to recover the surplus either through reduced contributions in the future, or through refunds. The present value of such economic benefits is commonly referred to as the “asset ceiling”. The Council does not have an unconditional right to a refund of surplus on the basis that such a payment would be at the discretion of the Essex Pension Fund. The net liability remaining at 31 March 2025 is the present value of the unfunded obligation.

At 31 March 2025 the scheme reported a net defined benefit liability of £1.13m.

18.4.2 Reconciliation of Movements in the Fair Value of the Scheme Assets	2023/24 £000s	2024/25 £000s
Balance as at 1 April	100,813	111,387
Interest income on assets	5,183	5,394
Remeasurement gain / (loss):		
• Return on plan assets (in excess of interest)	7,115	214
• Other actuarial (gains) / losses on assets	0	0
Contributions from employer	2,632	2,152
Contributions from employees	518	594
Benefits paid	(4,690)	(5,370)
Administration expenses	(70)	(67)
Settlements	(114)	0
Balance as at 31 March	111,387	114,304

18.4.3 Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)	2023/24 £000s	2024/25 £000s
Balance as at 1 April	82,383	82,333
Current service costs	1,200	1,500
Past service costs, including curtailments	1,031	118
Interest cost	3,918	3,920
Contributions by scheme participants	518	594
Remeasurement gains / (losses):		
• Actuarial (gains) / losses: changes in demographic assumptions	(1,170)	(214)
• Actuarial (gains) / losses: changes in financial assumptions	(995)	(9,940)
• Experience gain / (loss) on defined benefit obligation	255	(190)
• Liabilities assumed/ (extinguished) on settlements	(117)	0
Benefits paid	(4,690)	(5,370)
Settlements	0	0
Balance as at 31 March	82,333	72,751

18.4.4 Analysis of scheme assets	31/03/2024		31/03/25	
	£000s	%	£000s	%
Estimated allocation of Fund assets for the Council by asset type:				
Equities	61,698	55	62,759	55
Government bonds (Gilts)	1,990	2	1,733	2
Other bonds	0	0	0	0
Property	7,688	7	9,226	8
Cash	2,748	2	2,229	2
Alternative assets	16,935	15	17,229	15
Other Managed Funds	20,328	18	21,128	18
Total Assets	111,387	99	114,304	101

18.5 – Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, i.e., an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Estimates for the fund are based on the latest full valuation of the scheme as at 1 April 2025, amended for updated expectations subsequently. The principal assumptions used by the actuary were as shown in the following table:

Basis for estimating assets and liabilities	2023/24	2024/25
Rate of CPI inflation	2.90%	2.90%
Rate of increase in salaries	3.90%	3.90%
Rate of increase in pensions	2.90%	2.90%
Rate for discounting scheme liabilities	4.90%	2.80%
Life expectancy assumptions from 65 years of age, in years:		
• Males retiring today	20.8	20.7
• Females retiring today	23.3	23.3
• Males retiring in 20 years	22	22
• Females retiring in 20 years	24.7	24.7
Other actuarial assumptions:		
• Members will exchange 50% of their commutable pension for cash at retirement;		
• Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age;		
• The proportion of active members who take up the option to pay 50% of contributions for 50% of benefits will remain the same as at the previous valuation date.		

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis on the following page 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 whilst all other assumptions remain constant. In practice however this is unlikely to occur, and changes in some of the assumptions are more likely to be interrelated. The table shows the impact on the defined benefit obligation and projected service cost of changes of plus and minus 0.1% or 1 year on various assumptions.

Sensitivity analysis	£000s	£000s	£000s
Adjustment to discount rate:	+0.1%	Base	-0.1%
• Present value of total obligation	71,821	71,821	73,702
• Projected service cost	1,062	1,062	1,138
Adjustment to long term salary increase:	+0.1%	Base	-0.1%
• Present value of total obligation	72,824	72,751	72,678
• Projected service cost	1,100	1,100	1,100
Adjustment to pension increases and deferred revaluation:	+0.1%	Base	-0.1%
• Present value of total obligation	73,655	72,751	71,866
• Projected service cost	1,140	1,100	1,061
Adjustment to life expectancy assumptions:	+ 1 Year	Base	-1 Year
• Present value of total obligation	75,698	72,751	69,933
• Projected service cost	1,141	1,100	1,059

18.6 – Asset and liability matching strategy

The actuary does not use a formal asset and liability matching strategy to match types of assets invested into the liabilities in the defined benefit obligation. Instead, the actuary adopts a policy of diversification of investment into alternative asset classes including property and bonds to reduce overall volatility in the delivery of fund returns without a significant reduction in the overall expected return.

18.7 – Impact on the Council's cash flows

The pension fund is reviewed every three years and contributions are set following each actuarial valuation. The most recent review was undertaken during 2022/23, which provided a valuation of the fund as at 1 April 2022. This valuation is effective for contributions payable to the scheme from 1 April 2023. The next actuarial valuation will take place during 2025/26 to provide a valuation as at 1 April 2025 which will be effective for contributions from 1 April 2026. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions. The valuation results as at 31 March 2022 reported a surplus for Castle Point Borough Council of £182m which meant that the Council was fully funded.

The scheme deficit, or liability, shows the underlying commitment that the Council has in the long run to pay future post-employment benefits. A deficit or credit balance means that the benefits earned by past and current employees are less than the resources the Council has set aside to meet them. As at 31 March 2025 the scheme reported a net asset of £42.7m which was offset by the introduction of asset ceiling* resulting in a net defined benefit liability of £1.13m.

*Asset Ceiling: The accounting standards state that if an employer has an accounting surplus, it should only be recognised to the extent that it is able to recover the surplus either through reduced contributions in the future, or through refunds. The present value of such economic benefits is commonly referred to as the “asset ceiling”.

18.8 – Further information

Further information can be found in the Essex Pension Fund Annual Report, which is available on the Essex Pension Fund website: www.essexpensionfund.co.uk

19 - Financial Instruments

19.1 – Financial instruments

Financial assets and liabilities are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument. They are initially measured at fair value and then subsequently carried at amortised cost. Interest is charged or credited to the Financing and Investment Income and Expenditure line in the CI&ES. These amounts are based on the principal outstanding multiplied by the interest rate for the instruments. The amounts for borrowing and investments shown on the Balance Sheet are the carrying amount, which is outstanding principal and accrued interest. No premiums were charged during the year. Discounts on PWLB Loan early repayments were credited during the year.

As stated above, financial assets are classified and measured at amortised cost, none are measured at Fair Value through Profit and Loss. This is because no gains or losses are expected on investments. The Council's business model is to hold investments to collect contractual cash flows and so all are treated as solely payment of principal and interest.

The Council has not made nor received any soft loans at less than market rates, nor entered into any financial guarantees that are required to be accounted for as financial instruments.

Impairment losses reflect the expectation that the future cash flows might not take place because the debtor could default on their obligations. They are calculated using the simplified method on a collective basis, based on age of the debt and recovery stage, and also by making a judgement on individual larger or overdue accounts, based on individual debtors' circumstances.

19.2 – Nature of financial instruments and financial instruments balances

A Financial Instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another and is settled in exchange for cash or cash equivalents. For the Council this means that all borrowings and investments, trade receivables and payables (debtors and creditors), cash and overdrafts are recognised as financial instruments. Statutory amounts that do not arise under contracts are not accounted for as financial instruments. This includes Council Tax debt, National Insurance and VAT.

The financial instruments disclosed in the Balance Sheet are made up of the following categories:

Nature of financial instruments and balances	Non-Current	Current	Non-Current	Current
	31/03/24	31/03/24	31/03/25	31/03/25
	£000s	£000s	£000s	£000s
Borrowings (including accrued interest) at amortised cost	4,500	929	3,600	924
Borrowings re HRA reform	21,000	6,280	21,000	4,735
Creditors	180	4,677	171	6,551
Finance lease liabilities	0	0	2,026	967
Total liabilities	25,680	11,886	26,797	13,177
Short term investments	1,000	31,879	0	27,506
Cash and cash equivalents	0	(722)	0	625
Debtors	170	3,353	186	4,836
Total assets	1,170	34,510	186	32,967

Under accounting requirements, the financial instrument value as shown in the Balance Sheet includes the principal amount borrowed plus accrued interest. Accrued interest of **£259k (£309k)** at 31

March 2024), although relating to long-term liabilities, is due within one year. An analysis of the maturity profile of borrowing is shown in note 19.6.5.

19.3 – Financial instruments income, expense, gains and losses

The gains and losses recognised in the CI&ES in relation to financial instruments are made up as follows:

Income, expense, gains and losses	2023/24 £000s	2024/25 £000s
Financial Liabilities, measured at amortised cost		
Interest expense, including interest on finance leases	905	1,130
Financial Assets - loans and receivables		
Interest income	1,926	1,759

19.4 – Fair value of Assets and Liabilities carried at Amortised Cost

The figures quoted for debtors and creditors exclude statutory amounts such as Council Tax and also prepayments and receipts in advance.

The Council's portfolio of loans includes a number of fixed rate loans which were taken out when interest rates were higher than those available for similar loans at the Balance Sheet date. Should the Council wish to settle these loans earlier than current terms, a premium or penalty charge would be payable to the lender. Conversely, where the Council has loans with rates lower than current market rates, earlier settlement of these will attract a discount. The net effect of these factors has resulted in a higher fair value amount for financial liabilities.

Financial Assets and Liabilities are carried on the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- IFRS13 states fair value is a market-based measurement with prices determined by transactions between market participants. However for Public Works Loan Board (PWLB) loans, premature repayment rates from PWLB (**3.90%** for General Fund borrowing and varying from **3.89%** to **4.58%** for HRA borrowing) have been used to calculate the fair value, which is **£1,163K** less than the carrying amount. This is a level 2 valuation within the fair value hierarchy, as defined in accounting policy AP11.
- PWLB loan early repayment discount has been recognised through the PWLB Adjustment Account.
- No other early repayment or impairment is recognised.
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate the fair value, and is taken to be the principal outstanding plus accrued interest.
- The fair value of trade debtors and creditors is taken to be the invoiced or billed amount.
- Cash and cash equivalent assets can be accessed without notice, and therefore fair value and carrying value are the same.

Details of carrying amount and fair value are shown below:

Fair value of assets and liabilities carried at amortised cost	Carrying Amount 31/03/24 £000s	Fair Value 31/03/24 £000s	Carrying Amount 31/03/25 £000s	Fair Value 31/03/25 £000s
PWLB debt (borrowing) - Interest Rates: 1.08% to 4.10%	5,429	5,042	4,524	4,258
PWLB debt (borrowing) re HRA - Interest Rates: 2.31% to 3.49%	27,280	26,679	25,735	20,339
Finance leases liability	0	0	2,993	2,993
Creditors	4,857	4,857	6,723	6,723
Total financial liabilities	37,566	36,578	39,975	34,313
Investments	32,879	32,879	27,506	27,506
Long term debtors	170	170	186	186
Trade debtors	3,223	3,223	4,836	4,836
Cash and cash equivalents	(722)	(722)	625	625
Total financial assets	35,550	35,550	33,153	33,153

19.5 – Analysis of investments

The Council had funds invested of **£27.14m** as at 31 March 2025 (**£32.30m** as at 31 March 2024):

Category	£000s
Money Market Funds:	
Aviva Investors GBP Liquidity Fund	5,000
LGIM Sterling Liquidity Fund	1,136
Local authorities:	
Babergh District Council	2,000
Flintshire County Council	5,000
Dover District Council	5,000
Banks:	
Lloyds Bank Corporate Markets	4,000
Santander plc notice account	1,000
Standard Chartered Bank	4,000
Total	27,136

The carrying and fair value amounts for investments are higher than the principal amount due to the inclusion of accrued interest of **£370k** (**£579k** at 31 March 2024) which is not reflected in the above amounts.

19.6 – Disclosure of nature and extent of risk arising from financial instruments

19.6.1 – Key risks

The Council's activities expose it to a variety of financial risks. The key risks are:

- **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 commitment to make payments.
- **Re-financing risk** – the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- **Market risk** – the possibility that financial loss might arise for the Council as a result of changes in interest rates.

19.6.2 – Overall procedures for managing risk

The Council's overall risk management procedures focus on the unpredictability of financial markets and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the Treasury Management in the Public Services Code of Practice and Investment Guidance issued by Government. Overall, these procedures require the Council to manage risk in the following ways:

- By formally adopting the requirement of the Code of Practice.
- By the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations and constitution.
- By approving annually in advance, prudential indicators for the following three years limiting:
 - the Council's overall borrowing.
 - its maximum and minimum exposure to fixed and variable rates.
 - its maximum and minimum exposure to the maturity structure of its debt.
 - its maximum annual exposure to investments beyond a year.
- By approving an Investment Strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government guidance.

These are required to be reported and approved at or before the Council's annual Council Tax setting meeting or before the start of the year to which they relate. These items are reported with the Annual Treasury Management and Investment Strategy which outlines the approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported annually to Members.

The 2024/25 strategy included sections on:

- Definition of Treasury Management.
- The prospects for interest rates.
- Current debt position.
- Borrowing strategy and objectives.
- Borrowing maturity structure.
- Interest rate sensitivity.
- Limits of fixed and variable rate exposure.
- Investment principles – security, liquidity and yield.
- Specified and non-specified investments.
- Security of capital and the use of credit ratings.
- Table of minimum credit ratings for counterparties.

These policies are implemented by the Financial Services team. The full documents for 2024/25 are available on request and the equivalent Strategies for 2025/26 can be found on the Council's website: www.castlepoint.gov.uk/council-strategies-and-policies

The Council maintains written principles for risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash through Treasury Management Practices. The Treasury Management Practices are a requirement of the Code of Practice and are regularly reviewed.

19.6.3 – Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria specified in the Investment Strategy, which also imposes a maximum amount and time to be invested with a financial institution in each category.

The credit criteria in respect of financial assets held by the Council during 2024/25 are detailed as follows:

<i>Specified investments for the financial year 2024/25</i>			
Investment	Counterparty limit	Security / Minimum Credit Rating	Maximum period of investment
Debt Management Agency Deposit Facility (DMADF) (this facility is at present available for investments up to 6 months)	No limit	The Debt Management Office is an agency of the UK Government	6 months (DMO imposed time limit)
Treasury Bills issued by the UK Government (currently maximum 6-month duration)	No limit	The Debt Management Office is an agency of the UK Government	364 days
Term Deposits with the UK Government or with UK local authorities (i.e. local authorities as defined under section 23 of the 2003 Act)	The lesser of £5m or 33% of total investments	High quality as either directly invested or via agencies of UK Government. (Although local authorities are not specifically credit rated)	364 days
Term Deposits with institutions, part nationalised by the UK Government	The lesser of £5m or 33% of total investments	long-term A-, short-term F1 (lowest common denominator Fitch, Moody's & S&P)	364 days
Money Market Funds (i.e. a collective investment scheme as defined in SI 2004 No 534) CNAV, LVNAV and VNAV These funds do not have a maturity date	The lesser of £5m or 33% of total investments	Fitch, Moody's or Standard and Poors AAA (Minimum of two ratings)	n/a (repayable on demand)
Current accounts, notice accounts or term deposits with credit-rated deposit takers (UK banks and building societies)	The lesser of £4m or 25% of total investments	long-term A-, short-term F1 (lowest common denominator Fitch, Moody's & S&P)	364 days (Call deposits repayable on demand)
Forward deals with credit rated banks and building societies < 1 year (i.e. negotiated deal period plus period of deposit)	The lesser of £4m or 25% of total investments	long-term A-, short-term F1 (lowest common denominator Fitch, Moody's & S&P)	364 days
Certificates of Deposit issued by UK institutions	The lesser of £4m or 25% of total investments	long-term A-, short-term F1 (lowest common denominator Fitch, Moody's & S&P)	364 days
Covered bonds (maximum 364-day period includes borrower extension option)	The lesser of £4m or 25% of total investments	long-term AA-, short-term F1 (lowest common denominator Fitch, Moody's & S&P)	364 days
Reverse repurchase agreements "repos" (a form of secured lending with enhanced security)	The lesser of £4m or 25% of total investments	long-term AA-, short-term F1 (lowest common denominator Fitch, Moody's & S&P)	364 days

Non-specified investments for the financial year 2024/25			
Investment	Counterparty limit	Security / Minimum Credit Rating	Maximum period of investment
Term deposits with the UK Government or with UK local authorities (i.e. local authorities as defined under section 23 of the 2003 Act)	The lesser of £5m or 25% of total investments	High quality as either directly invested or via agencies of UK Government. (Although local authorities are not specifically credit rated)	2 years
Current accounts, notice accounts or term deposits with credit-rated deposit takers (UK banks and building societies)	The lesser of £4m or 25% of total investments	long-term A-, short-term F1 (lowest common denominator Fitch, Moody's & S&P)	2 years
Property funds	The lesser of £4m or 25% of total investments	Unrated	n/a
Bond funds	The lesser of £4m or 25% of total investments	Unrated	n/a
Multi-asset funds	The lesser of £4m or 25% of total investments	Unrated	n/a
Equity funds	The lesser of £4m or 25% of total investments	Unrated	n/a

- All Specified Investments listed above must be sterling-denominated.
- All investments are managed in-house.
- No shares or loan capital is held by the Council
- None of the investments are classified as capital expenditure.

Customers are normally assessed taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings and parameters set by the Council. Where the Council has a statutory duty to provide services, such as homelessness, the Council has no discretion whether to incur a debt and there may be a reduced chance of recovery. In these cases an impairment loss allowance is calculated. An impairment allowance is calculated for debts more than 30 days overdue, unless collection is almost certain. Impairment allowances are calculated by both collective assessment based on age of the debt and recovery stage, and also by making a judgement on individual larger or overdue accounts, based on individual debtors' circumstances.

Writing off Debts

The Council's write-off policy describes the procedure for establishing if a debt is irrecoverable and defines when a debt is irrecoverable. No bona fide debt may be cancelled, other than by formal write off. Debts will only be written off if :

- The Debtor is deceased, insolvent or has absconded**
- The debt is statute barred**
- It is uneconomical to pursue the debt.**
- The debt is uncollectable after exhausting all options.**

The approval required to write off any debt meeting any of the above criteria is in table below:

Amount	Minimum Approval Required
Up to £5,000	Budget Holder
In excess of £5,000 and not more than £10,000	Assistant Director (following Consultation with the Budget Holder)
In excess of £10,000 and not more than £25,000	Director (Following Consultation with Assistant Director)
In excess of £25,000 and not more than £50,000	Section 151 Officer (Following Consultation with the Director)
In excess of £50,000 and not more than £100,000	Service Cabinet Member (Following Consultation with the Director and Section 151 Officer)

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of **£6.14m**, AAA rated money market funds and other counterparties of **£21.29m**, cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. The Council monitors credit ratings of investment counterparties and other market information on a monthly basis as part of the on-going assessment of change in credit risk since initial recognition of the financial asset. A risk of non-recovery applies to all of the Council's deposits but there was no evidence at 31 March 2025 that this was likely to crystallise.

No breaches of the Council's counterparty criteria occurred during the year. Whilst uncertainty in international markets may have raised the overall possibility of default, the Council maintains strict credit criteria for investment counterparties.

The changes in loss allowance for each class of financial asset during the year were as follows:

Debtor loss allowance	2023/24	2024/25
	£000s	£000s
Opening Balance 1 April	2,051	2,076
Amounts written off	(87)	(70)
Other changes	112	(267)
As at 31 March	2,076	1,739

The analysis below summarises the Council's potential maximum exposure to credit risk as at 31 March 2025, based on experience of default assessed by the ratings agencies and the Council's experience over previous years, adjusted to reflect current market conditions. The amount stated for customers excludes impairment allowances for bad debts.

Gross Carrying Amounts Amortised Cost	Gross Balances £000s	Impairment £000s	Total not Impaired £000s	Of Which:	
				Financial Instruments £000s	Non Financial £000s
Investments (no provision)					
AAA rated counterparties	6,136	0	6,136	6,136	0
AA rated counterparties	12,000	0	12,000	12,000	0
A rated counterparties	9,295	0	9,295	9,295	0
Government bodies	0	0	0	0	0
Total Investments	27,431	0	27,431	27,431	0
Debtors (by provision percentage):					
0%	2,532	0	2,532	2,534	(2)
1% to 25%	401	(90)	311	86	225
26% to 50%	618	(238)	380	294	86
51% to 75%	304	(206)	98	87	11
76% to 99%	1,624	(1,463)	161	146	15
100%	716	(716)	0	0	0
Total Debtors	6,195	(2,713)	3,482	3,147	335
Overall Total	33,626	(2,713)	30,913	30,578	335

The simplified approach, not the twelve-month approach or lifetime losses approach for impairment is used for all debtors. No impairment is provided for investments, including bank balances and money market funds, as they are expected to be repaid in full and the expected credit loss is estimated at only **£5k**.

The Council allows credit to its customers only in exceptional cases, mainly where there is a statutory responsibility to provide services. The Council actively pursues all debtors in accordance with its debt management policy and does not write debt off until it has exhausted all options for recovery. The Council regularly reviews its levels of debt, which includes considering the adequacy of its impairment allowance for bad debts.

Of the total debtors of **£5.04m** shown in the previous table, **£1.85m** is past its due date (**£1.49m** at 31 March 2024) and is unimpaired, as shown in the tables below. The majority relates to Housing Benefit payments.

Reconciliation of Debtors from Balance Sheet to Debtors Past Due Date and Not Impaired		31/03/25 £000s
Total Balance Sheet long term and short term debtors		7,305
Add back impairment allowances		2,713
Total Balance Sheet Debtors (before impairment allowances)		10,018
Adjust to exclude debtors not exposed to credit risk:		
Statutory and other debtors		(3,415)
Prepayments		(408)
Total Debtors exposed to credit risk		6,195
Less impairment allowances		(2,713)
Less debtors no yet due for payment		(1,629)
Total debtors pas due date and not impaired		1,853

Debts past due date and not impaired as at 31/3/24	Council Tax & NNDR £000s	Benefit Over Payments £000s	Other Customers £000s	Total £000s
Less than one month	5	26	120	151
One to three months	15	13	398	426
Three to six months	13	13	119	145
Six months to one year	72	56	86	214
More than one year	227	412	276	917
Total	332	520	999	1,853

Debts past due date and not impaired as at 31/3/24	Council Tax & NNDR £000s	Benefit Over Payments £000s	Other Customers £000s	Total £000s
Less than one month	10	54	75	139
One to three months	13	19	145	177
Three to six months	12	8	94	114
Six months to one year	116	25	76	217
More than one year	420	443	187	1,050
Total	571	549	577	1,697

During the year the Council held no collateral as security.

19.6.4 – Liquidity risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the Treasury and Investment Strategy reports), as well as through cash flow management procedures required by the Code of Practice. This seeks to ensure that cash is available when needed. The Council has ready access to borrowings from the Money Markets to cover any day to day cash flow need and whilst the PWLB provides access to longer terms funds, it also acts as a lender of last resort to councils. The Council is also required to provide a balanced budget by the Local Government Finance Act 1992, which ensures that sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

19.6.5 – Re-financing and maturity risk

The Council maintains a debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates to managing exposure to replacing financial instruments as they mature. This risk relates to the maturing of longer-term financial liabilities. The approved prudential indicator limits for the maturity structure of debt, and the limits on investments placed for greater than one year are key parameters used to address this risk. The Council approved Treasury and Investment Strategies address the main risks and the Financial Services team addresses the operational risks within the approved parameters. The maturity analysis of loans, including finance lease liabilities, by value and percentage, is as follows:

Maturity Term	31/03/24	31/03/25
	£000s	£000s
Less than one year	7,209	5,659
Between one and two years	900	900
Between two and five years	9,700	9,700
Between five and ten years	13,400	12,500
More than ten years	1,500	1,500
Total	32,709	30,259

Maturity Term	Actual	Cumulative Actual	Approved Limit*
	31/03/25	31/03/25	
Less than one year	19%	19%	50%
Between one and two years	3%	22%	50%
Between two and five years	32%	54%	60%
Between five and ten years	41%	95%	80%
More than ten years	5%	100%	100%
Total	100%		

* Approved Maximum upper Actual Limit

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

19.6.6 – Market risk*Interest rate risk*

The Council is exposed to interest rate movements on its investments and on any future borrowings or rescheduling of existing borrowings. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance a rise in variable and fixed interest rates would have the following effects:

- Borrowing at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services on the CI&ES will rise.
- Borrowing at fixed rates – the fair value of the borrowing liability will fall.
- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services on the CI&ES will rise.
- Investments at fixed rates – the fair value of longer-term assets will fall.

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the CI&ES. However, changes in interest payable and receivable on variable rate borrowings and investments will be allocated to the CI&ES and will affect the General Fund Balance. The Annual Treasury Management Strategy brings together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this strategy a prudential indicator is set which provides maximum limits for fixed and variable interest rate exposures. The Financial Services team will monitor market and forecast interest rates within the year to adjust exposure appropriately.

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

	2023/24	2024/25
	£000s	£000s
Increase in interest payment on variable rate borrowings	0	0
Increase in interest payment on variable rate investments	2,409	338
Impact on Comprehensive Income and Expenditure Statement	2,409	338

The impact of a 1% fall in interest rates would be as above but with the movements being reversed (assuming negative rather than zero interest rates).

Price risk

The Council does not invest in equity shares. It therefore has no exposure to risk arising from movement in prices.

Foreign exchange risk

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

20 - Leases**20.1 - Authority as Lessee**

IFRS16 came into effect from 1 April 2024. This has required all contracts and leases to be reviewed for Right of Use assets. These Assets have then been brought onto the balance sheet with a corresponding Finance Lease Liability.

This table shows the change in value of right of use assets held under leases by the authority. The total value is incorporated into the table of non-current assets in Note 13.

Movements	Vehicles, plant and equipment £'000s
Balance at 1 April 2024	855
Additions	0
Revaluations	0
Depreciation	(214)
Disposals	0
Balance at 31 March 2025	641

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

	2024/25
Comprehensive income and expenditure account	
Interest expenses on lease liabilities	161,823
Income from sub-letting right of use assets	(751,483)
Net income in CIES	(589,660)
Cash Flow Statement	
Minimum Lease Payments	(1,048,750)

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

Maturity Analysis of lease liabilities	31 March 2025 £'000s
Less than 1 year	967
One to five years	2,026
Total undiscounted liabilities	2,993

21 - Events after the Balance Sheet Date

Events after the Balance Sheet Date are accounted for in accordance with Accounting Policy AP10. The financial statements were signed and authorised for issue on 30 June 2025 by the Assistant Director, Finance & Procurement (s151 Officer), the Council's responsible financial officer. This establishes the date after which events have not been recognised in the Statement of Accounts. The Council had no events after the Balance Sheet date to report.

22 - Provisions, Contingent Assets and Contingent Liabilities

Provisions, contingent assets and contingent liabilities are accounted for in accordance with Accounting Policy AP21 - Provisions and Contingencies. The balance of outstanding provisions appears under Current Liabilities on the Balance Sheet.

22.1 – Provisions

The Council holds the following total provisions balance as at 31 March 2025:

2024/25	Total Provisions £000's
Balance as at 1 April 2024	269
Amounts used	(6)
Additional provisions made	122
Unused amounts reversed	(62)
Balance as at 31 March 2025	323

The balance relates entirely to the following provision:

- **Business rates provision for rateable loss** – The Local Government Finance Act 2012 introduced a business rates retention scheme from 1 April 2013 that enables local authorities to retain a portion of the business rates generated in their area. As part of this process each local authority assumed part of the liability for refunding ratepayers who had successfully appealed against the rateable value of their properties on the rating list. This included amounts that were paid over in respect of 2012/13 and prior years to Central Government. The Council calculated an initial provision and charged it to the Collection Fund in 2013/14. In each subsequent year the Council has re-estimated the required level of provision at 31 March each year to take into account the latest information on successful and unsuccessful appeals and those which are still unresolved, and adjusted the provision accordingly. Please also refer to note 23.

22.2 – Contingent Assets

The Council does not have any contingent assets to report as at 31 March 2025.

There are two cases where action was being considered as at the balance sheet date, but no formal legal action had been taken to reclaim monies until after 31 March therefore will be reviewed throughout 2025/26.

22.3 – Contingent Liabilities

The Council has the following contingent liabilities to report as at 31 March 2025:

- Currently there are court cases and also disputes with contractors and other parties where the Council may take or defend legal action which may give rise to costs depending on the outcome.
- The Council signed agreements with the Homes and Communities Agency (HCA) in March 2010 in order to secure funding in relation to projects for the regeneration of Hadleigh and Canvey Island Town Centres. Failure to meet future regeneration targets could result in some of the funding becoming repayable to the HCA, now known as Homes England. Funding may also become

repayable in the event that the Crown public house site is sold and a capital receipt realised as part of the regeneration of the Hadleigh Island site.

- In September 1992 Municipal Mutual Insurance (MMI) went into receivership. Zurich took over the vast majority of MMI's staff and renewal business and changed their name to Zurich Municipal. Zurich did not however take over MMI's residual liabilities and therefore Castle Point Borough Council along with other major creditors, agreed to a Scheme of Arrangement (SOA), under s425 of the Companies Act 1985. This became effective in January 1994. A Supreme Court judgement was handed down in March 2012 and found against MMI in respect of the Employer Liability Policy Trigger Litigation for cases of negligent exposure to asbestos. In November 2012 the SOA was triggered by the MMI board of directors as it was no longer foreseen that a solvent run-off of MMI would be achieved and as a consequence Councils would now be required to contribute. The Council's maximum exposure is approximately **£442k**. The Council holds **£348k** in an earmarked reserve to cover any potential further payments, as shown in Note 12.1.

23 - Accounting Standards Issued But Not Yet Adopted

The Council is required to disclose information on the impact of a change in accounting policy that will be required by an accounting standard that has been issued but not yet adopted. This applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (i.e. 1 January 2024 for the 2024/25 financial year). The applicable changes for 2024/25 are as follows:

- **IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability)**
There is no impact on this Council
- **IFRS 17 Insurance Contracts** There is no impact on this Council.
- **Changes in measurement of non-investment assets** within the 2025/26 Code. Any changes to the way the Council needs to revalue its non-investment assets will be discussed with the valuers as part of the year end revaluations process.

24 - Critical Judgements in Applying Accounting Policies

In applying the Council's accounting policies, the Council has made certain judgements about complex transactions or those involving uncertainty around future events. The judgements made in the Statement of Accounts include, but are not limited to, the following:

- There is a continuing high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not enough to provide an indication that the Council's assets might be impaired, for example as a result of a need to close facilities and reduce levels of service provision.
- The Council has previously estimated the likelihood of having to make payment under the Municipal Mutual Insurance receivership case described in the preceding notes, and this is currently being reported as a contingent liability under note 21.3 above.
- The Council has estimated the likelihood of success of appeals against National Non-Domestic Rates liabilities submitted to the Valuation Officer by rate payers, and has made provision, as disclosed in note 21.1. The provision is calculated considering data and experience from appeals to date. A 5% change in the closing provision equates to a £16k change for the Council.

25 - Future Assumptions 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 that are uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However because balances cannot be determined with absolute certainty, actual results could be different from these assumptions and

estimates. The items in the Balance Sheet as at 31 March 2025, for which there could be a risk of material adjustment in the forthcoming financial year, are as follows:

25.1 - Property, Plant and Equipment (See Note 13)

Area of uncertainty - Assets are depreciated over their useful lives, which are partly dependent upon assumptions about the levels of repairs and maintenance to be carried out on those assets in future years. Reduced levels of funding could impact on the Council's planned spending on repairs and maintenance, which could then influence the expected lives of these assets.

Estimated effect if results differ from assumptions - If the useful lives of assets were to reduce, then the annual depreciation charges on these assets would increase and their carrying value on the Balance Sheet would decrease. It is estimated that the annual depreciation charge for all General Fund operational buildings would increase by **£17k** for each year that the useful lives were decreased.

Estimated effect if results differ from assumptions – The impact of a **1%** valuation change on the Knightswick Shopping Centre would be **£81k**.

25.2 - Pensions Liability (See Note 18)

Area of uncertainty - Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Expert advice about the assumptions to be applied in the Council's accounts is provided by Essex Pension Fund and Barnett Waddingham, an independent firm of actuaries.

Estimated effect if results differ from assumptions - The effect on the net pension liability of changes in individual assumptions can be measured. The actuary has estimated the effect of increases and decreases in several areas and these are reported in note 18.5.

25.3 - Fair Value Measurements (See Accounting Policy AP11 and Notes 13 and 19)

Area of uncertainty – When the fair values of financial assets and liabilities cannot be measured based on quoted prices in active markets (level 1 inputs) the value is measured using other valuation techniques. Where possible the inputs to these techniques are based on observable data, but if this is not possible, then judgements and assumptions are required to establish fair values. This could affect the fair value derived from these judgements. The Council will use relevant experts, such as the external valuers who value Investment Properties, in order to determine Fair Value.

Estimated effect if results differ from assumptions – The Council uses the methods described in the above mentioned Accounting Policy and Notes to measure the fair value of its Investment Properties and report the fair value of some of its Financial Instruments, including the significant unobservable inputs also described in those notes. Changes in these inputs could result in a higher or lower value of the associated asset or liability.

Housing Revenue Account Income and Expenditure Statement

The Housing Revenue Account (HRA) reflects a statutory obligation to maintain a separate revenue account for local authority housing provision in accordance with the Local Government and Housing Act 1989. The Housing Revenue Account Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. The Council charges rent to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the funding basis through which rents are raised, is shown in the Movement on the Housing Revenue Account Statement, shown on the following page. Most of the amounts shown on this statement are also included within the overall Comprehensive Income and Expenditure Statement.

2023/24 £000s		Notes	2024/25 £000s
	Income		
(7,788)	Dwelling rents		(8,643)
(76)	Non-dwelling rents		(74)
(1,002)	Charges for services and facilities		(1,077)
(8,866)	Total Income		(9,794)
	Expenditure		
2,215	Repairs and maintenance		2,333
1,834	Supervision and management		2,362
349	Rents, rates, taxes and other charges		396
4,391	Depreciation, revaluation and impairment of non-current assets	3	2,050
62	Increase / (decrease) in allowance for bad or doubtful debts		50
8,851	Total Expenditure		7,191
(15)	Net Expenditure / (Income) of HRA Services as included in the Comprehensive Income and Expenditure Statement		(2,603)
2	HRA services' share of Corporate and Democratic Core		3
894	HRA services' share of other amounts included in the whole Council net cost of services - continuing operations, but not allocated to specific services, plus HRA services' share of other recharges from the General Fund		1,017
881	Net Expenditure / (Income) of HRA Services		(1,583)
	HRA Share of the Operating Income and Expenditure Included in the Comprehensive Income and Expenditure Statement		
679	(Gain) / loss on disposal / derecognition of non-current (long term) assets		423
(261)	Interest and Investment income		(267)
844	Interest payable on debt, and similar charges		891
(472)	Capital grants and contributions		0
1,671	(Surplus) / Deficit for the Year on HRA Services		(536)

Movement on the Housing Revenue Account Statement

This statement shows how the HRA Income and Expenditure Statement (surplus) / deficit for the year, as shown on the previous page, reconciles to the movement on the Housing Revenue Account balance for the year, calculated in accordance with the Local Government and Housing Act 1989.

2023/24 £000s	Notes	2024/25 £000s	2024/25 £000s
(1,174)	Housing Revenue Account Balance Brought Forward		(877)
1,671	(Surplus) / Deficit for the Year on the HRA Income and Expenditure Statement		(536)
	Adjustments between accounting basis and funding basis under statute		
(2,254)	Revaluation and impairment of non-current (long term) assets	3	55
(679)	Net gain / (loss) on disposal or derecognition of non-current (long term) assets		(424)
471	Adjustment for recognised capital grants and contributions (applied and unapplied)		0
(103)	Reversal of net charges made for post-employment benefits in accordance with IAS 19		(116)
(3)	Adjustment for Accumulated Absences (holiday pay)		0
163	Employer's contributions payable to pension fund		167
(32)	Adjustment for PWLB early repayment discount		(32)
64	Transfer to / (from) the Major Repairs Reserve	1	0
(2,373)	Total adjustments		(350)
(703)	Net Decrease / (Increase) Before Transfers To / (From) HRA Earmarked Reserves		(886)
1,000	Transfers to / (from) HRA Earmarked Reserves		206
297	Decrease / (Increase) in the HRA Balance for the Year		(680)
(877)	Housing Revenue Account Balance Carried Forward		(1,557)

Notes to the Housing Revenue Account

1 HRA Capital Expenditure and Receipts

Capital expenditure during 2023/24 and 2024/25 was as follows:

Item	2023/24 £000's	2024/25 £000's
Enhancement works	3,184	2,883
Property acquisitions and new developments	1,904	191
Total capital expenditure	5,088	3,074
Funded from:		
Major repairs reserve (note 1)	(3,184)	(2,883)
Grants and capital receipts	(1,904)	(191)
Total funding sources	(5,088)	(3,074)

Note 1 - The Council is required to maintain a Major Repairs Reserve (MRR) for the funding of HRA capital expenditure. The MRR is described in Note 12.2 to the Core Financial Statements, Analysis of the Movement in Reserves Statement. Movements in the MRR during the year are reported in Note 11 to the Core Financial Statements, Reconciliation of amounts included in "Adjustments between accounting basis and funding basis under regulations."

An estimated amount of the previous carrying value of the enhancement works was derecognised in accordance with Policy Note AP16.11. This was based on the value of works with an inflation adjustment applied to reduce the value back to the estimated value at the point the original cost was incurred, as well as a further adjustment for accumulated depreciation over the period since the most recent valuation on each asset group.

Gross capital receipts from the disposal of Council dwellings and repayment of Right to Buy discounts received during 2024/25 totalled **£417k** (**£384k** in 2023/24), from which **£3k** was deducted for costs incurred. The balance of unused HRA capital receipts held as at 31 March 2025 was **£1.798m**, of which **£1.720** must be used for replacement housing purposes. Any of this portion not used within five years of the year end from the date of original receipt is repayable to Central Government.

2 Housing Assets

The Council sold 2 council properties during 2024/25 (2 in 2023/24) The housing assets included in the Balance Sheet are as follows:

Dwelling type – property numbers	31/03/24	31/03/25
	Number	Number
1 bedroom	504	504
2 bedroom	362	362
3 bedroom	413	411
4 bedroom	11	11
Bedsits	203	203
Total dwellings	1493	1491
Total garages	245	245

Dwelling type – valuation	31/03/24 £000s	31/03/25 £000s
Council dwellings	150,177	150,444
Garages	721	651
Total balance sheet net book value at 31 March	150,898	151,095

When compared to the vacant possession value, the Balance Sheet values of HRA dwellings show the economic cost of providing council housing at less than open market rents. The Balance Sheet value shows the effect of the discounted valuation methodology, as described in Accounting Policy AP16.4, as well as depreciation charges. The value at 1 April 2024 is based on an adjustment factor of 33% and the vacant possession value is £345.367m

3 Revaluation and Impairment Reviews of Non-Current Assets

Council houses are re-valued using the Guidance on Stock Valuation for Resource Accounting issued by the Ministry of Housing, Communities and Local Government (MHCLG), as detailed in Accounting Policy AP16.4. The Council's independent valuers, Wilks Head and Eve, carry out an annual market and impairment review at the end of each financial year, reporting on any issues arising at the Balance Sheet date of 31 March. The review performed during April 2025 providing data as at March 2025 concluded that movements in values during 2024/25 had resulted in a -2% decrease in the value of the Council's dwelling stock at March 2025.

Council Dwelling revaluation and impairment amounts recognised in the HRA Income and Expenditure Statement are currently transferred through the Movement on the HRA Statement to the Capital Adjustment Account (CAA) to avoid having any impact on rent levels.

The HRA also receives a depreciation charge based on the value, age and condition of property calculated in accordance with proper accounting practices. Depreciation is also transferred through the Movement on the HRA Statement to the CAA, with additional adjustments through the Major Repairs Reserve.

The entries included in the Depreciation, Revaluation and Impairment of non-current (long term) assets lines on the HRA Income and Expenditure Statement are as follows:

Item	2023/24 £000s	2024/25 £000s
Dwellings and garages depreciation charge	2,139	2,105
Revaluation losses / (gains)	5,234	(55)
Total	7,373	2,050

4 Housing Rent Arrears

The total value of housing rent arrears included on the Balance Sheet, less an allowance to meet possible future bad debts, is as shown in Note 14 to the Core Financial Statements, Debtors.

Collection Fund Income and Expenditure Statement

The Collection Fund Income and Expenditure statement 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 authority in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and Non-domestic Rates (NDR).

BUSINESS RATES 2023/24 £000s	COUNCIL TAX 2023/24 £000s	TOTAL 2023/24 £000s		Notes	BUSINESS RATES 2024/25 £000s	COUNCIL TAX 2024/25 £000s	TOTAL 2024/25 £000s
			Income				
0	(65,267)	(65,267)	Council Tax income receivable	1	0	(68,004)	(68,004)
0	0	0	Council Tax benefit transferred from the General Fund		0	0	0
(15,447)	0	(15,447)	Non-domestic rates income receivable	2	(16,820)	0	(16,820)
(15,447)	(65,267)	(80,714)	Total Income		(16,820)	(68,004)	(84,824)
			Expenditure				
			Apportionment of previous year surpluses / (deficits)				
377	0	377	Central Government		346	0	346
301	93	394	Castle Point Borough Council		277	173	450
68	467	535	Essex County Council		62	863	925
0	74	74	Essex PFCC - Policing and Community Safety		0	139	139
8	25	33	Essex PFCC - Fire and Rescue Authority		7	48	55
			Precepts, demands and shares				
7,378	0	7,378	Central Government		7,551	0	7,551
5,902	9,083	14,985	Castle Point Borough Council		6,041	9,141	15,182
1,328	45,329	46,657	Essex County Council		1,359	47,833	49,192
0	7,297	7,297	Essex PFCC - Policing and Community Safety		0	7,742	7,742
148	2,509	2,657	Essex PFCC - Fire and Rescue Authority		151	2,596	2,747

Collection Fund

BUSINESS RATES	COUNCIL TAX	TOTAL	Notes	BUSINESS RATES	COUNCIL TAX	TOTAL
2023/24	2023/24	2023/24		2024/25	2024/25	2024/25
£000s	£000s	£000s		£000s	£000s	£000s
			Other charges to the Collection Fund			
75	0	75	Costs of collection	75	0	75
0	0	0	Write-offs of bad debts and appeals	0	0	0
517	1,105	1,622	Increase / (decrease) in allowance for bad and doubtful debts	322	322	644
(768)	0	(768)	Increase / (decrease) in allowance for appeals	195	0	195
15,334	65,982	81,316	TOTAL EXPENDITURE	16,386	68,857	85,243
(113)	715	602	(Surplus) / deficit for the year	(434)	853	419
(1,668)	(1,565)	(3,233)	(Surplus) / deficit brought forward	(1,784)	(850)	(2,634)
(1,780)	(850)	(2,631)	(SURPLUS) / DEFICIT CARRIED FORWARD	(2,218)	3	(2,215)

The (surpluses) / deficits on Council Tax and NDR on the Collection Fund are shared between Castle Point Borough Council and the other bodies as shown below and are included in the calculation and distribution of Council Tax and NDR in subsequent years.

The total amount attributable to Castle Point Borough Council is shown under Reserves on the Balance Sheet, and the amounts attributable to the other bodies are shown within current assets and liabilities and non-current liabilities on the Balance Sheet.

2023/24	2023/24	2023/24		2024/25	2024/25	2024/25
£000s	£000s	£000s		£000s	£000s	£000s
(892)	0	(892)	Central Government	(1,109)	0	(1,109)
(714)	(122)	(836)	Castle Point Borough Council	(887)	1	(886)
(161)	(598)	(759)	Essex County Council	(200)	4	(196)
0	(125)	(125)	Essex PFCC - Policing and Community Safety	0	(1)	(1)
(18)	(5)	(23)	Essex PFCC - Fire and Rescue Authority	(22)	(1)	(23)
(1,785)	(850)	(2,635)	(SURPLUS) / DEFICIT CARRIED FORWARD	(2,218)	3	(2,215)

Notes to the Collection Fund Income and Expenditure Statement

1 Council Tax Base

The Council's tax base for 2024/25, i.e. the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of band D dwellings, was calculated as follows:

Band	A	B	C	D	E	F	G	H	Total
Number of dwellings after discount	1,994	4,750	11,686	7,881	4,090	1,795	732	59	32,987
Ratio to band D	06:09	07:09	08:09	09:09	11:09	13:09	15:09	18:09	
Number of band D equivalent dwellings	1,328	3,694	10,388	7,882	4,999	2,593	1,221	118	32,223
Collection rate adjustment									(806)
Council tax base for 2024/25									31,417

2 Income Collectable from Non-Domestic Rates (NDR)

Non-Domestic Rates are organised on a national basis. The Government specified an amount of **54.6p** in 2024/25 with a small business rate of **49.9p** in 2024/25 and, subject to the effects of transitional arrangements and any reliefs, local businesses pay rates which are calculated by multiplying the rateable value of their business properties by the multiplier.

The Council is responsible for collecting rates due from the ratepayers in its area, and retains part of the amounts collected, with the remainder distributed to Central Government, Essex County Council and Essex PFCC - Fire and Rescue Authority. The Non-Domestic rateable value as at 31st March 2025 was **£47.5m** (**£46,2mK** in 2023/24) before rates reliefs and other adjustments:

National non-domestic rate multiplier at 31st March	2023/24 £	2024/25 £
Multiplier Business Rate Relief	51.2	54.6
Small Business Rate Relief	49.9	49.9

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Scope of Responsibility

- 1.1 The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised.
- 1.2 In discharging this overall responsibility, the Council must put in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.
- 1.3 Castle Point Borough Council has approved and adopted a Local Code of Governance, which is consistent with the principles of the *CIPFA/SOLACE Delivering Good Governance in Local Government: Framework*, around which the details presented in section 4 are structured. A copy of this Local Code is [available on the Council's website](#)
- 1.4 This annual governance statement explains how the Council has complied with the Code and also meets the requirements of the Accounts and Audit (England) Regulations 2015, which requires all relevant bodies to prepare and publish an annual governance statement.

2 The Purpose of the Governance Framework

- 2.1 The governance framework comprises the vision, culture and values, systems and processes and structure by which the Council is organised, directed and controlled as well as its activities through which it is accountable to, engages with, and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services. The framework needs to be flexible to ensure it meets the needs of the changing landscape in which local government operates.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure for the Council delivering its priorities and objectives and can therefore only provide reasonable, and not absolute, assurance of effectiveness.
- 2.3 The system of internal control is based on an ongoing process designed to:
 - a. identify and prioritise the risks to the delivery of the Council's priorities and objectives;
 - b. evaluate the likelihood and potential impact of those risks being realised; and
 - c. manage them efficiently, effectively and economically.
- 2.4 The governance framework has been in place at the Council for the year ending 31 March 2025 and up to the date of approval of the Statement of Accounts.

3 The Council's Governance Framework

- 3.1 The governance framework ensures that the Council's priorities and objectives are effectively promoted and progressed through its corporate governance arrangements and business processes. The key business processes in the governance framework are as follows:
- a. Consultation and Engagement
 - b. Business Planning and Strategy, including Partnerships
 - c. Financial Planning, Reporting and Budgetary Control, including Value for Money
 - d. Asset Management
 - e. Risk Management
 - f. Health and Safety
 - g. Business Continuity
 - h. Performance Management
 - i. Workforce Management
 - j. Data Quality
 - k. Information Governance
 - l. Procurement
 - m. Project Management
 - n. Complaints
 - o. Ethical Governance, including Anti-Fraud and Corruption, and Whistleblowing
- 3.2 These areas form the main sources of assurance to be considered in any review of the internal control environment. In support of the review process, the Local Code of Governance sets out further details to be reviewed in each area before an opinion on the effectiveness of the system of internal control can be expressed.
- 3.3 The Assistant Director – Policy Performance and Customer has been given the responsibility for overseeing the implementation and monitoring of the Code, through a process which includes:
- a. two reports over the financial year to Senior Leadership Team and to the Audit and Governance Committee which set out:
 - i. weaknesses identified in the governance arrangements;
 - ii. any corrective action necessary to resolve concerns identified; and
 - iii. progress against the actions to address key governance issues identified in the previous year's Annual Governance Statement
 - b. an annual review of the governance framework supported by Manager Assurance Statements, completed by service managers and reviewed and certified by Assistant Directors
 - c. a year-end review of key governance business processes with nominated officers (who lead on each of the governance processes in this framework) informing the assessments presented below in 3.7
 - d. an annual report – this Annual Governance Statement – to Senior Leadership Team and the Audit and Governance Committee on the adequacy of governance arrangements.
- 3.4 The Council has in place a Good Governance Group, comprising senior managers - Assistant Directors alongside the Head of Internal Audit - responsible for the implementation and monitoring of key governance business processes. The group provides a challenge to the operation of the processes and a sense check of individual assessments in the Manager Assurance Statements of core governance processes for which they are responsible. Some of their findings and further work have been incorporated into the views expressed in this governance statement. Each business process is subject to an overall assessment by the Good Governance Group according to one of four assessments:
- a. High (majority or all requirements being met),
 - b. Satisfactory (significant proportion greater than 50% of requirements are met),
 - c. Partial (some requirements are met but less than 50%);
 - d. Minimal (very few requirements are met).

Context to the Annual Governance Statement and Summary of key findings

- 3.5 In the Annual Governance Statement for 2023/24, context was provided in this summary section relating to phase 1 of the Council's transformation programme, "Transforming Together", which included a restructure at tiers 2 (Director level) and 3 (Assistant Director level) of the organisation. Whilst providing a much-needed increase in leadership capacity to support the ambitious and necessary service-delivery change required across the entire Council, this capacity has also helped to identify issues and deficiencies in key business processes, as well as providing the means to plan how to address these. Following the conclusion of "Transforming Together", phase 1a of the transformation journey commenced in April 2024, with each of the newly appointed Assistant Directors carrying out a service review looking at every line of their service areas, developing and implementing a new establishment model for Tier 4 (Service Managers) and below. As part of this service review process, the organisation has continued to uncover historic operating issues in the business areas requiring significant improvement. In the corporate core area in particular, the service reviews identified instances where much of the basic functionality was deficient, where fundamental business assurance safeguards had been eroded; and elementary principles of good organisational management and operation were missing. Transformation has, therefore, been about rebuilding the organisation from the ground up – shoring up the foundations, whilst continuing to deliver services as part of business as usual. The significance and importance of this work is reflected in one of the Administration's corporate objectives as set out in the Corporate Plan, namely "Restoring the Council to good health."
- 3.6 Phase 2 of the transformation journey started called "Fit for the Future" was launched in April 2025, with the first board meeting held in July. This phase is focussed on the cultural shift necessary to finally move the organisation into the 21st century in readiness for whatever Local Government Reorganisation brings. There are five workstreams in this programme, many of which will further support improvement of the operation of the business processes presented in the table below and throughout this statement:
- a. Customer Service
 - b. Digital Transformation
 - c. Performance Management
 - d. Project Management
 - e. Policies and strategies
- 3.7 The programme recognises that alongside the need to continue the journey of improving services provided to residents and businesses in the Borough, there continues to be a need to focus on ensuring that the foundation blocks of good organisational governance are in place. This balance of service improvement initiatives and ongoing work to maintain organisational foundations can be difficult to strike and the Annual Governance Statement in many ways reflects this balancing act. The rest of the document should be read in this context.
- 3.8 The Council's key governance and business processes are also subject to audit on a risk basis. This work forms part of the evidence base in support of the Head of Internal Audit's annual opinion on the adequacy and effectiveness of the Council's risk management, control and governance framework. Over 2024/25, additional issues have been surfaced, principally informed by the programme of these audits undertaken over the year. This additional assurance work has resulted in the downgrading of assessments in three areas: Information Governance (from Partial to Minimal assurance), Data Quality (from Satisfactory to Partial assurance) and Health & Safety (from Satisfactory to Partial Assurance). Detail behind these assessments is presented below in paragraphs 4.68 & 4.69, 4.77 and 5.56 to 5.58. As was the case last year, the quality of the assessments presenting in this Annual Governance Statement for 2024/25 remains high and is both an objective and transparent assessment of each of the key business processes included in the Council's governance framework.

- 3.9 The table below summarises the overall assessments and direction of travel from 2023/24 to 2024/25. There are two columns for direction of travel; the first of these shows direction of travel *between* the ratings, the second shows direction of travel *within* the rating (i.e. an assessment about whether improvement has been made over the year, albeit not yet sufficient improvement to move the overall assessment to the next level). It is important to recognise that progress continues to be made and that throughout 2025/26, the progress will continue in order to address identified issues. The Council is committed to reporting this progress transparently, to demonstrate how far it has come and the work that needs to be done to restore the Council to good health.

Key Governance Business Process	Assessment 2023/24	Assessment 2024/25	Direction of Travel (between ratings)	Direction of Travel (within ratings)
Consultation and Engagement	Partial	Satisfactory	↑	n/a – movement between ratings
Business Planning and Strategy, including Partnerships	Partial	Satisfactory	↑	n/a – movement between ratings
Financial Planning, Reporting and Budgetary Control including Value for Money	Satisfactory	Satisfactory	↔	↑
Asset management	Partial	Partial	↔	↑
Risk Management	Partial	Partial	↔	↑
Health and Safety	Satisfactory	Partial	↓	n/a – movement between ratings
Business Continuity	Minimal	Partial	↑	n/a – movement between ratings
Performance Management	Partial	Partial	↔	↑
Workforce Management	Satisfactory	Satisfactory	↔	↑
Data Quality	Satisfactory	Partial	↓	n/a – movement between ratings
Information Governance	Partial	Minimal	↓	n/a – movement between ratings
Procurement	Partial	Partial	↔	↑
Project Management	Partial	Partial	↔	



Key Governance Business Process	Assessment 2023/24	Assessment 2024/25	Direction of Travel (between ratings)	Direction of Travel (within ratings)
Consultation and Engagement	Partial	Satisfactory	↑	n/a – movement between ratings
				↑
Complaints	Satisfactory	Satisfactory	↔	↑
Ethical Governance, inc. Anti-Fraud & Corruption and Whistleblowing	Satisfactory	Satisfactory	↔	↑

- 3.10 The details and rationale behind the summary position presented above is documented across the rest of this Annual Governance Statement

4 Review of Effectiveness

- 4.1 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Directors and Assistant Directors within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and by comments made by the external auditors and other review agencies.
- 4.2 The Internal Audit service also produces reports throughout the year on a range of subject areas that support provision of an opinion on the adequacy and effectiveness of the Council's risk management, control and governance framework. These reports are considered when reviewing the effectiveness of the framework, with audit findings taken into account and reflected in the assessments presented in the table above.
- 4.3 Consistency remains a key consideration when assessing these governance and business processes. During the review of the operation of the framework for 2024/25, the Good Governance Group found that whilst the core business processes were in place, the application of these processes was not always consistent across the different areas of the Council's business, resulting in lower overall assessments than would have otherwise been the case. This is set out in more detail for specific processes in the sections that follow.
- 4.4 This part of the report is structured around the core principles of the *CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016 Edition)* with any reference to the key governance business processes – as summarised above in section 3 – in bold text to allow for easy referencing.

CIPFA Core Principle A: Behave with Integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

- 4.5 An assessment of **Ethical Governance** has been undertaken, and the arrangements have been assessed as Satisfactory.
- 4.6 A Councillor's Code of Conduct exists along with appropriate mechanisms, including a Standards Committee. New Members of the Council have received induction training on the Code of Conduct and have completed the necessary register of interests. As a condition of office, all Members are required to sign an undertaking that they will observe the Code of Conduct. There is a requirement to re-sign this undertaking when there are any major revisions to the Code of Conduct as well as on election or re-election. Over 2024/25, there were 20 complaints formally recorded.
- 4.7 The Constitution has been further reviewed and updated. The draft versions of the Constitution were presented to Council in July and October 2023 and also in January 2024. The final version of the Constitution was adopted by the new Council at its Annual Meeting in May 2024. The Constitution also includes the requirement for the Council to appoint a Standards Committee which has a role that includes promoting and maintaining high standards of conduct and behaviour as well as hearing any complaints referred to it by the Monitoring Officer for breaches of the Code. The recruitment of Independent Persons to some of the Council's committees concluded just after the end of 2024/25; five Independent Persons were recruited in April 2025 (two on the Standards Committee, two on the Overview and Scrutiny Committee and one on the Audit and Governance Committee), with appointments ratified by Annual Council on 21 May 2025.
- 4.8 The annual review of the Constitution is underway and a member working group has been set up by the Overview and Scrutiny Committee. This will ensure that the Constitution is up to date and fit for purpose to strengthen the governance arrangements in place for the Council.
- 4.9 Key corporate documents relating to staff conduct are in place. In December 2023, the Council launched a new set of values and behaviours, developed by Key Change Champions and in consultation with staff: Trust; Respect; Improving & Learning; and Customer Focus. The Code of Conduct for Staff sets out policies and expectations for staff conduct. It is published on the Intranet and a copy is issued to every new starter in their induction pack. Where there is a suspected case of staff misconduct, arrangements are in place to investigate such potential issues. The number of investigations into alleged staff misconduct has remained low with seven investigations in 2024/25, three of which did not proceed to a formal hearing.
- 4.10 Further to the Internal Audit report into Senior Manager Pay and Conditions that identified a number of deficiencies and anomalies, the Council has taken a range of well-documented and reported actions. These were documented in full in the AGS for 2023/24, presented to Audit & Governance Committee in July 2024. An update on the action plan included in that report is set out here in paragraph 4.101 with all actions now complete. In October 2024, a report was taken to Council relating to the claim for restitution and, as such, no further information can be provided as it is subject to legal professional privilege for the purposes of preparing for litigation. This information would be exempt under section 42 of the Freedom of Information Act 2000.
- 4.11 Counter Fraud and Investigation services continue to be provided by Thurrock Council with progress in delivering their planned programme of work reported to the Audit & Governance Committee in January 2025 and March 2025, with a final annual report on the 2024/25 financial year due to be presented in September 2025. The value of reported suspected fraud against the Council during 2024/25 and the value of detected fraud in the Castle Point Borough during 2024/25 will be included as part of that report.
- 4.12 The Council ensures access to its [complaints policy](#) and [whistle blowing procedures](#) by publishing these on the Council's website. Easy access to these is important as the raising of a complaint or concern is a key part of the process, and without which an investigation cannot take place. Over 2024/25, there has been evidence of the effectiveness of whistleblowing procedures, with subsequent referrals to the fraud team for investigation.

CIPFA Core Principle B: Ensure Openness and Comprehensive Stakeholder Engagement

- 4.13 The Council has the core requirements for **Consultation and Engagement** in place and has been assessed as Satisfactory.
- 4.14 Corporate guidance requires the results of any customer engagement or consultation activities to be considered as part of the service planning process. Individual services undertake consultations on a range of areas. However, the degree of ongoing engagement varies, with front-line services more likely to consult and seek customer feedback than back-office support services. For example, the housing repairs contractors routinely seek feedback after repairs are carried out. Leisure Services undertake regular feedback from customers and use software to calculate a “Net Promoter Score” which gives an indication of how likely existing customers are to recommend the leisure centres to other people. Development Services consults with residents and consider responses to planning applications.
- 4.15 There were a number of one-off consultations held over the 2024/25 financial year, often relating to policy proposals in areas such as the Castle Point Plan; Licensing Policy; Gambling Policy; and Waste and Recycling. A consultation on the proposed Corporate Plan 2025-28 was held over January and February 2025 and, in February 2025, the Council sought residents’ views about how to improve specific places across the Borough to encourage them to become more active.
- 4.16 The Council has also put in place a Tenant Satisfaction Survey for its social housing tenants, running through to the end of March 2025; in response to tenant and leaseholder engagement having been identified as a key weakness by the Regulator for Social Housing. This survey will run annually and has been co-ordinated and undertaken by an external specialist to ensure best practice is being embedded. Additional measures to ensure effective engagement and communication with social housing tenants have been identified by the Housing Improvement Programme and will be implemented as part of that programme, to ensure the Council fully addresses the concerns of the Regulator of Social Housing.
- 4.17 In order to address engagement with residents across the Borough the Council has introduced a bi-annual Castle Point Together magazine. These are physical copy magazines that are distributed to every household in the Borough with a Spring/Summer and Autumn/Winter edition. These magazines contain key information for residents about the Council’s activities as well as key issues that require meaningful resident engagement (for example, the Castle Point Plan). The latest version of Castle Point Together was distributed to households in January and February 2025. Engagement with Council tenants has also been improved with a new tenants’ magazine, the first issue of which was published in February 2025 and which will continue regularly going forward.
- 4.18 The Council actively engages with residents and businesses through its social media accounts. Primarily the channels the Council uses are Facebook (6,300 followers), X (5,800 followers) and LinkedIn (1,300 followers).
- 4.19 Engagement levels from residents with the Council’s social media channels are high. The ‘most seen’ post on Facebook reached almost 63,000 people and a total of 4,000 messages were received from residents through Facebook, X and LinkedIn over 2024/25. Social media is a key element of the Council’s approach to communications and engagement with the community. However, there remains a need to introduce a more formal approach to gathering the views of the public; the Council currently uses data which is collected and reported on by Essex County Council – the [Essex Residents Survey](#) – which provides some useful (and statistically valid) insight but it is not tailored to questions that the Council might like to ask residents.
- 4.20 Business engagement continued in 2024/25 with a bi-weekly business newsletter which has around 600 subscribers.
- 4.21 The Council ensures its services provide clear expectations for service users and members of the public through a set of service standards known as the “Customer Promise” which is [published on the Council’s website](#). The Customer Promise is subject to review and refresh in 2025/26.
- 4.22 Compliance with processes around the handling of **Complaints** has been assessed as Satisfactory.

- 4.23 The framework for local government complaints has undergone several changes in recent years that has required the Council to update its Complaints Policy to ensure that it remained compliant with Ombudsman guidance. The Housing Ombudsman Service (HOS) and Local Government and Social Care Ombudsman (LGSCO) have introduced a new Joint Complaint Handling Code for local authorities to use as the basis for their complaints policy.
- 4.24 A revised [corporate complaints policy](#) was adopted in November 2024 and the Council will adopt a consistent approach which is aligned with the Housing Ombudsman Service's requirement in dealing with complaints. The new policy clarifies the Council's approach to dealing with complaints and complainants in a clear and transparent manner. There is a tool in place to records complaints under stage 1 and stage 2 of the Council's complaints policy and report on performance responding to these complaints on time.
- 4.25 To monitor the performance of the Council's complaint handling processes in compliance with the Joint Complaint Handling Code, an annual report will be presented to the Overview and Scrutiny Committee and then to Cabinet for endorsement. The Code provides for key details and assessment criteria to be included in the annual report including identifying any service improvements. The first annual report for complaints received by the Housing service was reported to the Audit & Governance Committee in June 2025.
- 4.26 The Housing Ombudsman requires social landlords to complete an annual self-assessment to evidence compliance with the Housing Ombudsman Scheme. The self-assessment sets out 72 requirements that landlords are expected to meet. These procedures were rolled out to housing staff during March 2025, with submission of the self-assessment for 2023/24 in June 2025, with the 2024/25 self-assessment scheduled for September 2025.
- 4.27 The number of complaints investigated by the Housing Ombudsman and the Local Government & Social Care Ombudsman is low. In 2024/25, there were two determinations from the Housing Ombudsman, both with the outcome of service failure. There were eight complaints referred to the Local Government and Housing Ombudsman, all of which were closed after initial enquiries
- 4.28 Most public meetings are [broadcast live](#) and recorded so that members of the public can view Council business without leaving their homes. Agendas and minutes for all meetings held from 1 April 2013 to 31 January 2024 are available in an [archive](#) held on the Council's website. From 1 February 2024, all agendas, reports, decision lists and minutes are published through the [Committee Management Information System \(CMIS\)](#), allowing for easier access to specific items as the system is searchable.

CIPFA Core Principle C: Defining outcomes in terms of sustainable, economic, social and environmental benefits

- 4.29 The Council's Administration has agreed a "[Community Commitment](#)" document setting out their priorities and key performance indicators for the current electoral term. A new Corporate Plan for 2025-28 was developed over 2024/25, with consultation on a draft of this Plan concluding in February. A final version of the new [Corporate Plan](#) was adopted by Full Council in March 2025. This plan sets out a high-level vision for the Borough with five ambitions: Working for a prosperous future; Healthier and safer communities; A greener and cleaner environment; Restoring our Council to good health; and We ♥ Castle Point. The Corporate Plan sets out a range of measures which will be used to track progress in delivery of the Plan, with these indicators reported quarterly to Cabinet through the Corporate Performance Scorecard.

CIPFA Core Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

- 4.30 The Castle Point Plan is a key piece of work commenced in 2022/23 and a draft is nearing completion at the end of 2024/25. Already referenced above, much of the work on the Castle Point Plan to date has been about engagement to support the development of the plan, alongside commissioning of a range of reports as evidence to support the plan as it is developed. Progress is periodically reported to Cabinet and to maintain transparency a live progress page is provided on the Council's website that residents and stakeholders can access to see what work has been undertaken and what is planned. It is expected that the Castle Point Plan will proceed to Regulation 19 consultation in the summer of 2025, followed by submission for examination in the autumn/winter.
- 4.31 The Council continues to face significant financial challenges. Whilst the budget set in February 2025 for the coming three years was balanced, significant financial risk remains due to the Government's proposed reform of local government funding, the impact of which is currently unknown. The Council continues to experience financial pressures both in terms of inflation and also demand for Council services. The budget position for 2024/25 showed an underspend before debt originating from a previous year was included, impacting the budget for 2024/25 and resulting in an overall overspend. New financial regulations, developed from May 2024, have given budget holders the ability to work more autonomously from Finance (whilst maintaining appropriate financial controls) whilst also introducing appropriate additional controls in areas where these had been missing, e.g. agreeing property related transactions. To assist budget holders and to improve accuracy of the accounts, the monthly budget holder reports were substantially overhauled from the start of the financial year and now include the transactions for the preceding month as well as all outstanding commitments. Further, enforcement of the "no PO, no pay" rule has further improved control and accountability.
- 4.32 During the year, the majority of service reviews were agreed and are either implemented or being implemented. A part of these service reviews was an identification of savings by the end of year three. These savings have helped balance the budget in the medium term. Also helping to balance the budget was a detailed review of fees and charges. With a number of new Assistant Directors in post, it gave opportunity to reset many charges, ensuring that they are operating on a full cost recovery basis or, where this is not the case, there is justification of the eventual charges set. Finally, the Local Government external audit landscape remained challenging, with a significant number of audits outstanding across multiple years. During the year, the Council was able to catch up with production of the accounts however due to historic issues and the backstop dates imposed by Government, External Audit concluded they were unable to provide an unmodified opinion and that there was insufficient time to audit the statements. As a result, the Council's recent annual accounts have all been disclaimed. It is expected that 2024/25 accounts will be the commencement of the recovery period, with the External Auditors saying it will take perhaps three years to get back to the position of unqualified audit opinions.
- 4.33 Finally, the Council's Housing Revenue Account (HRA) is coming under increased financial pressure. As a result of failings identified by the Regulator of Social Housing and the Council, there has been a requirement to increase the HRA budget during the year and implement a Housing Improvement Programme. Additionally, the budget agreed by Cabinet in February 2025 was set at an increased level to allow the work of the improvement programme to continue. As a result of the work being completed by the programme team, it is likely that the budget will be reviewed mid-year.
- 4.34 Overall, **Financial Reporting, including Budgetary Management** is assessed as a Satisfactory level of compliance, so the Council has appropriate arrangements in place to control its finances.
- 4.35 The assessment of the Council's **Project Management** arrangements remains Partial. Although the Council has a project toolkit and workbook in place – development of these has been supported by audits from companies specialising in project and programme management – application of these remains inconsistent.

- 4.36 Resourcing of project management remained an issue over 2024/25, and the Council has used temporary resource to provide capacity and skills where necessary. A good example of this is the Housing Improvement Programme for the Council's Housing services, the programme for which was set up at pace by a project specialist with implementation supported by a resource sourced on secondment from Essex County Council and a Project Director appointed in December 2024. Appointments to corporate roles were made in February 2025 which will support project and programme arrangements across the Council. These new officers were in post from April 2025 and will be supporting service areas to better manage projects.
- 4.37 The approach to **Business Continuity** (BC) has been assessed as Partial. An audit report in February 2024 raised several actions to be taken including: alignment of the Business Continuity Strategy to the needs of the Council; regular testing, exercising and business continuity awareness training; using lessons learned to develop the Council's approach to business continuity; and increased governance and oversight about business continuity across the organisation. The Emergency Planning and Business Continuity Lead has been in post since June 2024, tasked with taking forward the work to address the issues raised in the above audit report. A test call-down exercise was conducted in July 2024 and revealed a number of required improvements in arrangements for contacting all staff in the event of an emergency; these gaps have now been addressed. The next phase of work was to meet with all Assistant Directors to understand their areas of responsibility and understand what existing business continuity arrangements are in place. Meetings have taken place, but Emergency Planning work as a statutory service, has of necessity taken priority over coordinating a refresh of all business continuity plans.
- 4.38 The Council has, since January 2025, implemented a Gold and Silver call out rota for emergency planning purposes. This identifies named leads each week, with Silver the initial point of contact for emergencies arising. Gold and Silver command training has been arranged through the Essex Resilience Forum and attended by officers. An Emergency Planning team exercise was undertaken in February 2025.
- 4.39 Proposals for an Emergency Planning and Business Continuity Board were made in February 2025. The purpose of this board is to provide advice to the Senior Leadership Team on Emergency Planning and Business Continuity matters, ensuring that the Council meets its statutory requirements set within the Civil Contingencies Act 2004, whilst looking for continuous improvement and strengthening organisational and individual resilience. The first meeting of this new board took place in April 2025.
- 4.40 The Council's **Business Planning and Strategy, including Partnerships** process has been assessed as Satisfactory. Over 2024/25, Assistant Directors completed service reviews for their areas of responsibility – these comprehensive documents informed restructures across the Council and provided a baseline for a range of information such as policies and strategy lists, and contracts. A revised Service Plan template was developed in January 2025, and Service Plans were in place for all Assistant Directorate service areas by the end of March 2025, for implementation from the beginning of the new financial year.
- 4.41 Progress has been made producing a comprehensive list of policies and strategies using an existing register supplemented by lists included in service reviews. These will be stored in the same software (Ideagen) used by the Council to manage performance, risks and actions, although because of the number of policies and strategies requiring review, this will need some support from a central resource which is now in place. The Council now has a strategy template which has helped to introduce consistency of approach and improve the quality of recently developed strategies, including the Waste and Recycling Strategy and the Commercial Strategy.
- 4.42 The Partnerships element of this business process is presented in more detail in paragraph 4.38 below.

CIPFA Core Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

- 4.43 The Council uses partnerships to good effect to increase its capacity. Examples of these include the Castle Point and Rochford Health and Wellbeing Board, the Castle Point Place Partnership as well as working closely with the NHS through the South East Essex Alliance. The Council has been more active in the Community Safety Partnership over 2024/25, supported initially by some additional resource from Southend City Council and more recently through the appointment of a Community Safety Manager and a Community Safety Officer. The Local Government Association, during their Corporate Peer Challenge in September 2024, reported positively on the value that partners place on working in partnership with the Council.
- 4.44 Effective partnership working has helped to bring funding into the Borough:
- £2 million Sport England funding over a three-year period for projects that improve physical activity levels and associated health and wellbeing outcomes;
 - £227,000 from a Public Health Accelerator Bid (PHAB) fund from Essex County Council;
 - Up to £20 million funding and support for Canvey Island over the next decade, through the Long Term Plan for Towns programme
 - £1 million from the Police, Fire and Crime Commissioner for Essex to upgrade CCTV technology across Castle Point; and
 - the central role that the Borough will play in the Thames Estuary Festival in 2025.
- 4.45 Over 2024/25, the Council continued to invest money awarded under the UK Shared Prosperity Fund (UKSPF), including: playground improvements; improvements to The Paddocks community hall; grants to community and voluntary organisations; engagement activity; social media campaign to promote local high streets; feasibility study into market provision on Canvey Island and a vision for Hadleigh; advice and training service for businesses and start-ups; support for economically inactive people; and green skills courses.
- 4.46 This approach lays a solid foundation for greater partnership working and opportunities, not least of which includes confirmation received that previously agreed funding under the Long-Term Plan for Towns will go ahead under a new scheme called Plan for Neighbourhoods as well as in delivering further improvements through UK Shared Prosperity Fund in 2025/26
- 4.47 The Monitoring Officer is responsible for the maintenance of the Constitution and for reviewing its relevance and effectiveness. Any material changes to the Constitution are approved by Full Council; a revised version of the Constitution developed towards the end of 2023/24 was adopted by Council in May 2024. The Constitution will be reviewed annually to ensure it remains fit for purpose. Any legislative changes impacting the Constitution will be presented to Council and made as soon as reasonably practicable following the change in the legal framework.
- 4.48 The information needs of elected members to effectively develop policy and make decisions is widely considered, and reports to Cabinet and Council include considerable detail to give a full understanding of the implications of recommendations made and decisions to be taken.
- 4.49 Decisions made by the Cabinet, a Member of the Cabinet, or an officer decision delegated from the Cabinet may be called-in (in accordance with the procedure for a Call-in, which is shown in the Overview and Scrutiny Procedure Rules) by the Scrutiny Committee. Decisions are usually published within three working days of it being made and can be called in for consideration by the Overview and Scrutiny Committee within five working days of the publication by either the Chairman of the committee or by five non-cabinet members.
- 4.50 The Constitution sets out the responsibilities for Overview and Scrutiny Committee, and the Audit and Governance Committee. The Audit and Governance Committee's role includes an overview of the governance arrangements, and it receives monitoring reports on its effectiveness. The Audit and Governance Committee Chairman received an induction from the Head of Internal Audit. Additional training is provided to meet identified needs and every agenda to the committee includes any relevant publications to help with good practice in governance awareness.

- 4.51 **Workforce management** has been assessed as having a Satisfactory level of compliance. The People policy framework is under review and key policies have been prioritised. Updated policies include the grievance and bullying and harassment policy to ensure that the workers protection legislation is adhered to. A significant achievement in 2024/25 was the go-live for Single Status following a significant piece of work to evaluate all job roles across the Council and align these with a clear and transparent pay scale
- 4.52 The Council utilises the online training platform Shine. This includes mandatory training modules which are part of the induction programme for new joiners. Existing staff also have to complete mandatory training to do with corporate governance and health and safety every two years. The new Learning and Development Lead has been working hard to establish the learning needs for roles across the organisation and has developed a training skills matrix. This enables us to identify the training requirements for each role and secure it within the now centralised budget.
- 4.53 Sickness absence remains comparatively low and training for managers is being developed to support the proactive management of cases. There remained a low level of workforce management employee relations cases with four disciplinaries and zero concerns were raised under the whistleblowing policy. No cases progressed to an employment tribunal in 2024/25.

CIPFA Core Principle F: Managing risks and performance through robust internal control and strong public financial management

- 4.54 Core **Performance Management** arrangements are in place but, despite improvements, overall assessment remains as Partial. A Corporate Performance Scorecard is produced quarterly and presented to Cabinet. This report is now generated from a performance and risk management IT system, reducing manual intervention and increasing the speed of report production following the close of the previous quarter. The Corporate Business Manager, who has been leading this work, has liaised with Assistant Directors and Service Managers over the final quarter of 2024/25 to review performance data – for both Council-run services as well as services provided on behalf of the Council by contractors or other partners – and develop new performance indicators for the 2025/26 financial year, informed by service plans. Directors, Assistant Directors and Service Managers have been set up in this IT system and have custom dashboards presenting to them the latest performance for their services. Assistant Directors hold a Quarterly Business Review (QBR) during which operational performance issues are reviewed and discussed.
- 4.55 An audit of performance management arrangements was issued in September 2024 and reported partial assurance. In summary a *“framework is in place for performance management, however further controls are required to ensure consistency and regularity, and to embed performance management responsibilities throughout the Council.”* System development work undertaken since the audit is helping to address these findings, particularly those relating to the need for documented methods of calculating performance and clearly defined ownership of performance. A new performance management procedure is in development which includes an escalation process for overdue performance data updates, and Cabinet approved a proposal for more dynamic monitoring of performance through the Corporate Performance Scorecard (escalation of operational performance where below target for two consecutive quarters). Other recommendations from this audit are covered above in section 4.49, relating to Workforce Management.
- 4.56 The organisation’s approach to **Risk Management** has been assessed as Partial. The Corporate Risk Register is now held in, and produced from, a central IT system. It is reviewed at the Quarterly Business Review meetings before a quarterly review by the Senior Leadership Team. A review of the risks on the corporate register was undertaken across each directorate towards the end of 2024/25. This risk register contains a list of current controls for the risk as well as further mitigating actions to be undertaken to further reduce the likelihood and/or impact of the risk. There have been some issues with attaining regular updates to some of the risks on the register and a number of mitigating actions have become overdue. There have been some good examples of risk management in key projects for the Council, including the Housing Improvement Programme and the new Customer Relationship Management System.

- 4.57 Consistency of how risk is managed by services areas is an area for improvement. Services plans for 2025/26, developed over the last quarter of 2024/25, identified key service-level risks to be added to service risk registers. These risk registers will be added to the same corporate IT system to allow for better visibility and tracking of risk – this work has been delayed slightly although at the time of writing this report service risk registers have started to be added to the system. The Council's Risk Management arrangements will be audited as part of delivery of the 2025/26 internal audit plan.
- 4.58 Compliance with **Health and Safety** processes has been assessed as Partial. As an employer the Council continues in its aim to meet its statutory Health and Safety duties and to achieve this employs a 'competent person'. The 'competent person', as the corporate health and safety lead, maintains an overview of Council arrangements and provides analysis on current management performance. Health and Safety e-learning completion rates are reviewed at the Quarterly Business Review with performance at 87% at year-end. There were 96 incidents recorded over 2024/25, of which 16 related to staff and 80 to members of the public, typically when using Council facilities such as leisure centres. Two incidents were reportable under the Reporting of Injuries, Diseases, and Dangerous Occurrences Regulations (RIDDOR).
- 4.59 However, an external review of health and safety arrangements was undertaken and a report issued in August 2024 which raised a number of areas that required improvement in our corporate arrangements (noting that housing health and safety is a matter for the Regulator for Social Housing and is being dealt with separately). In response, an interim Health and Safety resource was recruited to support the delivery of the actions identified from the external review, with the majority now completed. This includes the establishment of a Health and Safety Board which was set up in October 2024, bringing together management and staff from all services along with Trade Union representatives. The Board has oversight from an elected Member champion and is responsible for supporting the delivery of key actions. Underpinning the Board are four working groups to take forward actions across key themes – asbestos, building users, systems and fire. These working groups are comprised of key leads from service areas across the Council with oversight from the health and safety resource. Health and safety is reflected on the Council's corporate and service level risk registers and is regularly reviewed. As part of the health and safety improvement work, any further risks identified are being escalated and monitored by the Health and Safety Board. Internal audit has been provided oversight of the recommendations of the external review and will support the ongoing review of achievement of these. Furthermore, an important area of training that has been addressed early in 2025/26 relates to competency of senior managers at Assistant Director level; a three-day Institution of Occupational Safety and Health (IOSH) training course was delivered in May 2025 with exam and coursework passed by all participants. Outstanding actions, to be delivered over 2025/26, include some policy development work and as well as continuing to drive the cultural change in health and safety across the organisation. The Council will be engaging an interim Health and Safety Lead to support this work.
- 4.60 An inspection of the Farmhouse Depot in December 2024, identified some remedial health and safety actions, including contents of first aid boxes, onsite road markings, availability of an asbestos register and cleaning regime for the toilets. Good progress has been made, with all actions implemented except for the toilet block which has been closed for substantial refurbishment – with temporary facilities made available until reopened.
- 4.61 Overall, compliance with **Asset Management** processes is assessed as Partial. Good progress has been made with the management of corporate assets over 2024/25. Further to the delivery of a Planned Preventative Maintenance (PPM) programme over 2023/24, the focus of 2024/25 has been to commission building condition surveys across the corporate estate, including all car parks, to inform future PPM priority programmes.
- 4.62 Statutory compliance testing is completed as required. However, due to the lack of delivery of the PPM programme across previous years, a number of the Council's assets have fallen into a state of disrepair requiring both reactive maintenance and significant investment to bring them up to a minimum required standard.

- 4.63 The Member led Asset Review Board (ARB - which is a working group of the Cabinet) was introduced towards the end of 2023/24 to develop the approach to the strategic management of assets. The ARB continued in 2024/25 with monthly meetings. Acquisition of a new workshop for the Council's fleet of vehicles and of the Abbeyfield former care home to use for temporary accommodation are both examples of recommendations made by this Board to then go through the formal governance process for a decision.
- 4.64 However, a full review of housing maintenance and responsive repairs programmes was instigated in Q2 and Q3 2024/25. This has revealed that significant improvements in data management are required through a new integrated data system for each property which brings together the data from various sources, including contractors into one centralised place. In addition, the Council is to review how it manages the housing stock as part of the root and branch reset of housing management services in the Housing Improvement Programme and is procuring a whole estate stock condition survey to inform this work. Details of other additional investment in this service area is included in the report taken to [Cabinet in January 2025](#) and is subject to review and oversight by the member led Housing Improvement Programme Board, which reports to Cabinet.
- 4.65 All IT-related assets – including infrastructure such as servers, network equipment etc. – are managed as part of the Council's contract with an external provider. IT end-user devices (laptops and desktops) were subject to renewal in 2024/25, with rollout commencing in January 2025 and expecting to be completed by July 2025, with all users across the Council being provided with a laptop (rather than a mix of laptops and desktops) to facilitate more flexible ways of working.
- 4.66 The Council owns a small fleet of vehicles and runs a vehicle maintenance workshop to carry out ongoing checks, servicing and repairs. This fleet has been subject to increasing need for maintenance in response to breakdowns as they come to the end of their expected useful life. The Council looks to replace these vehicles with new vehicles every seven to eight years in accordance with their expected useful life. Three new vehicles were ordered in 2023, for delivery in 2025. The council has since agreed to implement a new Waste and Recycling strategy and adopted the Essex Waste & Recycling strategy in January 2025. The Council is considering modernising the service from the existing sack collections to a containerised approach which meets the requirements of Simpler Recycling (Government policy enabling greater segregation of recycling and minimising waste). Once a preferred option concerning container type is agreed, the council will then order vehicles of the correct collection configuration to meet the needs of residents.

Role of the Chief Financial Officer

- 4.67 The Section 151 Chief Financial Officer (CFO) occupies a key statutory position in the Council, managing the Council's finances and ensuring that resources are used wisely to secure positive results.
- 4.68 In order to support the post holder in the fulfilment of their duties and ensure that the Council has access to effective financial advice, in 2010 the Chartered Institute of Public Finance and Accounting (CIPFA) issued a Statement on the Role of the Chief Financial Officer (CFO) in Local Government, most recently updated in 2016. The statement sets out how the requirements of legislation and professional standards should be fulfilled by CFOs in the carrying out of their role and includes five key principles that define the core activities and behaviours that belong to the role of the CFO in public service organisations and the organisational arrangements needed to support them. These statements are set out below
- 1) *The CFO in a local authority is a key member of the Senior Leadership Team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest.*
 - 2) *The CFO in a local authority must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and alignment with the authority's overall financial strategy.*

- 3) *The CFO in a local authority must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.*
 - 4) *The CFO in a local authority must lead and direct a finance function that is resourced to be fit for purpose.*
 - 5) *The CFO in a local authority must be professionally qualified and suitably experienced.*
- 4.69 The Council has the necessary arrangements and procedures in place which ensure that these principles are either directly complied with or, where not directly complied with, there are alternative procedures in place so that the necessary outcomes and objectives are still achieved, and suitable controls are in place.

CIPFA Core Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability

- 4.70 The processes for **Information Governance** have been assessed as Minimal. The Council has in place two key roles relating to information governance; the Assistant Director for Legal and Democratic Services, in their role as Data Protection Officer (DPO), ensures compliance with the General Data Protection Regulations (GDPR); and the Assistant Director for Policy Performance and Customer is the Senior Information Risk Owner (SIRO) and leads on the information governance (IG) risk assessment and management processes within the Council.
- 4.71 In November 2024, an audit of information governance was undertaken by the Information Governance Support (IGS) service at Essex County Council, with the final report issued in January 2025. This audit reviewed a range of criteria across Transparency & Accountability; Records Management; Risk & Assurance; and Training & Awareness, concluding that the Council's arrangements provided no assurance. Much of the conclusion rested on the lack of written policies, procedures and processes, and a framework provided by the IGS service contains multiple policy templates which, once reviewed and adopted by the Council, will address many of the recommendations in the audit. An immediate action that was taken was to add information governance to the corporate risk register. In recognition of the scale and breadth of the work required, the Council has employed a specialist resource to support this work who started in May 2025. In spite of the findings of this audit, the number of data breaches remains low, with three minor breaches this financial year, none of which were required to be referred to the Information Commissioner's Office.
- 4.72 An audit of cyber security arrangements was finalised in March 2024. Further progress has been made on the recommendations, including a major re-write of the Council's Security Incident Response Plan (SIRP) and associated flowcharts, processes and templates. Further to review from Senior Leadership Team, and subsequently from the Council Emergency Planning and Business Continuity Leader, the SIRP is going through a final re-draft before adoption. Training on cyber security was delivered to all staff in February 2025 and, over 2025/26, the Council will be undertaking a series of exercises to test our response to different cyber-attacks, called "Exercise in a Box" provided by the national Cyber Security Centre (NCSC). Work continues keeping the Council's systems secure, with rollout of new anti-virus software across the IT estate in autumn 2024, and additional reporting on attempted cyberattacks included and discussed as part of the ongoing contract management meetings with the Council's IT service provider. An independent scan of the Council's systems in summer 2024 by the Cybersecurity Centre of Excellence (CCoE) indicated improvement from the 2023 scan, with scores comparable with other district-level councils. Castle Point is in a group alongside 73 (of 165) other such councils scoring overall 3 out of 5 and is working to address any vulnerabilities identified in the report to improve this score in the 2025 scan.
- 4.73 The Council has in place processes for managing any Freedom of Information (FOI) and Subject Access Requests (SARs) received. Performance for responding to FOIs is reported at the Quarterly Business Review, with 91% of the 711 FOIs responded to on time. The Council received six SARs, but due to the complexity of the requests, the requesters were notified of any delay and all six requests been fully responded to.

- 4.74 Compliance with **Procurement** processes is assessed as Partial, despite the improvements made over 2024/25. An audit of procurement arrangements reported in September 2024 and identified a number of areas for improvement to arrangements. Following the appointment of a Procurement Manager in July 2024, progress has been made against these recommendations, including implementation of a “no PO, no pay” policy, refinement in the new supplier onboarding process and development of a new contracts register. In addition, work to ensure the Council’s Contract Procedure Rules are compliant with the new Procurement Act is complete.
- 4.75 The recently approved Service Review completed by the Assistant Director, Finance & Procurement will create a new Contracts Officer role which will further address some of the recommendations made by Internal Audit. This new role will be assisting contract managers by being directly involved with the management of the Council’s critical contracts and will also ensure that contract managers across the Council have the right tools and skills to manage the non-critical contracts.
- 4.76 The Council is a member of the Essex Procurement Partnership (EPP) with officers using the expertise provided to undertake procurement exercises from developing invitations to tender through to contract award, for a range of services and to quantify savings from procurements compared to budgeted costs.
- 4.77 There continue to be a number of improvements being implemented, including better planning on some procurements to ensure that resources are in place to support procurement exercises, and to avoid the need for exemptions to be applied. Some procurement projects could benefit from a more fundamental options appraisal (i.e. a full commissioning approach of which procurement may only be one option, rather than defaulting to automatically re-tendering for the same service). The Council’s contract register has been significantly improved although further work is ongoing in this area, to ensure that all contracts are recorded accurately on this register and that processes are put in place to ensure that contract managers build in sufficient time to conduct a thorough re-tender.
- 4.78 However, overall, good progress has been made, and the Council now has the vast majority of its procurements planned in advance with EPP. In addition, planning has been enhanced by the inclusion of the Annual Procurement Plan as part of the Medium-Term Financial Strategy which provides brief details of the expected higher value procurements in the coming year.
- 4.79 Compliance with requirements around **Data Quality** is assessed as Partial. Systems are designed in some areas to ensure data quality requirements are considered, for example, guidance and procedures in place across revenues and benefits to ensure accuracy of data and reporting from IT systems. To provide further assurance in this area, a reminder about the importance of data quality, together with a short presentation on the topic, is sent out annually to managers. However, data quality issues have arisen in the Housing Management service, which are being addressed as part of the Housing Improvement Programme. Data quality issues have also been identified in the Waste & Recycling service, as well as in the Licensing service, although these issues have now been resolved. The performance and risk management IT system will support the requirement to document methods of calculating performance as well as evidence the source and reliability of base data used in these calculations, both of which will improve our approach to data quality and minimise the risk of poor data quality.

Internal Audit

- 4.80 The annual risk-based audit plan was prepared in consultation with Heads of Service, Leadership Team and the Audit and Governance Committee. The audit plan has been progressed, with reports issued to senior managers at the conclusion of each audit highlighting any internal control weaknesses identified and the actions required to address them. Recommendations were also reviewed to ensure they were implemented properly, by the due date. A performance report was taken to the Audit and Governance Committee at each of its meetings. The Head of Internal Audit annual report and opinion was also considered by the Audit and Governance Committee and included an assessment of compliance with relevant professional standards. The Head of Internal Audit’s annual opinion for 2024/25 states:

- 4.81 *"The Council continued to operate risk management, control and governance arrangements, despite the challenges posed by the external environment that it operates within, with the ongoing impact of inflation creating additional financial pressures for the Council, residents, the supply chain, and other stakeholders as well as the impact of demand for services causing further pressure for the Council.*
- 4.82 *Changes that have been made to the working arrangements and operations of the Council are becoming embedded, including restructure of senior management and the changes being implemented through the service reviews delivered during the year, aiming to transform the culture and the way that the Council operates, so that the Council shifts to a culture, a focus, a structure, and with ways of working that are most appropriate, effective and financially sustainable, to deliver the priority outcomes in the changed circumstances that the Council is now operating within. These changes will assist the Council to deliver what is required to transform the Council into an organisation fit to meet the expectations and requirements of its stakeholders going forward.*
- 4.83 *The Council has a Corporate Plan that provides the link between the aspirations of the community and individual services. Service plans are produced annually to ensure the future allocation of resources is based on the Council's key priorities. Service plans demonstrate how each service will be delivered and inform the Council's Medium-Term Financial Forecast. The Corporate Plan was reviewed during the year and a new Plan approved for 2025 to 2028 with refreshed priorities that aim to provide the necessary focus so that the council's resources can be applied to the delivery of those priorities.*
- 4.84 *Financial performance in 2024/25 has resulted in the one-off utilisation of reserves, but the 2025/26 budget and Medium-Term Financial Forecast are indicating a financially sustainable position. Management needs to continue to monitor delivery of the budget to ensure those plans are realised.*
- 4.85 *During the year the Greater Essex area Councils were accepted onto the Government's Devolution Priority Programme, meaning the councils are committed to working to establish a mayoral combined county authority, and subsequent reorganisation of all the councils in Greater Essex into new unitary authorities. There is a significant amount of work and resource required to deliver the transition for both of these elements and the Council is alert to the risk that the diversion of resources required to deliver these changes impacts on the ongoing delivery of services to residents and other stakeholders.*
- 4.86 *Management needs to continue to monitor both the actual and potential impact of these pressures, the progress against delivery of the transformation programme and service reviews to drive change, as well as delivery of the Corporate Plan. Management and Members need to be ready to adjust, if necessary, as the situation continues to evolve and the understanding of the impact on future needs and priorities becomes clearer.*
- 4.87 *The work of the Good Governance Group and results of the audits completed continue to confirm that:*
- corporate business management processes remain generally well designed and, in some areas, work is underway to update or strengthen them further*
 - there is inconsistency in terms of application, across some services that still needs to be addressed.*
- 4.88 *With regards to the assurance provided by audit work undertaken, the results of the work indicate that for the design of the Council's risk management arrangements satisfactory assurance can be provided – although the Risk Management Policy Statement and Strategy is due to be reviewed and refreshed – but partial assurance in respect of operation. There is a need for further embedding of the arrangements within the services so that there is increased understanding of the need to capture the conversations about risk that are happening, to provide increased visibility, transparency and accountability for decision making around the risks that sit below those on the corporate risk register.*

- 4.89 *The design and operation of internal control can be provided with satisfactory assurance, but issues have been highlighted in respect of the application of the governance framework as operated for the year, indicating that this requires improvement before it can be considered to be satisfactory overall. Therefore, partial assurance is provided for the year. Work to improve elements of the governance framework is being undertaken, as reflected in the Annual Governance Statement and the accompanying action plan.*
- 4.90 *Therefore, the remainder of this report should be read within this context.*
- 4.91 *No issues have come to my attention this year, other than those already disclosed, that I believe need including in the Council's Annual Governance Statement."*

Audit and Governance Committee

- 4.92 The Audit and Governance Committee consists of a chairman and eight other members (plus one independent person recruited in April 2025, with position ratified by Annual Council in May 2025, to attend in 2025/26). The committee's role is to provide independent assurance to Council on the adequacy of the risk management framework and associated internal control environment and the integrity of the financial reporting and governance processes.

External Audit

- 4.93 External Audit is undertaken by EY (the business name of Ernst & Young Global Limited) and their work includes:
- a. providing an opinion on the financial statements, including whether they provide a true and fair view of the financial position at the end of the year and the expenditure and income for the year, and that they have been properly prepared in accordance with relevant legislation and applicable accounting standards;
 - b. reviewing and providing a conclusion of the arrangements in place to secure value for money.
- 4.94 Where the auditor identifies weaknesses in the Council's arrangements or significant deficiencies in internal controls, these are highlighted in the final report to the Audit and Governance Committee.
- 4.95 As noted above the significant number of external audits outstanding across the sector, and multiple years, has also impacted the Council, but during the year external audit have finalised their work on the audits of the 2021/22, 2022/23 and 2023/24 Statement of Accounts, following the resolution of issues arising from internal audit work on Senior Management Pay and Conditions, as referenced in previous Annual Governance Statements. This has resulted in external audit providing a 'disclaimer' opinion for each of those financial years, and now the audit of 2024/25 will be able to commence. This Annual Governance Statement, that forms part of the Council's Statement of Accounts for 2024/25, will be finalised through the completion of the audit for 2024/25.

External Inspections

- 4.96 The Council welcomed the Local Government Association (LGA) to conduct a Corporate Peer Challenge undertaken between 3-5 September 2024. A Corporate Peer Challenge (CPC) forms a key part of the improvement and assurance framework for local government. It is underpinned by the principles of Sector-led Improvement (SLI) put in place by councils and the LGA to support continuous improvement and assurance across the sector. The peer team spent three days onsite at the Council's offices, during which they: gathered evidence, information, and views from more than 25 meetings, in addition to further research and reading; and spoke to more than 100 people including a range of council staff together with elected members and external stakeholders. Following the onsite visit, the peer team collectively produced a report which contained a number of recommendations. The recommendations set out in the CPC Report are as set out in the table below:

Recommendation 1	Clarify quickly the council's strategy and plan for addressing the financial gap of future years. The proposed timetable and process needs to be set out and communicated internally before the budget process commences.
Recommendation 2	Develop a clear business change programme and narrative and establish the related programme management capacity in order to ensure focus and delivery and support benefits realisation. The proposed timetable and process needs to be set out and communicated within a few months.
Recommendation 3	Clarify the approach and timescale for developing the Corporate Plan – with there being a need to move quickly in creating it.
Recommendation 4	Invest further the time and effort necessary to develop the relationships and establish greater shared understanding across the senior political and managerial leadership – which, in turn, informs more consistent messages for the wider organisation and stakeholders.
Recommendation 5	Strengthen the approach to risk management and performance management in order to ensure a comprehensive corporate overview at the senior managerial level of key issues – which, in turn, informs enhanced reporting to elected members.
Recommendation 6	Maximise the opportunities for effective scrutiny and challenge of the Administration that can be seen by the public.
Recommendation 7	Address the gap that has emerged for partners in the voluntary and community sector around a council operational lead in engaging and involving them.

- 4.97 The Council's Overview and Scrutiny Committee, at its meeting on 8 January 2025, accepted the invitation of the Cabinet to include the review of the Action Plan as part of its workplan. Updates on progress addressing these recommendations have been reported to the committee, although just outside the 2024/25 financial year, in [April 2025](#) and [June 2025](#). Overall, good progress has been made, with five recommendations complete, one partially complete but on track, and one partially complete but delayed. A follow-up visit from the LGA and the peer team is scheduled for Autumn 2025.
- 4.98 In September 2024, the Regulator of Social Housing published a C3 Regulatory Judgement which was reported to Cabinet in November 2024. In December 2024, the Regulator published a [second Regulatory Judgement](#) which downgraded the Council's compliance with the Consumer Standards to C4. The Council's response to addressing the concerns of the Regulator is the Housing Improvement Programme (HIP). The HIP is intended to drive the change required to services and provide the Regulator with the assurance that the Council has the ability to put things right and ensure that it does not happen again. It is vital, therefore, that the Council is clear about what went wrong and the lessons which it has learned. Through further discussions with the Regulator an agreed improvement plan has been established which captured the specific Consumer Standards requirements and the necessary compliance activities that were necessary to meet regulatory standard.
- 4.99 Progress has been reported through a HIP Board, with the first major update to [Cabinet in June 2025](#)
- 4.100 In November 2024, the Council was notified by the Health and Safety Executive (HSE) that under the provisions of Section 58Z* of the Building Act 1984, as amended (the "Act"), the Building Safety Regulator would carry out an inspection of the Council's statutory Building Control functions which is described in the Act as a Building Control Body (BCB).
- 4.101 The Regulator's mandate comes from the Building Safety Act 2022 which focuses on building structural and fire safety, and was introduced following the Grenfell Tower disaster, to ensure that

BCBs are safely carrying out their functions and responsibilities. These inspections are allocated by the Regulator at random and the Council's BCB is one of the first local authority BCBs in the country to be audited. Ultimately all BCBs will be inspected by the Regulator.

- 4.102 The Regulator commenced its inspection of the Council on 2 December 2024. The Inspection audited the Council's BCB compliance with the Operational Standards Rules ("OSRs"). As part of the inspection, officers attended an initial feedback meeting with the Regulator in early January 2025, during which the Regulator identified a number of areas for improvement, which would be formally reported to the Council as its assessment of the formal inspection outcome. Immediately following this meeting, officers began the work to resolve those identified compliance issues.
- 4.103 In January 2025, the Council received a letter of contravention which identified the areas in which the Council was required to improve and gave a deadline of 25 April 2025 to evidence to the Regulator the action which the Council has taken on each of the points raised. An Action Plan was presented to Cabinet on 19 February 2025 as part of the report recommending adoption of a Building Control Enforcement Policy to address one of the Regulator's observations.
- 4.104 In the update to [Cabinet in April 2025](#) it was reported that all identified actions have been completed with the necessary processes, procedures, checks, reporting and monitoring provisions put in place to ensure compliance with the OSRs. Further to submission to the Regulator in April 2025, the Regulator undertook a further assessment of the Council's compliance with the OSRs. At the time of writing this Annual Governance Statement the Council is still waiting for the Regulator to respond to its April 2025 submissions.

Progress against Recommendations Identified in last year's Annual Governance Statement

4.105 The table below sets out the actions identified and an assessment of progress. Progress on implementation of these actions has been reported to Audit and Governance Committee as part of the governance monitoring report.

	Issue	Action 2024/25	Date of implementation	Responsible officer	Update on progress
1.	<p>Need for a more formal approach to gathering the views of the Castle Point public.</p> <p><i>Governance process: Consultation and Engagement</i></p>	Investigate options for undertaking an annual satisfaction and perceptions survey	Decision on approach by end Q2 2024/25	<p>Assistant Director for People & Engagement</p> <p>Assistant Director for Policy, Performance & Customer</p>	<p>Good progress has been made on engaging with residents as part of meaningful consultation on a number of initiatives including waste in which residents were in favour of changing to wheelie bins, across a range of policies, the new Corporate Plan and a survey of housing tenants. We also ensure that there is regular communication through the Castle Point Together magazine and via social media.</p> <p>Additional resource has been secured within the communications function to support this delivery commencing in Q4 2024/25.</p> <p>This progress will continue to be developed with a resident satisfaction survey planned for September 2025</p> <p>Consultation and engagement is assessed as Satisfactory, propose to report on progress with this through governance monitoring reports but not as a specific action.</p>
2.	Need for a refreshed and aligned strategic framework to support longer-term planning.	<p>Develop and adopt a new Corporate and Community Plan.</p> <p>Develop approach to service planning which aligns with the new</p>	<p>End Q3 2024/25</p> <p>End Q3 2024/25</p>	<p>Strategic Leadership team</p> <p>Assistant Director for Policy,</p>	<p>The new Corporate Plan was adopted by Full Council in March 2025.</p> <p>Service plans for the 2025/26 financial year have been developed by each Assistant Director and align with the priorities as set out in the new Corporate Plan.</p>

	<i>Governance process: Business Planning and Strategy, inc. Partnerships</i>	Corporate and Community Plan		Performance & Customer	Action closed.
3.	Strategic approach to asset management. <i>Governance process: Asset Management</i>	Develop a strategic approach to asset management (buildings and land) which takes a view across the assets managed by individual service areas to ensure that these are collectively put to best use to support the Council to deliver its aims and objectives.	High level plan in place by end Q3 2024/25	Assistant Director for Estates	In addition to examples given in the main report – relating to acquisition of new workshop and Abbeyfield for temporary accommodation - an Asset Strategy is being developed and on target for end of Q3 2025/26 as an overarching strategy for the management approach of buildings and land. Asset management assessed as Partial, propose to retain action in 2025/26 to develop and adopt an Asset Strategy.
4.	Improve and expand the application of good risk management across the organisation. <i>Governance process: Risk Management</i>	Migrate corporate risk register into IT system to support management of risk. Development of service risk registers and move into IT system.	Corporate risk register held in IT system by end Q2 2024/25. Service risk registers complete by end Q2 2024/25 (into IT system by end Q3 2024/25).	Assistant Director for Policy, Performance & Customer All ADs	The corporate risk register was added to the performance and risk management IT system in December 2024 Assistant Directors will be refining their service level risk registers over the 2024/25 financial year, migrating into the information management IT system in Q1 2025/26. Risk management was assessed as Partial, propose to retain action in 2025/26 to implement and monitor corporate and service risk registers through the performance and risk management IT system.

5.	<p>More consistent and robust approach to managing performance.</p> <p><i>Governance process: Performance Management</i></p>	<p>Migrate corporate performance scorecard into IT system.</p> <p>Develop performance dashboards for service areas</p>	<p>End Q2 2024/25</p> <p>Over year to end Q4 2024/25</p>	<p>Assistant Director for Policy, Performance & Customer</p>	<p>The corporate performance scorecard data is now held in the information management IT system, with reports generated from this system for the first three quarters of 2024/25.</p> <p>Directors, Assistant Directors and Service Managers have been set up in the performance and risk management IT system, each with dashboards showing relevant information relating to performance (as well as risk and audit actions). These dashboards also contain report templates which can be generated to show the most up-to-date performance.</p> <p>Performance management was assessed as Partial. Propose to have a re-focused action in 2025/26 relating to implementation of recommendations identified in the audit of performance management arrangements.</p>
6.	<p>Clarity on information governance key role and addressing cyber security risks.</p> <p><i>Governance process: Information Governance</i></p>	<p>Clarify where the SIRO sits in the new organisation structure.</p> <p>Implement cyber security incident management audit recommendations.</p>	<p>End Q2 2024/25</p>	<p>Assistant Director for Legal & Democratic Services</p> <p>Assistant Director for Policy, Performance & Customer</p>	<p>The role of Senior Information Risk Owner (SIRO) sits with the Assistant Director for Policy, Performance & Customer.</p> <p>Good progress has been made on implementing the audit recommendations relating to cyber security incident management, including a major re-write of the Council's Security Incident Response Plan (SIRP) and associated flowcharts, processes and templates. The effectiveness of this plan will be tested on an ongoing basis using National Cyber Security Centre developed desktop exercises. Work continues to keep the Council's systems secure.</p> <p>However, information governance was assessed as Minimal. Significant work required to address issues identified as part of the audit of information governance arrangements at the Council, proposed action relating to this in the table below.</p>

					An interim information governance officer is now in place - plus mandatory training was completed by staff in March and April 2025.
7.	<p>Ensure transparency over contracts is in place and develop mechanisms to support planning of new procurement of good and services.</p> <p><i>Governance process: Procurement</i></p>	<p>Update contract register to ensure it is up-to-date and accurate.</p> <p>Update procurement guidance to reflect the requirements of the Procurement Act 2023 and include guidance on commissioning.</p>	<p>End Q2 2024/25</p> <p>End Q3 2024/25</p>	<p>All contract managers</p> <p>Assistant Director for Finance & Procurement</p>	<p>A new contracts register has been created, with guidance and compliance requirements advertised to staff by way of email and on the Council's intranet. The new register has brought significant improvements and improved transparency.</p> <p>The Council's amended Contract Procedure Rules have been adopted following the go-live of the Procurement Act 2023. Training has been delivered to staff who are involved in some way with the procurement processes.</p> <p>Procurement was assessed as Partial in this AGS, there is a proposed action in the table below relating to contract management.</p>
8.	<p>Good practice of programme and project management seen through Transforming Together (TT) moved across to business as usual</p> <p><i>Governance process: Project Management</i></p>	<p>Assimilate TT documentation with Council project management framework and guidance.</p> <p>Put in place a Project Management Officer to support the business to plan and track implementation of projects.</p>	<p>End Q2 2024/25</p> <p>End Q3 2024/25</p>	<p>Assistant Director for Policy, Performance & Customer</p>	<p>A review of the TT documentation has taken place and is being held for rollout once a new resource is in place to support the overall management of projects across the Council.</p> <p>The service review undertaken by the Assistant Director for Policy, Performance & Customer includes two new roles which will support the Council to plan and track implementation of projects. These roles have been appointed to with new employees joining the Council in April 2025.</p> <p>Training on the Council's toolkit and project workbook provided in June 2025, team to focus on identifying key projects across the Council and work to establish monitoring mechanisms to track project delivery. Propose action relating to this for 2025/26.</p>

9.	<p>Need for a clear approach to workforce management, including the policy framework and appraisal process</p> <p><i>Governance process: Workforce Management</i></p>	<p>HR policy refresh and renewal.</p> <p>Develop and implement new approach to appraisals</p>	Over the year to end Q4 2024/25	Assistant Director for People & Engagement	<p>The whole of the HR policy framework is under review and key policies have been prioritised. Updated policies include the grievance and bullying and harassment policy to ensure that the workers protection legislation is adhered to. These have been approved at the Staff Appointment and Review Panel</p> <p>A new performance management policy was also approved and this commenced in April 2025. Management training sessions have taken place to support its successful implementation.</p> <p>Workforce management was assessed as Satisfactory and progress with this governance process will be reported through the governance monitoring reports but not as a specific action.</p>
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Action Plan included in the Addendum to the 2020/21 Annual Governance Statement accompanying the Statement of Accounts from the same financial year

4.106 The following action plan is taken from the Addendum to the 2020/21 Annual Governance Statement. This Addendum reflects the findings from an internal audit into Senior Manager Pay and Conditions and subsequent action taken by the Council (i.e. the table below). As many of the actions in the action plan that was included in the Addendum took place over the 2023/24 financial year, this action plan was also included in the 2023/24 Annual Governance Statement for transparency and clarity. It is included here for final time as the final action relating to recruitment of Independent Persons is now complete.

	Issue	Action 2023/24	Date of implementation	Responsible officer
1.	A lack of an open, fair and transparent approach to recruitment to ensure the best suited individuals are recruited into senior roles, and the setting of salaries of these individuals	<p>The Council's transformation programme has implemented a new establishment structure at Tiers 2 and 3 of the organisation. Appointments to roles have been made through advertisement and a robust interview process utilising external advisers, member panels and skills tests. Roles have been job evaluated by the East of England LGA. Across the rest of the workforce job evaluation is being undertaken with all roles (current and new) evaluated in line with the LGA's Single Status Agreement. All new roles are advertised and appointed following an objective interview process. Progress of the job evaluation project is reported to the Staff Appointments and Review Panel. Appointments to Chief Officer posts are made by Full Council.</p> <p>November 2024 Update: Job Evaluation implemented effective 1 September 2024. Robust approach to recruitment for all roles, including those at senior level continues. Action complete.</p>	September 2024	Assistant Director People & Engagement
2.	The payment of market supplements and retentions without clear rationale or supporting evidence to	The Council's Market Supplement Policy was rewritten and agreed by the Trade Unions (Unison and GMB) and formally reported to the Staff Appointments and Review Panel on 5 July 2023.	December 2022	Assistant Director People & Engagement

	Issue	Action 2023/24	Date of implementation	Responsible officer
	substantiate the payments initially or on an ongoing basis	<p>Where market supplements are paid to staff the process set out in the policy is followed and reviewed annually by HR in line with that policy with all supporting evidence and sign offs provided.</p> <p>Update November 2024: Market Supplement Policy remains in place. All Market Supplement payments were reviewed as part of the Job Evaluation project and all are subject to further review before end March 2025. Action complete.</p>		
3.	Performance payments made to individuals without clear setting of objectives, or evidence of assessment to demonstrate performance has been satisfactory and thus payments are due	<p>The scheme which had existed was brought to an end on 31 October 2023. The Council does not now have any such payments.</p> <p>Update November 2024: Action complete</p>	November 2023	Head of Paid Service
4.	Unequal and preferential treatment of senior managers via their pay and conditions compared to other staff within the organisation, including for the granting of flexible retirement and associated schemes	<p>The scheme which had existed was brought to an end on 31 March 2023. The Council does not now have any such payments.</p> <p>Update November 2024: Action complete</p>	April 2023	Head of Paid Service

	Issue	Action 2023/24	Date of implementation	Responsible officer
5.	Inappropriate authorisation of payments made by officers and deliberate attempts to conceal the actions being taken in some cases	<p>The Council's Constitution and Financial Regulations have been updated and adopted by Full Council on 22 May 2024. The process of review of the Constitution was overseen by the Council's Scrutiny Committee.</p> <p>This new constitution sets out the delegations for officers and for members. Training is being provided to officers and members.</p> <p>The refreshed Audit & Governance Committee and the Overview & Scrutiny Committee are receiving specialist external training for members and Independent Persons are being recruited to participate in meetings to assist members in their scrutiny function.</p> <p>Update November 2024:</p> <p>Review of the Constitution is on the work plan of the Overview & Scrutiny Committee and a Constitution Working Group is undertaking this detailed work reporting into the Committee.</p> <p>Training has been completed.</p> <p>A decision was made at Full Council on 9 October 2024 to recruit Independent Persons for Audit & Governance Committee, Overview & Scrutiny Committee and Standards Committee. Recruitment process completed in March 2025.</p> <p>Update June 2025:</p>	September 2024	<p>Assistant Director Finance & Procurement (s151 Officer)</p> <p>Assistant Director Legal & Democratic Services (Monitoring Officer)</p>

	Issue	Action 2023/24	Date of implementation	Responsible officer
		The recruitment of Independent Persons to some of the Council's committees concluded just after the end of 2024/25; five Independent Persons were recruited in April 2025 (two on the Standards Committee, two on the Overview and Scrutiny Committee and one on the Audit and Governance Committee), with appointments ratified by Annual Council on 21 May 2025.		
6.	Senior managers using their position within the organisation to change and develop policies that they will benefit from without following appropriate processes.	<p>The restructuring of the senior management team has enabled new transparency in terms of clear, defined roles and responsibilities with "dotted line" accountabilities incorporated as well as hierarchical line management. The s151 Officer and the Monitoring Officer are part of management meetings at Tier 2 and Tier 3 to ensure corporate visibility and meet regularly with the Head of Paid Service as a "Golden Triangle" to review issues and risks.</p> <p>Update November 2024: Action complete</p>	September 2023	Head of Paid Service

Key governance issues

4.107 The following are the key governance issues that have been identified.

	Issue	Action 2025/26	Date of implementation	Responsible officer
1.	Need for an Asset Strategy and an updated Asset Management Plan to inform the strategic approach to asset management. <i>Governance process: Asset Management</i>	Develop and adopt an Asset Strategy and update the Asset Management Plan	Adopted by end Q3 2025/26	Assistant Director for Estates
2.	Improve and expand the application of good risk management across the organisation. <i>Governance process: Risk Management</i>	Finalise setting up service risk registers in performance risk IT system Proactive monitoring of corporate and service risks	Service risk registers complete and added to IT system by end Q2 2025/26 Monitoring through Quarterly Business Review – corporate already in place, service risk registers from Q3 2025/26	Assistant Director for Policy, Performance & Customer All Assistant Directors
3.	More consistent and robust approach to managing performance. <i>Governance process: Performance Management</i>	Implement the recommendations from the audit of performance management	End Q2 2025/26	Assistant Director for Policy, Performance & Customer

	Issue	Action 2025/26	Date of implement-tation	Responsible officer
4.	<p>Strengthen approach to information governance to ensure robust and legal arrangements in place, alongside strong processes for preventing and responding to cyber security incidents.</p> <p><i>Governance process: Information Governance</i></p>	<p>Implement the recommendations from the audit of information governance and refresh of all policies and procedures</p> <p>Finalise the Security Incident Response Plan (SIRP) and conduct desktop exercises to test the plan</p>	<p>End Jan 26</p> <p>Plan adopted by end July 2025</p> <p>Exercises conducted quarterly from start Q3 2025/26</p>	<p>Assistant Director for Legal & Democratic Services and</p> <p>Assistant Director for Policy, Performance & Customer</p> <p>Assistant Director for Policy, Performance & Customer</p>
5.	<p>Develop processes to ensure that effective contract management takes place across all Council contracts.</p> <p><i>Governance process: Procurement</i></p>	Put in place mechanisms to support effective contract management, using the performance and risk management IT system where appropriate	End Q3 2025/26	<p>Assistant Director for Finance & Procurement</p> <p>Assistant Director for Policy, Performance & Customer</p>
6.	<p>Need to adopt good practice of programme and project management and consistency of application across the Council.</p> <p><i>Governance process: Project Management</i></p>	Policy, Performance and Projects team to support the organisation to plan and manage delivery of projects using the Council's project management toolkit and workbook	From Q2 2025/26	Assistant Director for Policy, Performance & Customer

	Issue	Action 2025/26	Date of implementation	Responsible officer
		Establish Gold and Silver project boards to raise visibility on key projects and ensure delivery to time, budget and agree quality	Boards in place by end Q2 2025/26	
7.	<p>Refresh and test approach to business continuity to ensure that the Council has in place up to date and tested plans.</p> <p><i>Governance process: Business Continuity</i></p>	<p>Business continuity plans for all Assistant Directors</p> <p>All plans tested at least twice a year</p>	<p>End Q3 2025/26</p> <p>From Q4 2025/26</p>	<p>Assistant Director for Finance & Procurement to coordinate approach supported by the Emergency Planning and Business Continuity Lead</p> <p>All Assistant Directors to update plans and carry out exercises to test plans</p>
8.	<p>Comprehensive and legal approach to Health and Safety across the organisation.</p> <p><i>Governance process: Health and Safety</i></p>	Implement the recommendations from the Health and Safety audit	End Q4 2025/26	Assistant Director for People & Engagement supported by all Assistant Directors and the Health and Safety Lead
9.	<p>Strengthened approach to data quality in the Housing service to improve the quality of the data on which decisions are made.</p> <p><i>Governance process: Data quality</i></p>	Implement the actions relating to data quality under the Housing Improvement Programme - Workstream 1: Data Integrity & Assurance	End Q4 2025/26	Assistant Director for Housing, Health and Partnerships

5 Conclusion

- 5.1 This statement has been considered by the Good Governance Group of officers, the Senior Leadership Team, Chief Executive, and Leader of the Council. It is considered an accurate reflection of the Council's governance arrangements. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Councillor Dave Blackwell
Leader of the Council
July 2025

Ms. Angela Hutchings
Chief Executive
July 2025

Glossary of Terms

Accounting Period

The period of time covered by the accounts. For the Council, this is a period of 12 months from 1 April in one year until 31 March in the following year. The end of the accounting period is the date of the Balance Sheet.

Accruals concept

Income and expenditure are recognised when they are earned or incurred, not when money is received or paid.

Actuarial Gains and Losses

For a defined benefit pension scheme, the changes in actuarial surplus and deficits that arise because either events have not coincided with previous actuarial assumptions, or where actuarial assumptions have changed.

Adjustment Account

Statutory adjustment accounts which are used for the differences between the accounting cost of providing services in accordance with generally accepted accounting practices, and the amount to be funded from taxation for the General Fund and housing rents for the Housing Revenue Account. Examples include the Capital Adjustment Account and the Revaluation Reserve. These accounts form part of Unusable Reserves as reported on both the Balance Sheet and the Movement in Reserves Statement.

Assets

Resources controlled by the Council as a result of past events, and from which future economic benefits or service potential are expected to flow to the Council. See also Intangible Assets and Tangible Assets.

Balance Sheet

One of the primary statements. The Balance Sheet is a statement of all the assets, liabilities, reserves and other balances held by the Council to show the overall net worth of the Council at a certain point in time. It brings together details of the individual funds maintained by the Council as at the end of the relevant accounting period.

Capital Adjustment Account

A statutory unusable reserve included on the Balance Sheet, which represents the balance of capital resources set aside to finance capital expenditure, and certain other capital financing transactions, including the reversal of some entries posted to the Movement in Reserves Statement.

Capital Charges

Charges made to service department revenue accounts to reflect the cost of non-current assets used during the period. This primarily relates to depreciation charges.

Capital Expenditure

Expenditure on the acquisition of a new non-current asset, such as a piece of land or a building, or expenditure which adds to, and not merely maintains, the value of an existing non-current asset, for example by prolonging its useful life.

Capital Financing Requirement

The value of the capital expenditure incurred historically by the Council that has yet to be financed.

Capital Receipt

The proceeds from the sale of a non-current asset. The government prescribes the amount of the receipt which must be set aside to repay debt and the usable amount which may be used to finance capital expenditure.

Carrying Amount

The principal amount plus accrued interest at the Balance Sheet date.

Cash Flow Statement

One of the primary statements. The statement shows how the Council has generated and used cash and cash equivalents during the period, classified into operating, investing and financing cash flow activities.

Chartered Institute of Public Finance and Accountancy (CIPFA)

The Chartered Institute of Public Finance and Accountancy is the professional body responsible for determining local government financial regulations. CIPFA issues annually the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

Code of Practice on Local Authority Accounting in the United Kingdom

A document issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) which sets out the proper accounting practices for Local Government to adhere to in the preparation of their annual Statement of Accounts.

Comprehensive Income and Expenditure Statement (CI&ES)

One of the primary statements. This statement brings together income and expenditure relating to all of the Council's functions. It demonstrates how the costs have been financed from government grants and income from local taxpayers.

Collection Fund Income and Expenditure Account

One of the supplementary statements. All receipts of Council Tax and National Non-Domestic Rates are paid into this account. The Council uses this money to pay the precepts due to Essex County Council, Essex PFCC - Fire and Rescue Authority and Essex PFCC - Policing and Community Safety, and also the Council Tax demand by the Council's General Fund, which finances the Council's day to day expenditure.

Contingent Asset

A possible asset that arises from past events but will only be confirmed by the occurrence of one or more uncertain future events not wholly within the Council's control.

Contingent Liability

This is either:

- A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one of more uncertain future events, not wholly within the Council's control, or
- A present obligation that arises from past events but which is not recognised because either it is not probable that a transfer of economic benefits will occur, or the amount of the obligation cannot be measured with sufficient reliability.

Corporate and Democratic Core (CDC)

CDC is reported within Central and Corporate Services on the Comprehensive Income and Expenditure Statement and incorporates the following sub-divisions:

- Democratic Representation and Management costs – includes all aspects of Members' activities including corporate, programme and service policy-making, general governance and representing local interests.

- **Corporate Management costs** – concerns those activities which provide the infrastructure which allows services to be provided, whether by the Council or not, and the information required for public accountability.

Creditor

Amounts owed by the Council for goods, services or works received by the Council, for which payment had not been made by the Council at the Balance Sheet date.

Current Asset

An asset held which will be used or received within the next financial year.

Current Liability

An amount which could or will become payable within the next financial year.

Debtor

Amounts owed to the Council for goods, services or works provided by the Council, for which payment had not been received by the Council at the Balance Sheet date.

Derecognition of non-current assets

Derecognition is when an amount that has been included as part of a non-current asset is removed from the asset value recorded on the Balance Sheet. This is either:

- On disposal, or
- When no further economic benefits are expected from that asset or part of asset.

When an asset has enhancement work performed on it to replace or restore all or part of it, an adjustment is applied to remove the estimated amount already recorded in the asset value of that part replaced or restored.

Depreciation

The measure of the loss in value of an asset during the period due to age, wear and tear, deterioration or obsolescence. This charge is spread over the useful life of the asset.

Earmarked Reserve

Amounts set aside for specific future commitments or potential liabilities.

Expenditure

The gross outflow of economic benefits or service potential during the accounting period, which result in a decrease in reserves, either through the consumption of assets or an increase in liabilities.

Expenditure and Funding Analysis (EFA)

A note to the accounts which shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. The EFA also shows how this expenditure is allocated between the Council's directorates.

Fair Value

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

General Fund

This is the main Income and Expenditure account which summarises the cost of all services (except those related to Council Housing) provided by the Council.

Government Grants

Grants made by the Government to support council services and used for capital or revenue expenditure. They may be for specific schemes or to support Council services in general.

Gross Book Value

The Gross Book Value is the original price paid for an asset, adjusted for subsequent revaluations, acquisitions, enhancements and disposals, prior to deductions for depreciation.

Heritage Asset

Non-current (long-term) assets which have historical, artistic, scientific, technological, geophysical or environmental qualities, are held and maintained principally for their contribution to knowledge and culture and are intended to be preserved in trust for future generations due to their cultural, environmental or historical associations.

Housing Revenue Account (HRA) Income and Expenditure Statement

One of the supplementary statements. The Housing Revenue Account reflects a statutory obligation to account separately for local authority housing provision, specifically the management and maintenance of the Council's housing stock. It shows the major elements of housing revenue expenditure and how this is met by rents, subsidy and other income.

Impairment

A reduction in the value of a non-current asset caused by an event occurring to the asset or to the economic environment in which it operates. This reduces the Gross Book Value of the asset recorded on the Balance Sheet.

Income

The gross inflow of economic benefits or service potential during the accounting period, which result in an increase in reserves, either through an enhancement of assets or a decrease in liabilities.

Intangible Assets

Non-current (long-term) assets that do not have a physical substance but are identifiable and are controlled by an entity through custody or legal rights. This includes software licences.

Investment Properties

Non-current (long-term) assets which are held by the Council to earn rental income from, or for capital appreciation, rather than for use in providing services.

Leases

These can be either:

- Finance lease – a lease that transfers the substantial risks and rewards of ownership of a non-current asset to the lessee and so the asset is shown on the balance sheet of the lessee not the lessor.
- Operating lease – a lease other than a finance lease. This is a method whereby a Council can use an asset, but not own it. The asset is therefore not classified as capital expenditure and is not shown on the balance sheet of the lessee.

Liabilities

Present obligations of the Council arising from past events, which are expected to be settled through an outflow of resources from the Council, in the form of future economic benefits or service potential.

Materiality concept

The premise that the financial statements often cannot be precisely accurate but this need not distract from their ability to be fairly stated. Within certain limits a tolerance is permitted in measurement and disclosure of financial statement items and the concept of materiality determines the degree of this tolerance.

Minimum Revenue Provision (MRP)

This is the minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Council.

Movement in Reserves Statement (MIRS)

One of the primary statements. The MIRS summarises the change in the financial year across all the reserves and balances held by the Council.

Movement on the Housing Revenue Account (HRA) Statement

One of the supplementary statements. This shows how the HRA Income and Expenditure Statement surplus or deficit for the year is adjusted and reconciled to reach the closing HRA balance for the year.

National Non-Domestic Rates (NDR)

A rate in the pound set by central government multiplied by the value of non-domestic properties to calculate the gross amount of rates due from businesses in the borough. The Council is responsible for collecting rates due from the ratepayers in its area and retains part of the amounts collected, with the remainder distributed to Central Government, Essex County Council and Essex PFCC - Fire and Rescue Authority. Commonly also referred to as Business Rates.

Net Book Value

The Net Book Value of an asset is equivalent to its Gross book value, less the deduction of cumulative depreciation charges. Net Book Value is also often referred to as depreciated cost. Asset values recorded on the Balance Sheet are at Net Book Value.

Net Cost of Services

The total cost of providing services after deducting any specific grants or other income.

Net debt

The Council's total borrowings and obligations less cash and investments held by the Council.

Non-Current (Long Term) Assets

Assets that yield benefit to the Council and the service it provides for a period of more than one year. These are split into Tangible Assets and Intangible Assets – please see those definitions.

Non-Distributed Costs (NDC)

NDC is reported within Central and Corporate Services on the Comprehensive Income and Expenditure Statement. It relates to overheads for which no service receives any benefit, for example, pension costs arising from discretionary added years' service and costs relating to unused assets, and is not therefore apportioned to services.

Other Comprehensive Income and Expenditure

The increase or decrease in the net worth of the Council as a result of movements in the fair value of its assets, as reported on both the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement.

Precept

The levy made on billing authorities, such as Castle Point Borough Council, by precepting authorities, such as Essex County Council, Essex PFCC - Fire and Rescue Authority and Essex PFCC - Policing and Community Safety. These levies require the billing authority to collect income from Council Taxpayers and NDR payers on behalf of the precepting authorities.

Principal amount

The original amount of a debt or investment on which interest is calculated.

Prudential Code

This sets out the regulatory system of capital finance and capital controls for local authorities. This gives authorities the freedom to determine how much of their capital investment they can afford to fund by borrowing, and seeks to ensure that an authority's capital investment plans are affordable, prudent and sustainable. As part of this, local authorities are required to set and report on certain Prudential Indicators.

Public Works Loan Board (PWLB)

A central government agency which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the government itself can borrow.

Reserves

The accumulation of surpluses of income over expenditure from previous years, or capital appreciation. They are not allocated to specific liabilities in the way that provisions are although earmarked reserves are allocated for specific purposes. See also Usable Reserves and Unusable Reserves.

Revaluation

A revaluation of non-current assets is a technique used to adjust for the true value of certain classes of non-current assets owned by the Council. The purpose of a revaluation is to bring into the accounts the fair market value of non-current assets.

Revaluation Reserve

A statutory unusable reserve included on the Balance Sheet, which represents increases in value arising from revaluations of non-current assets. Impairment to an asset will reduce any previous increase in value for that asset recorded in this reserve. Other statutory adjustments are also posted to this reserve on disposal of assets, and also for depreciation.

Revenue Expenditure Funded from Capital under Statute (REFCUS)

Expenditure normally categorised as capital expenditure which does not result in or remain matched with a non-current asset and which may be properly deferred. An example is expenditure on improvement grants.

Substance over Form

This concept requires that transactions and other events are accounted for and represented in financial statements with regard to their economic substance and financial reality rather than just their legal form.

(Surplus) / Deficit on the provision of services

The increase (surplus) or decrease (deficit) in the net worth of the Council as a result of incurring expenses and generating income, as reported on both the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement.

Tangible Assets

Non-Current (long-term) assets which have physical substance. Examples include land, buildings and vehicles.

Unusable Reserves

Reserves which are not available to fund future expenditure and liabilities, as reported on both the Balance Sheet and the Movement in Reserves Statement. These reserves represent unrealised gains and losses, such as on the revaluation of non-current assets, as well as an estimate of the liability arising on the pension fund.

Usable Reserves

Revenue and Capital resources available to fund future expenditure and liabilities, as reported on both the Balance Sheet and the Movement in Reserves Statement. These reserves represent the accumulation of

previous years' surpluses of revenue income above revenue expenditure, and also other sources of income, such as from the sale of non-current assets.

Useful Life

The period over which benefits will be derived from the use of a non-current asset.

Value Added Tax (VAT)

VAT is an indirect tax levied on most business transactions, and on many goods and some services.

There are two elements to VAT:

- Input tax - tax paid by the Council on purchases it makes; and
- Output tax - tax received by the Council on sales it makes.

VAT must be passed on to HM Revenue and Customs (HMRC), when output tax exceeds input tax, or reclaimed from HMRC when input tax exceeds output tax.