



Draft Statement of Accounts

2024/25

Unaudited draft – 30 JUNE 2025

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Narrative Report 2024/25

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Introduction

About Essex County Council

Essex County Council (the Council) is one of the largest of the county councils in England, covering an administrative area of around **3,465** square kilometres, with a population of around **1.5m** people, and comprising **70** electoral divisions. Essex County Council forms the upper tier of local government within Essex (excluding Southend and Thurrock).

Our Services

The following core services are provided by the Council:

- **Children's Services, Adult Social Care, Public Health and Integration** including support of and assistance to people with learning or physical disabilities or sensory impairment, and older people and the homeless; care homes; safeguarding of children and vulnerable adults; support to carers; health improvement, protection and inequality reduction; public and mental health services; child health related matters; drug and alcohol action team; looked after children; services to vulnerable children and young people and their families; adoption and fostering services; early intervention and the development of services for families with complex needs; family solutions; child and adolescent mental health; youth offending; and domestic abuse.
- **Climate Czar, Environment, Waste Reduction and Recycling** including climate change action; energy and emissions reduction; green infrastructure; natural environment; waste minimisation, disposal and recycling; and integrated waste management.
- **Communities, Economic Growth and Prosperity** including levelling up; economic strategy and strategic business engagement; Greater Essex Business Board; Garden Community related infrastructure; business growth, sector development and innovation; inward investment; digital infrastructure, strategy and inclusion; Freeports; economic partnerships; community leadership, engagement, resilience and safety; community strategy; voluntary and community sector relations; overview of grants; Community Initiatives Fund; Active Essex; sports and physical activity; business planning and strategic partnerships.
- **Education Excellence, Lifelong Learning and Employability** including mainstream schools and education; special schools; special educational needs and alternative provision; early years and preschool; school improvement; raising the participation age; school admissions; careers advice; school crossing patrols; post-16 skills and apprenticeships; adult community learning; employability, skills and universities.
- **Highways, Infrastructure and Sustainable Transport** including infrastructure commissioning and delivery; rail strategy and community rail; park and ride; network management; traffic regulation; cycling and walking; street lighting; public rights of way; road safety; maintenance of highways;

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travel planning; e-scooters; flooding and flood management; passenger transport; and home to school transport.

- **Housing, Planning and Regeneration** including town centre regeneration; strategic spatial planning; commons registration and village greens; airports and ports; minerals and waste planning; housing strategy, growth, development and investment; garden communities; built and historic environments; and Ride London.
- **Leader** including policy, strategy, communications, marketing and public affairs; liaison with HM Government, Essex MPs and district, borough and parish councils; devolution; asylum seekers and refugees; shareholder to the Council's companies; appointment of representatives to key partnerships.
- **The Arts, Heritage and Culture** including libraries and community hubs; registration services; coroner; heritage, culture and the arts; Essex Records Office; gypsy and travellers; trading standards; country parks and green spaces; Essex outdoors; rural affairs; tourism and marketing Essex; youth services; equalities and diversity; and faith covenant.
- **The Chancellor of Essex** including financial administration and management; procurement, supplier relationship and contract management; commercial property portfolio; insurance; income and revenues optimisation; Pension Fund; traded services; legal services; and customer services.
- **Transformation** including whole council transformation; armed forces liaison and engagement; property strategy and facilities management; project and programme management; human resources; continuous improvement and service design; emergency planning; telephone and digital access; technology services; performance management; business intelligence; corporate governance; risk management; internal audit and counter-fraud; research, development and innovation; health and safety; insurance; information governance; democratic engagement and representation; and democratic services.

These services are either provided directly by the Council or are commissioned from and delivered by other organisations. Most of these services are mandatory, meaning that the Council must provide them because it is under a statutory duty to do so.

Our leadership and workforce

The decisions that affect the services the Council provides, and the policies it adopts, are made by our Councillors. There are **75** electoral seats on Essex County Council, representing **70** areas known as divisions; Councillors are elected to these seats, in local elections, based on their political affiliations. Most of the Councillors serving throughout the 2024/25 financial year were elected, effective from **6 May 2021**.

Full Council is a meeting of all Essex County Councillors, and it is at these meetings that the overall policies of the Council and the Council's annual revenue budget and capital programme are set. The full Council is also responsible for electing a **Leader** of the Council. Councillor Kevin Bentley has been the

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Leader since May 2021. He is responsible for the strategic direction, policies and priorities of the Council, including the overall corporate revenue and capital budget strategy.

The Leader has appointed nine other Councillors to form a **Cabinet**. The Councillors who make up the Cabinet provide collective and individual leadership, undertake lead responsibility for allocated portfolios and contribute towards the strategic direction of the Council. One of the nine Cabinet Members appointed by the Leader fulfils the role of **Deputy Leader**. Councillor Louise McKinlay has been the **Deputy Leader** since May 2021.

Overview and scrutiny committees hold our Cabinet to account for the decisions made on behalf of the Council.

Senior officers, led by the **Chief Executive** Nicole Wood (the Head of Paid Service) and Executive Directors, are responsible for:

- Advising Councillors on policy.
- Implementing Councillors' decisions.
- Service performance.

Together, these officers form the **Corporate Leadership Team**.

The workforce is aligned to our Corporate Leadership Team. The non-schools' workforce comprised **7,072** 'full time equivalent' employees as at 31 March 2025, with a further **6,988** employees working within locally maintained schools.

Devolution and Local Government Reorganisation

In February 2025, the government confirmed that Essex County Council, Southend-on-Sea City Council and Thurrock Council would be part of its **Devolution Priority Programme**. Devolution would mean the creation of a Mayoral Combined County Authority (MCCA) which would sit above the current county, unitary, city, district and borough councils across Greater Essex (Essex, Thurrock and Southend).

The MCCA would initially take the form of a combined county authority. Some new powers would be devolved to the combined county authority from central government, and some strategic work would transfer to it from the current upper tier authorities (Essex County Council, Thurrock Council and Southend-on-Sea City Council).

Because a devolution deal will create a new single body, known as a strategic authority, for Essex, the government agreed to suspend the local elections scheduled for May 2025 for Essex County Council and Thurrock Council, for an initial period of a year.

The government also intends to facilitate Local Government Reorganisation in England for two-tier areas such as Essex. For Essex, this would see all 15 councils (including Essex County Council, Southend-on-Sea City Council and Thurrock Council) replaced with several unitary authorities which will be responsible for all local authority services in their area.

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Local Government Reorganisation is the government's long-term vision for simpler council structures. Local Government Reorganisation is different to Devolution. Devolution is the transfer of powers and funding from UK government to local government, whereas Local Government Reorganisation is about how local government powers and funding are organised between councils.

While it is possible to have Local Government Reorganisation without Devolution, the government is encouraging both to take place. The Council is committed to both.

On 21 March 2025, the 15 councils across Greater Essex and the Office of the Police, Fire and Crime Commissioner submitted an interim plan for Local Government Reorganisation to the government. The interim plan focused primarily on progress made to date, the advantages Local Government Reorganisation could bring, the evidence needed to move forward and the challenges ahead. The government provided [feedback](#) on this plan on 7 May 2025. Full plans for Local Government Reorganisation across Greater Essex will be submitted to the government in September 2025.

Vision for Essex

[The Future of Essex](#) is a single, shared vision for Essex that was created in 2017 in conjunction with our partners. It is a long-term statement of ambition and aspiration for Essex, and it informs the Council's own plans and actions.

The agreed ambitions are to:

- **Unite** behind a sense of identity.
- **Enjoy life** long into old age.
- **Share prosperity** with everyone.
- **Strengthen communities** through participation.
- Provide an **equal start** for every child.
- Develop our County **sustainably**.
- **Connect** us to each other and the World.

Organisation strategy

The Council's ambitions for 2021-2025 are outlined in [Everyone's Essex](#), the Council's Plan to Level up the County. Everyone's Essex sets out the Council's long-term strategic aims and priorities. As such, it is a key element of the Council's Strategic and Resource Planning Framework – through which the Council ensures that its resources are used to secure progress against a consistent and enduring set of aspirations.

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Renewal, Equality and Ambition run through everything the Council does. Alongside these themes, the Council is focussed on four areas where outcomes really matter for the quality of life for the people of Essex. They are:

- the **Economy**.
- the **Environment**.
- **Children and families**.
- Promoting **health, care** and **wellbeing** for all the parts of our population who need our support.

In focussing on these areas, the Council is mindful that it must address today's challenges and begin to tackle tomorrows. The Council has set out twenty commitments that, taken together, it believes will make Essex a stronger county. These commitments are focussed on outcomes that really matter for the quality of life for the people of Essex.

Economy

- Good jobs
- Infrastructure
- Future growth and investment
- Green growth
- Levelling up the economy

Health

- Healthy lifestyles
- Promoting independence
- Place-based working
- Carers
- Levelling up health

Environment

- Net zero
- Transport and built environment
- Minimise waste
- Green communities
- Levelling up the environment

Family

- Education outcomes
- Family resilience and stability
- Safety
- Outcomes for vulnerable children
- Levelling up outcomes for families

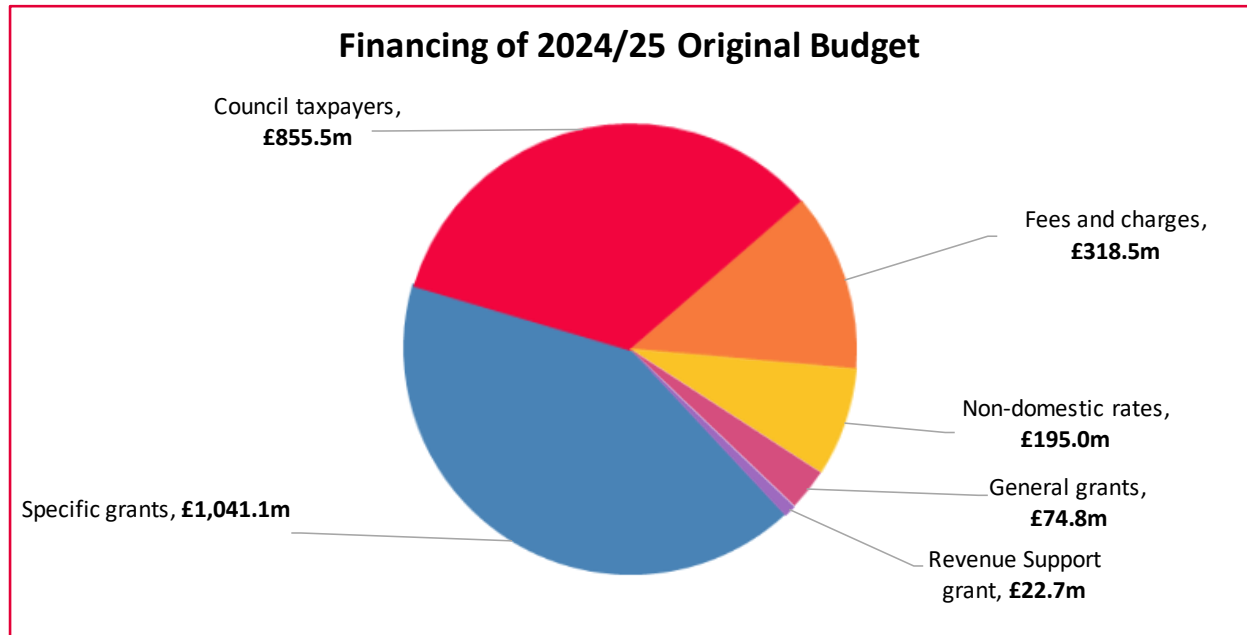
Revenue spending

Revenue spending plans for 2024/25

In total, we planned to spend a gross budget of **£2,507.6m** on the provision of services (including schools) in 2024/25. This spending plan was aligned to the Council's Cabinet Members, according to their specific responsibilities for discharging the functions of the Cabinet.

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We intended to finance this budget from income from the following sources:



Council Tax was increased by **4.99%** in 2024/25, comprising a **2.99%** general Council Tax increase and a **2%** Social Care precept as set out by government for the year. The Adult Social Care precept was used to insulate Adult Social Care from higher savings, and to support growth in demographics and inflation. Taking these increases into account, the Council Tax for a band D property was set at **£1,522.53** (compared with £1,450.17 in 2023/24), which equated to an increase of **£1.39** per household per week.

This budget was underpinned by a financial strategy to ensure that the Council continues to live within its means, while also continuing to deliver essential services to residents and keep Council Tax as low as possible.

Year-end position

The Council ended the year with a minor under spend of **£4.892m** (equivalent to 0.4% of the net total budget for the year). The under spend is after adjusting for proposals to carry forward under spends for use in 2025/26 and other reserve movements.

The outturn position masks some significant variances from the budget, as follows:

- A net over spend by services of **£13.162m**, which mainly resulted from:
 - Demand, price and complexity pressure in Children’s Services and Adult Social Care, Public Health and Integration (**£21.188m**).
 - An under spend in Highways, Infrastructure and Sustainable Transport (**£6.632m**) which resulted from lower contracted daily rates in home to school transport for the current academic year, and successful negotiations for concessionary fares.

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- An under spend in Other Operating Costs, which mainly resulted from earning more interest income on the sums temporarily invested, and from lower interest costs on external borrowing. This interest related element of the under spend (£15.435m) arose because the cash balances available for investment were higher than anticipated (in part because of lower than budgeted usage of reserves), and because interest rates were higher than anticipated.
- An under spend on funding (£2.619m), due to an increase in the benefit of Non-Domestic Rates pooling based on latest returns from district councils, and additional government grants.

The net under spend of £4.892m has been set aside in the General Risk earmarked revenue reserve, to provide some level of additional resilience in light of the current uncertain economic climate, and the pressure we have seen since setting the 2025/26 budget.

Actual net expenditure compared with the final approved budget for the Cabinet Members' portfolios is shown in the following table, together with the planned and actual financing of that expenditure.

	Budget		Actual net expenditure £000	Unadjusted over / (under) spend £000	Mitigations £000	Underlying over / (under) spend £000
	Original £000	Final Estimate £000				
Children's Services, Adult Social Care, Public Health and Integration						
Adult Social Care, Public Health and Integration	467,213	481,230	495,828	14,598	(3,004)	11,594
Children's Services	133,593	134,011	145,602	11,591	(1,997)	9,594
Climate Czar, Environment, Waste Reduction & Recycling	89,029	89,700	88,114	(1,586)	1,249	(337)
Communities, Economic Growth and Prosperity	2,645	6,296	5,208	(1,088)	1,086	(2)
Education Excellence, Lifelong Learning and Employability						
Dedicated Schools Budget	(3,263)	(4,001)	(1,959)	2,042	(2,042)	-
Non Dedicated Schools Budget	22,234	27,937	27,331	(606)	1,641	1,035
Highways, Infrastructure and Sustainable Transport	122,066	130,398	128,936	(1,462)	(5,170)	(6,632)
Housing, Planning and Regeneration	6,700	8,288	7,261	(1,027)	(36)	(1,063)
Leader	2,050	2,268	2,351	83	(95)	(12)
The Arts, Heritage and Culture	26,774	29,729	29,315	(414)	(136)	(550)
The Chancellor of Essex	14,282	12,299	12,836	537	(584)	(47)
Transformation	5,570	6,490	6,028	(462)	270	(192)
Strategic support services	110,308	125,098	123,235	(1,863)	1,637	(226)
Net expenditure by Portfolios	999,201	1,049,743	1,070,086	20,343	(7,181)	13,162
Other operating costs						
Interest, capital financing and dividends	55,213	53,625	37,402	(16,223)	788	(15,435)
Appropriations to / (from) earmarked reserves						
Budgeted appropriations	93,577	44,732	44,732	-	-	-
Mitigations	-	-	(6,393)	(6,393)	6,393	-
Underlying under spend	-	-	4,892	4,892	-	4,892
Total net expenditure	1,147,991	1,148,100	1,150,719	2,619	-	2,619
General government grants (excl. RSG)	(74,783)	(74,893)	(76,740)	(1,847)	-	(1,847)
General Balance - contribution / (withdrawal)	-	-	-	-	-	-
Net Total	1,073,208	1,073,207	1,073,979	772	-	772
Financed by						
Revenue Support Grant (RSG)	(22,694)	(22,694)	(22,694)	-	-	-
Non-Domestic Rates (incl. NDR top up grant)	(195,032)	(195,030)	(195,802)	(772)	-	(772)
Council taxpayers	(855,483)	(855,483)	(855,483)	-	-	-
Total Financing	(1,073,209)	(1,073,207)	(1,073,979)	(772)	-	(772)

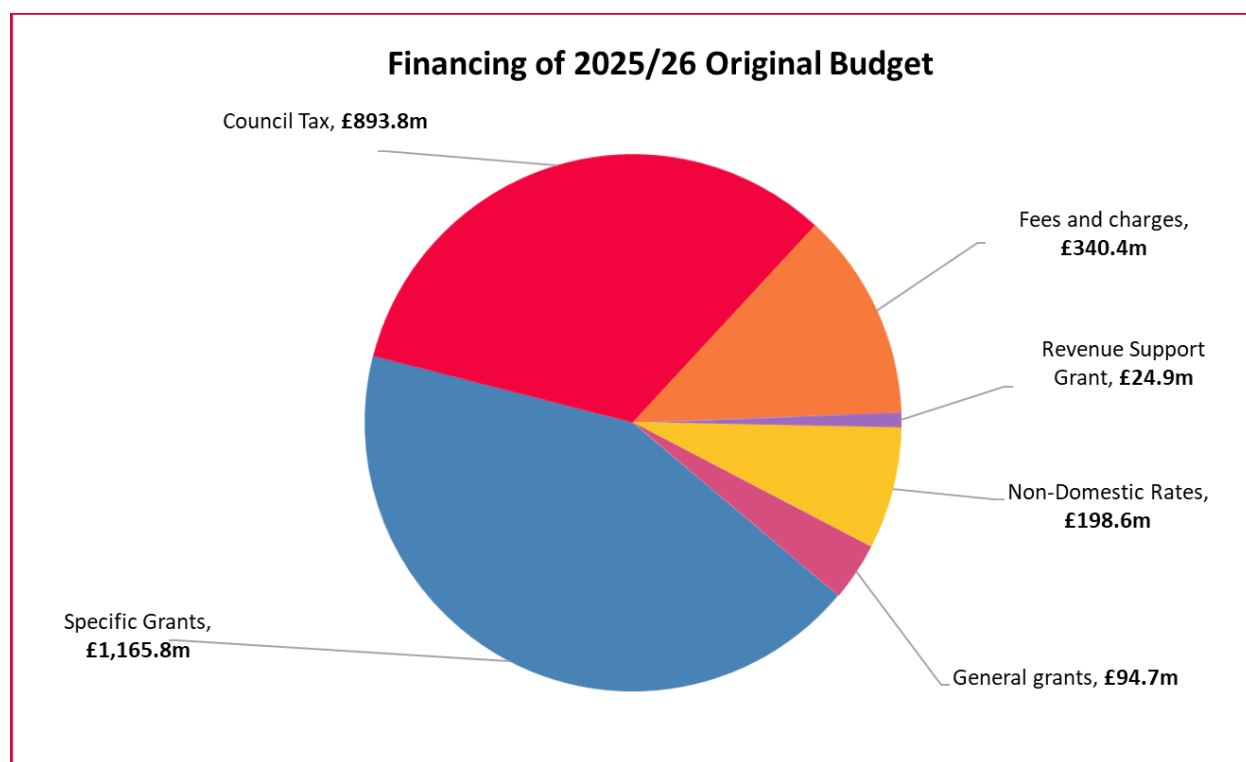
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Revenue spending plans for 2025/26 and beyond

The Council's focus now moves to the extremely challenging period ahead. We face increasing and more complex demand for our core services, such as caring for the elderly, protecting vulnerable children and supporting those families that need it. Inflation also remains slightly above the Bank of England target rate and interest rates remain stubbornly high. These factors combine to provide a challenging outlook, but they also provide an opportunity to question how services are currently provided and, where necessary, redesign them to better meet the needs of residents and communities now and in the future.

Our 2025/26 budget was approved by the Council in February 2025 and it sets out the financial resources that we have available to deliver our statutory requirements, political priorities and [Everyone's Essex](#) Strategic Aims.

The gross budget amounts to **£2,718.2m**, which we intend to finance from income from Council Tax and Non-Domestic Rates, fees and charges and specific and general government grants.



The Council implemented a **3.75%** increase in Council Tax for 2025/26. This comprised a **1.75%** increase in the general Council Tax precept and a **2%** Social Care precept. This means that the Council Tax for a band D property was set at **£1,579.59** (compared with £1,522.53 in 2024/25); this represented an increase of **£1.09** per household per week.

When the Council set the budget for 2025/26, budget gaps were forecast of **£26m** in 2026/27, **£83m** in 2027/28 and **£129m** in 2028/29. The most significant driver of these gaps is **inflation**, which accounts for **£111m** of the total over the three-year period, followed by **new burdens** and **other** cost pressures of

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£48m. No assumptions are made about future levels of Council Tax in arriving at the forecast budget gaps for 2026/27 and later years.

Some progress has already been made towards balancing the budget over the medium-term. New savings of **£61m** have been identified in the medium-term to 2028/29, which are reflected in the forecast budget gaps referenced above. Work will continue throughout 2025/26, including through our **Whole Council Transformation** programme, to identify proposals to close the remainder of the funding gap.

The Council is fully aware of the challenges it faces, including uncertainty regarding future funding, but it is determined to continue to transform how it operates, while also delivering better services for residents. Despite these challenges, the Council's focus remains on prioritising resources to achieve the strategic aims outlined in [Everyone's Essex](#), while achieving a balanced budget position.

Further details of the Council's revenue investment plans are included in the [Essex County Council Annual Plan 2025/26](#), which is available on the Council's website.

Capital investment

Background to the 2024/25 Capital Programme

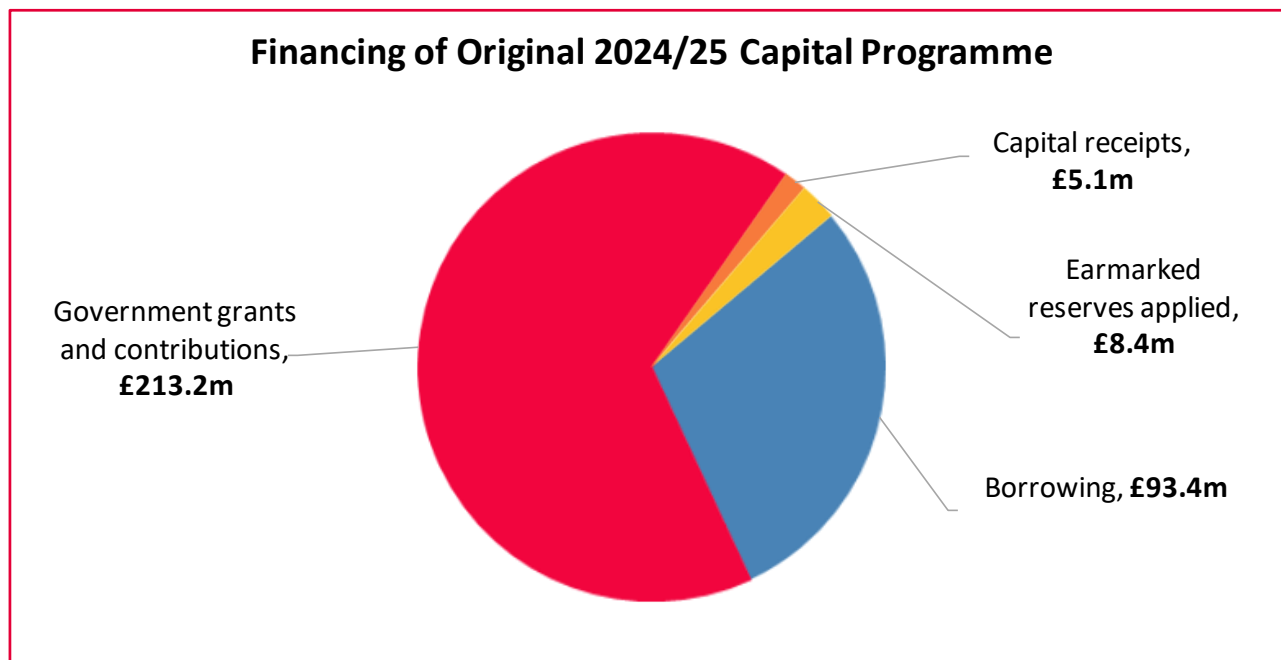
The Capital Programme for 2024/25 was originally set at **£320.1m** and comprised a diverse portfolio of activity, with elements that generate income and growth, drive savings and ensure the quality of infrastructure, for the benefit of Essex residents:

- **Invest to maintain (32%)** – projects intended to maintain and extend the life of our assets, including highways and property maintenance.
- **Invest to save / generate return (8%)** – schemes that generate a return or saving, including accommodation for older people with disabilities, LED street lighting and the Essex Housing Programme.
- **Invest to Grow (60%)** – including areas where the Council is expanding its capacity, such as economic growth schemes in infrastructure and highways, the creation of new school places to meet additional demand from demographic changes and new housing developments.

The Programme was aligned to the Council's Cabinet Members, according to their specific responsibilities for discharging the functions of the Cabinet.

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It was intended to finance the 2024/25 Capital Programme from the following sources.



2024/25 Outturn position

The 2024/25 Capital Programme was revised during the year to allow for revisions to project delivery plans. The final approved budget for capital payments amounted to **£328.3m**. In comparison with the final approved budget, actual expenditure amounted to **£320.2m**. This was **£8.1m** (2.5%) lower than budgeted. The end of year position is set out in the table shown below.

	Original approved expenditure	Final approved expenditure	Actual Capital Payments	Variance from approved expenditure over / (under)
	£000	£000	£000	£000
Capital payments				
Children's Services, Adult Social Care, Public Health and Integration	6,583	2,722	2,200	(522)
Climate Czar, Environment, Waste Reduction & Recycling	1,000	1,000	941	(59)
Communities, Economic Growth and Prosperity	104,944	116,042	131,804	15,762
Education Excellence, Lifelong Learning and Employability	70,904	47,375	45,983	(1,392)
Highways, Infrastructure and Sustainable Transport	103,127	133,714	112,603	(21,111)
Housing, Planning and Regeneration	23,020	13,327	14,457	1,130
The Arts, Heritage and Culture	2,753	1,574	1,042	(532)
The Chancellor of Essex	-	48	-	(48)
Transformation	7,732	12,499	11,177	(1,322)
Total of capital payments financed	320,063	328,301	320,207	(8,094)
Financed by				
Borrowing	(93,365)	(63,860)	(46,371)	17,489
Government grants and contributions	(213,188)	(213,122)	(230,263)	(17,141)
Capital receipts	(5,100)	(8,900)	(8,900)	-
Earmarked reserves applied	(8,410)	(42,419)	(34,673)	7,746
Total financing	(320,063)	(328,301)	(320,207)	8,094

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The total of capital payments for the year, as shown in the previous table, is less than the total capital investment disclosed in Note 19 to the Statement of Accounts (on page 80) because that note includes increases for assets acquired under lease arrangements and for the Landfill Aftercare provision (see note 27.1 which commences on page 98).

During 2024/25, around **300** schemes were undertaken, including:

- Essential work on improving our roads and footways, vital to maintaining a safe network.
- The replacement of life-expired luminaires with efficient, low maintenance LED lights as well as a refresh of the Central Management System to incorporate additional functionality.
- Progression of significant packages of transport improvement work, including:
 - Construction of Beaulieu Park Station in Chelmsford, where works are scheduled for completion in 2025.
 - Construction of a new conveyor bridge as part of an early works package for the Chelmsford North-East Bypass.
 - Works on a new junction onto Cambridge Road from Riverway in Harlow, which are nearing completion, and works commencing on the development of the Sustainable Transport Corridor.
 - Our Rapid Transport System project in Colchester, to provide more reliable and improved journey times, which is progressing well.
- Provision of **2,000** new school places and circa **50** new Special Educational Needs and Disabilities and Pupil Referral Unit places, in the form of new schools, expansion of existing schools and replacement of temporary solutions with permanent ones, all delivered to net zero standards where possible.
- Provision of fit for purpose homes to enable the Council to support children and young people aged 12-17 in stable living environments while they are in our care.
- Continued delivery of local walking and cycling infrastructure projects.
- Delivery of public sector decarbonisation schemes to reduce energy usage and contribute to environmental carbon savings.

As already noted, the Council finances a significant proportion of its capital investment programme from borrowing. This enables the Council to incur capital expenditure now, that it can charge to future years' revenue budgets in annual instalments.

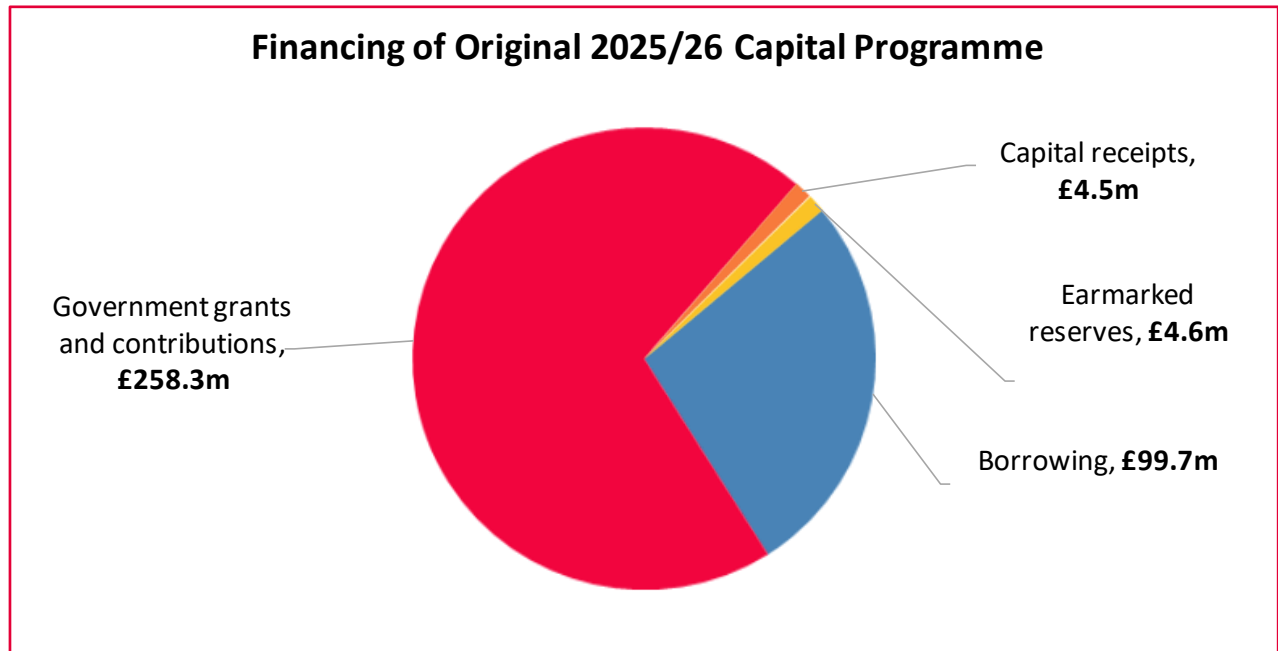
The **Capital Financing Requirement** (detailed in Note 19 on page 80 of the Statement of Accounts) provides a measure of the cumulative amount of capital expenditure that has been incurred, and credit arrangements entered into, that have yet to be funded from cash resources. The Capital Financing Requirement (CFR) has increased by **£37.6m** in 2024/25, to stand at **£1.193bn** as at 31 March 2025. The CFR has increased by **£43.5m** for assets acquired under lease arrangements, mainly because of implementation of International Financial Reporting Standard 16 Leases (see explanatory comments on page 19). This increase was partly offset by a reduction of **£5.9m** in the Council's underlying need to borrow for capital financing purposes. The totality of the CFR will be charged to future years' revenue budgets over the period the associated capital expenditure and credit arrangements provide benefit.

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Capital investment plans for 2025/26

The Council's Capital Programme aspirations remain significant into 2025/26, as the Council recognises that continued investment is vital to achieving the ambitions for the county, from schemes to generate economic growth, to unlocking land to develop homes, to levelling up priority places.

Overall, the Capital Programme has been set at **£367.1m** for the year. This Programme will be financed from the following sources:



The Council's overall aim is to have a diverse but affordable portfolio of activity, prioritised in line with the [Everyone's Essex](#) strategic aims, ensuring the creation of new assets, while maintaining the quality of existing infrastructure for the benefit of our residents and businesses.

Maintaining existing highways network and other assets continues to be a high priority, because continued investment is vital to achieving the ambitions for the county, from schemes to generate economic growth, to unlocking land to develop homes to levelling up priority places.

The following schemes are under construction:

- Beaulieu Park Station and Chelmsford North-East Bypass.
- A133-A120 link road and Colchester Rapid Transit System schemes, supporting delivery of the Tendring-Colchester Borders Garden Community.
- Harlow Sustainable Transport Corridor, assisting in unlocking new homes in the Gilston Villages.
- Levelling up schemes in Colchester and Clacton.

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Work also continues on the design and delivery of significant packages of highways works such as the Army and Navy Sustainable Transport package and the A127/A130 Fairglens Interchange.

Essex Housing, our development arm which works with public sector partners to help address the need for general, specialist and affordable housing, continues to bring forward private units which offset the costs of the affordable and specialist units. The Council's ambition is to sell **434** units over the next four years.

The Council also plans to deliver a range of other schemes to enhance, maintain and develop new assets and will continue the ambitions for the Essex Climate Action Commission by delivering buildings with a net-zero carbon operational design, by making our estate more energy efficient and by making Essex more resilient to climate impacts such as flooding. The Council also plans to deliver and maintain new and existing cycling infrastructure.

Finally, the Council will continue its collaboration with Essex Schools to further increase special school places and focus on new schools and pupil referral units.

Further details of the Council's capital investment programme are included in the [Essex County Council Annual Plan 2025/26](#), which is available on the Council's website.

Revenue reserves and balances

Our revenue reserves play an essential part in the financial strategy of the Council by ensuring we have some resilience to cope with unpredictable financial pressures and long-term contractual commitments. The Council has built specific reserves to manage known financial liabilities and possible risks.

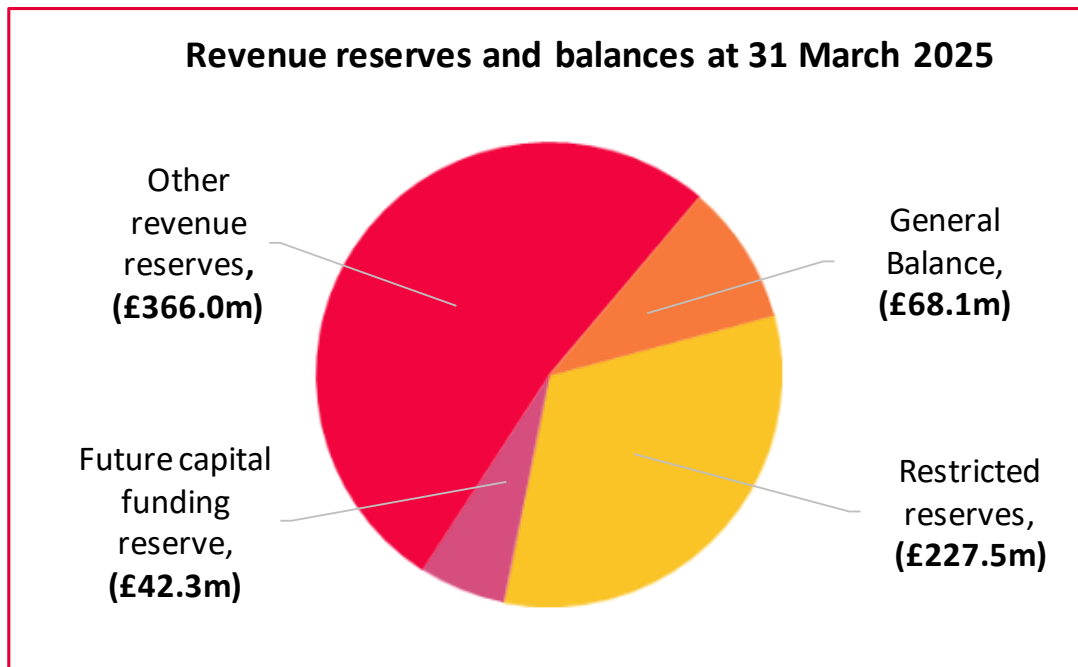
A substantial proportion of the Council's reserves are 'restricted' in use (**£227.5m**). This means they are ring-fenced to long-term contractual commitments, or they are funds held on behalf of others (including schools). These reserves are not available to address the general cost pressures facing the Council.

A further **£366.0m** of our reserves are funds set aside to enable the Council to mitigate against the significant risks it faces, or to enable the Council to change the way it delivers services to achieve future efficiencies.

A further **£42.3m** has been earmarked for funding future capital investment.

The remainder (**£68.1m**) is the General Balance, which is not ring-fenced and provides a working balance to protect the Council against unexpected cost pressures. The current balance is enough to fund **21** days of operational expenditure.

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The continued provision of adequate reserves is essential. Without these, it may be necessary to take remedial urgent action in-year to mitigate challenges that arise, which could lead to longer-term consequences.

Further details on the reserves held by the Council are provided within the Statement of Accounts (see page 63).

Robustness of budget and adequacy of reserves

As part of the Council's annual budget setting, the Council's Responsible Financial Officer (referred to as the Section 151 Officer) is required to provide an assurance statement on the adequacy of reserves and the robustness of the budget. This is a statutory duty under section 25 of the Local Government Act 2003. The Council is required to consider this assurance statement before taking a decision on the budget and capital programme for the forthcoming year.

In the assurance statement on the 2025/26 budget proposals, the Section 151 Officer stated that, while the spending and service delivery proposals are challenging, they are achievable given the political and management track record and current plans to implement change. The Council has a good history of strong financial management and delivering savings, and the level of reserves is appropriate but requires regular monitoring, given the risks and volatility of demand, prices and inflation.

In terms of the Council's financial outlook, the Section 151 Officer commented that, while the budget for 2025/26 is balanced and robust, there remains a gap between our estimated spend and assumed funding from 2026/27 and onwards. Several factors create a heightened risk over the financial position

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for the medium-term, including the reform agenda for local government (referred to on page 6), the Local Government Funding Reform and the significant and increasing costs of supporting Special Educational Needs. The Council's reserves should be seen in that context of uncertainty.

The Section 151 Officer concluded by saying that it is imperative that the Council maintains focus on financial sustainability and continues to deliver a balanced budget over the medium-term, with a strong focus on transition.

Cash flow management

The Council primarily undertakes external borrowing to manage the cash flow implications of incurring capital expenditure that it does not immediately fund from cash resources. Separately, the Council has cash resources, which it has set aside for longer-term purposes and working capital balances, that can either be invested or temporarily utilised to defer the need for external borrowing.

The Council reduced its reliance on external borrowing during 2024/25, mainly because it was not necessary to replace loans from the Public Works Loan Board when they became repayable in the year.

Some short-term loans were secured during the year, in accordance with the Council's agreement to temporarily borrow the surplus cash balances of Essex Cares Ltd (which is a wholly owned subsidiary of the Council).

The cash balances held by the Council during 2024/25 were invested for periods of less than one year with the UK government, money market funds and bodies with high credit ratings. The Council also provided a working capital loan facility and development loan funding to the Essex Housing Development LLP (which is also a wholly owned subsidiary of the Council).

Further details are provided in the Statement of Accounts (see note 22 which commences on page 88).

Statement of Accounts

The Council is required by statute to prepare a Statement of Accounts in accordance with proper practices in relation to accounts, defined to include the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the CIPFA Code of Practice). The Statement of Accounts for 2024/25 is presented within this document, commencing on page 21.

The key aim of the Statement of Accounts is to provide a 'true and fair' view of the Council's financial position at 31 March 2025 and of its income and expenditure for the 2024/25 financial year. The Statement of Accounts is therefore an essential feature of public accountability, reporting on the Council's use of funds raised from the public and provided by central government, and confirming the availability of reserves for future use.

Narrative Report

The Financial Statements (shown on pages 25 to 31) summarise the financial effects of transactions and events that occurred during 2024/25. The primary financial statements comprise:

- **Comprehensive Income and Expenditure Statement** – presents information on resources generated and consumed during the year, based on generally accepted accounting practice.
- **Movement in Reserves Statement** – presents the financial resources available to the Council to support future service delivery and cope with unexpected events.
- **Balance Sheet** – summarises the financial position of the Council at 31 March 2025, including the net assets it has available after settling its liabilities, and its reserves.
- **Cash Flow Statement** – shows the changes in cash and cash equivalents during 2024/25.

While the presentation of these financial statements is largely defined by the CIPFA Code of Practice and other proper practices, the service groupings in the Comprehensive Income and Expenditure Statement are those used by the Council for taking financial decisions and monitoring financial performance. The accounting cost in the year of providing services (as presented in the Comprehensive Income and Expenditure Statement) differs from the amount to be funded from taxation. For this reason, the **Expenditure and Funding Analysis** (shown in note 7, which commences on page 55) provides a reconciliation between the accounting cost of service provision and the amounts spent under the Council's rules for monitoring expenditure against the funding in the annual budget.

Accounting policies (see note 1 on pages 32 to 47) explain how the financial effects of transactions and other events are reflected in the financial statements. The accounting policies differ from those applied in previous years because, in line with the requirements of the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, the Council has applied International Financial Reporting Standard 16 Leases (IFRS 16) this year.

In previous years, Property, Plant and Equipment and similar assets secured via a lease arrangement were only brought onto the Council's Balance Sheet where the Council secured substantially all the risks and rewards incidental to ownership of the leased item (finance leases). For all other leases (operating leases), no assets were recognised, and rents were charged as expenses when they became payable.

From 1 April 2024, an asset representing the right to use the item over the lease term will be recognised for all leases (except those that are for low value items or whose term is less than one year). Liabilities are also recognised in the Balance Sheet for the obligations that the Council has to pay for the rights acquired, which are discounted to their present value. Further details are provided in note 2 of the Statement of Accounts, commencing on page 47.

The Council must make certain judgements about complex transactions or those involving uncertainty about future events when applying its accounting policies. Explanations are provided in notes 3 (page 50) and 4 (page 51) of the judgements and estimates made in 2024/25.

Narrative Report

Other notes to the accounts (see pages 53 to 125) provide further information on the Council's financial performance and, where relevant, detailed analysis of the amounts provided in the primary financial statements.

Group accounts are presented in the Statement of Accounts in addition to the Council's own accounts. The Group accounts consolidate the Council's own accounts with those of its subsidiaries (Essex Cares Ltd and Essex Housing Development LLP) to provide a complete picture of the Council's economic activities and financial position.

Annual Governance Statement

The Annual Governance Statement (which commences on page 200 of this publication) summarises the outcome of the Council's review of the Governance Framework that has been in place during 2024/25.


The Annual Governance Statement demonstrates that the Council has effective governance arrangements in place, and that it is satisfied that it has a robust system of internal control, which is a critical component of the Council's overall governance arrangements.

Conclusion

Despite another challenging year, with underlying volatility in expenditure due to demand pressures, particularly on our social care services, the Council was able to close its 2024/25 Accounts showing a minor under spend. This has enabled the Council to set resources aside to provide some mitigation in the short-term against escalating costs.

The outlook for 2025/26 and beyond remains challenging though, with ongoing demand pressures and market volatility in social care and no clarity on funding beyond 2025/26. We also face the uncertainty of the national funding reform, Local Government Reorganisation and Devolution.

The Council will nevertheless continue to plan, moving forward, to ensure that it continues to spend within its means, and to prioritise resources to achieve the [Everyone's Essex](#) strategic aims.



Stephanie Mitchener
Director, Finance
30 June 2025

Statement of Accounts 2024/25

Statement of Accounts

Introduction

Council's Financial Statements

The Council's financial statements for 2024/25 are set out on pages 25 to 31, and comprise:

- **Comprehensive Income and Expenditure Statement**
- **Movement in Reserves Statement**
- **Balance Sheet**
- **Cash Flow Statement**

Supplementary information is set out within notes to the accounts (see pages 32 to 125) to provide further detail on the financial performance of the Council during 2024/25. The notes to the accounts include the Council's **accounting policies** (commencing on page 32), which specify how the financial effects of transactions and other events are reflected in the financial statements.

Group Financial Statements

Group accounts are presented, in addition to the Council's single entity financial statements, to provide a full picture of the Council's economic activities and financial position. The Group Accounts comprise:

- **Group Comprehensive Income and Expenditure Statement**
- **Group Movement in Reserves Statement**
- **Group Balance Sheet**
- **Group Cash Flow Statement**

These statements, together with explanatory notes, are set out on pages 126 to 140.

Pension Fund

The Essex Pension Fund provides pensions and other benefits to employees of the Council, city, district, borough, and unitary councils and other scheduled and admitted bodies. The financial statements of the Fund are included within this Statement of Accounts and comprise:

- **Fund Account**
- **Net Assets Statement**

The Pension Fund financial statements and explanatory notes are set out on pages 141 to 193.

Glossary of terms

A glossary of the terminology used throughout the Statement of Accounts is provided on pages 194 to 199.

Statement of Accounts

Council's responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has responsibility for the administration of those affairs. At Essex County Council that officer is the **Director, Finance**.
- Manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts. The Council has delegated this responsibility to the **Audit, Governance and Standards Committee**.

Director, Finance responsibilities

The Director, Finance is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out within the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the 'CIPFA Code of Practice'). In preparing this Statement of Accounts, the Director, Finance has:

- Selected suitable accounting policies and applied them consistently.
- Made judgements and estimates which were reasonable and prudent.
- Complied with the CIPFA Code of Practice.

The Director, Finance has also:

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

Director, Finance certificate

I certify that this Statement of Accounts has been prepared in accordance with proper practices and presents a true and fair view of the financial position of the Council at 31 March 2025 and its expenditure and income for the year then ended.



Stephanie Mitchener

Director, Finance

30 June 2025

Statement of Accounts

Chairman of the Audit, Governance and Standards Committee's certificate

I confirm that this Statement of Accounts was considered and approved by the Audit, Governance and Standards Committee at its meeting on [date to be inserted].

Cllr Anthony Hedley

Chairman of the Audit, Governance and Standards Committee

Date to be inserted

Statement of Accounts

Council's Financial Statements

The financial statements comprise:

- **Comprehensive Income and Expenditure Statement (page 27)**

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. The Council raises taxation to cover expenditure in accordance with Regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

- **Movement in Reserves Statement (page 28)**

This Statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable' reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and 'unusable' reserves.

The Statement shows how in-year movements of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices, and the statutory adjustments required to return to the amount chargeable to Council Tax for the year.

The 'Net (increase) / decrease before transfers to earmarked reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves are undertaken by the Council.

- **Balance Sheet (pages 29 and 30)**

The Balance Sheet shows the value of the assets and liabilities recognised by the Council.

The net assets of the Council are matched by the reserves held by the Council. Reserves are reported in two categories:

- **Usable reserves** - those that the Council may use to provide services, subject to the need to maintain a prudent level of reserves, and any statutory limitations on their use.
- **Unusable reserves** - those that the Council is not able to use to provide services. These include reserves that hold unrealised gains and losses that would only become available to provide services if assets are sold; and reserves that hold adjustments between accounting for, and funding, certain transactions which are permitted under regulations.

- **Cash Flow Statement (page 31)**

The Cash Flow Statement shows the changes, during the reporting period, in cash and cash equivalents of the Council, net of bank overdrafts. It shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

Statement of Accounts

- **Notes to the financial statements (pages 32 to 125)**

These present information about the basis of preparation of the financial statements and the material accounting policies applied. They also disclose information that is not presented within the financial statements but is relevant to an understanding of them.

The Expenditure and Funding Analysis, which is presented in note 7 (commencing on page 55) to the Accounts, provides a reconciliation between the accounting cost of providing services in accordance with generally accepted accounting practices (as presented in the Comprehensive Income and Expenditure Statement), and the amounts to be funded from taxation.

Comprehensive Income and Expenditure Statement

For year ended 31 March 2025

2023/24				Note		2024/25			
Gross expenditure	Government grants	Other income	Net expenditure			Gross expenditure	Government grants	Other income	Net expenditure
£000	£000	£000	£000			£000	£000	£000	£000
					Children's Services, Adult Social Care, Public Health and Integration				
849,956	(225,434)	(175,603)	448,919		Adult Social Care, Public Health and Integration	932,487	(246,218)	(191,678)	494,591
238,088	(81,845)	(12,063)	144,180		Children's Services	258,433	(101,742)	(13,180)	143,511
92,487	(2,521)	(3,719)	86,247		Climate Czar, Environment, Waste Reduction & Recycling	97,254	(441)	(7,661)	89,152
10,604	(1,040)	(4,809)	4,755		Communities, Economic Growth and Prosperity	12,232	(3,025)	(4,169)	5,038
					Education Excellence, Lifelong Learning and Employability				
676,332	(645,523)	(34,492)	(3,683)		Dedicated Schools Budget	780,794	(754,361)	(34,424)	(7,991)
101,008	(25,383)	(32,013)	43,612		Non Dedicated Schools Budget	119,522	(26,630)	(24,334)	68,558
206,778	(5,842)	(32,664)	168,272		Highways, Infrastructure and Sustainable Transport	228,800	(10,903)	(30,882)	187,015
14,283	(1,842)	(5,802)	6,639		Housing, Planning and Regeneration	15,294	(2,354)	(5,992)	6,948
2,572	-	34	2,606		Leader	8,413	(516)	36	7,933
48,200	(2,433)	(15,998)	29,769		The Arts, Heritage and Culture	54,732	(3,527)	(16,825)	34,380
9,720	(1,664)	(286)	7,770		The Chancellor of Essex	11,315	(1,126)	(465)	9,724
6,296	(57)	(44)	6,195		Transformation	5,933	(56)	(4)	5,873
					Strategic Support Services				
910	-	-	910		Communities, Economic Growth and Prosperity	805	-	-	805
1,939	-	-	1,939		Leader	1,894	-	-	1,894
870	-	-	870		The Arts, Heritage and Culture	538	-	-	538
37,188	-	-	37,188		The Chancellor of Essex	37,457	-	-	37,457
81,983	-	-	81,983		Transformation	80,775	-	-	80,775
2,379,214	(993,584)	(317,459)	1,068,171		Cost of services - continuing operations	2,646,678	(1,150,899)	(329,578)	1,166,201
30,632	-	-	30,632	11	Other Operating Expenditure	62,652	-	-	62,652
177,933	-	(190,299)	(12,366)	12	Financing and Investment Income and Expenditure	172,519	-	(224,018)	(51,499)
-	(419,041)	(848,921)	(1,267,962)	14	Taxation and Non-Specific Grant Income	-	(455,698)	(899,926)	(1,355,624)
2,587,779	(1,412,625)	(1,356,679)	(181,525)		Surplus on Provision of Services	2,881,849	(1,606,597)	(1,453,522)	(178,270)
					Amounts not reclassified to the Surplus on Provision of Services				
			11,470	28.2	(Surplus) / deficit arising on revaluation of non-current assets				(24,830)
			27,639	28.4	Re-measurements of the net defined benefits pension liability				63,627
					Amounts that will not be reclassified to the Surplus on Provision of Services				
			39,109						38,797
			(142,416)		Total Comprehensive Income and Expenditure				(139,473)

Note: The service groupings shown above reflect the alignment of spending to Cabinet Members, according to their specific responsibilities for discharging the functions of the Cabinet during 2024/25; comparative figures for 2023/24 have been presented on a consistent basis.

Movement in Reserves Statement

For the years ended 31 March 2024 and 31 March 2025

	Notes	Usable Reserves					Total Unusable Reserves	Total Council Reserves
		General Fund Balance		Usable Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves		
		Earmarked Reserves	General Reserves					
Balance at 31 March 2023		(583,087)	(68,096)	(12,804)	(3,099)	(667,086)	(1,927,066)	(2,594,152)
Movement in Reserves during 2023/24								
Total Comprehensive Income and Expenditure		-	(181,525)	-	-	(181,525)	39,109	(142,416)
Adjustments between accounting basis and funding under regulations	9	-	142,708	4,153	740	147,601	(147,601)	-
Net (increase)/decrease before transfers to earmarked reserves		-	(38,817)	4,153	740	(33,924)	(108,492)	(142,416)
Transfers to Earmarked Reserves	10	(38,821)	38,821	-	-	-	-	-
(Increase) / decrease in 2023/24		(38,821)	4	4,153	740	(33,924)	(108,492)	(142,416)
Balance at 31 March 2024		(621,908)	(68,092)	(8,651)	(2,359)	(701,010)	(2,035,558)	(2,736,568)
Restatement of opening balances on transition to IFRS 16 Leases								
Revenue Finance Lease receivable - taken to earmarked reserves		(691)	-	-	-	(691)	(846)	(1,537)
Disposal of right of use assets		-	-	-	-	-	3,342	3,342
Revaluation of right of use assets		-	-	-	-	-	32,274	32,274
Recognition of donated right of use assets		-	-	-	-	-	(6,221)	(6,221)
Other adjustments		-	-	-	-	-	(1)	(1)
Adjusted Balance at 1 April 2024		(622,599)	(68,092)	(8,651)	(2,359)	(701,701)	(2,007,010)	(2,708,711)
Movement in Reserves during 2024/25								
Total Comprehensive Income and Expenditure		-	(178,270)	-	-	(178,270)	38,797	(139,473)
Adjustments between accounting basis and funding under regulations	9	-	165,149	2,095	(1,861)	165,383	(165,383)	-
Net (increase)/decrease before transfers to earmarked reserves		-	(13,121)	2,095	(1,861)	(12,887)	(126,586)	(139,473)
Transfers to Earmarked Reserves	10	(13,121)	13,121	-	-	-	-	-
(Increase) / decrease in 2024/25		(13,121)	-	2,095	(1,861)	(12,887)	(126,586)	(139,473)
Balance at 31 March 2025		(635,720)	(68,092)	(6,556)	(4,220)	(714,588)	(2,133,596)	(2,848,184)

Statement of Accounts

Statement of Accounts

Balance Sheet as at 31 March 2025

31 March 2024 £000	Note		31 March 2025 £000
		Property, Plant and Equipment	
		Operational assets	
1,397,355		Land and buildings	1,286,846
9,278		Vehicles, plant and equipment	4,564
1,395,667		Infrastructure	1,434,108
4,619		Community assets	5,092
		Non operational assets	
309,551		Assets under construction	386,715
55,659		Surplus assets	51,146
3,172,129	17	Total Property, Plant and Equipment	3,168,471
14,766	17	Heritage assets	14,373
37,452	17	Investment property	36,016
330	17	Intangible assets	27
-	18	Right of Use assets	135,107
82	22	Long term investments	27
12,526	23	Long term debtors	19,798
3,237,285		Long term assets	3,373,819
4,899	17	Assets held for sale	7,090
1,980	17	Investment properties held for sale	1,980
7		Inventories	7
247,792	23	Short term debtors	204,338
688,719	24	Cash and cash equivalents	735,312
943,397		Current assets	948,727
(15,405)	24	Bank overdraft	(7,772)
(38,869)	22	Short-term borrowing	(40,379)
(340,206)	25	Creditors (current)	(357,934)
(9,398)	27	Provisions (current)	(9,313)
(92,325)	26	Revenue grant receipts in advance	(59,874)
(113,542)	26	Capital grant receipts in advance (current)	(82,450)
(11,411)	20	Lease and PFI obligations (current)	(18,355)
(621,156)		Current liabilities	(576,077)
(220)	25	Creditors (non-current)	(1,169)
-	26	Revenue grant receipts in advance (non-current)	(5,897)
(122,012)	26	Capital grant receipts in advance (non-current)	(175,177)
(27,592)	27	Provisions (non-current)	(32,401)
(557,694)	22	Long-term borrowing	(538,104)
(66,353)	20	Lease and PFI obligations (non-current)	(102,718)
(8,872)		Deferred credits	(8,398)
(40,215)	33	Net Pensions Liability	(34,421)
(822,958)		Long term liabilities	(898,285)
2,736,568		Net Assets	2,848,184

Statement of Accounts

Balance Sheet as at 31 March 2025

31 March 2024 £000	Note		31 March 2025 £000
		Usable reserves	
		General Fund Balance	
(621,908)	10	Earmarked reserves	(635,720)
(68,092)		General reserves	(68,092)
(8,651)		Usable capital receipts reserve	(6,556)
(2,359)		Capital grants unapplied account	(4,220)
(701,010)			(714,588)
		Unusable reserves	
(659,690)	28.2	Revaluation reserve	(634,231)
(1,429,385)	28.3	Capital Adjustments Account	(1,548,092)
9,083		Financial Instruments Adjustment Account	8,241
40,215	28.4	Pension reserve	34,421
(2,237)		Deferred capital receipts	(3,474)
(12,558)		Collection Fund Adjustment Account	(7,566)
19,014		Accumulated Absences Account	17,105
(2,035,558)			(2,133,596)
(2,736,568)		Total Reserves	(2,848,184)

I certify that these financial statements give a true and fair view of the Council's financial position and performance in advance of approval.



Stephanie Mitchener
Director, Finance
30 June 2025

Statement of Accounts

Cash Flow Statement

For year ended 31 March 2025

2023/24 £000	Notes		2024/25 £000
(122,974)	29	Operating activities	(81,254)
57,510	↓	Investing activities	(1,720)
17,911		Financing activities	28,748
(47,553)		Net increase in cash and cash equivalents	(54,226)
625,761	24	Cash and cash equivalents at 1 April	673,314
673,314	24	Cash and cash equivalents at 31 March	727,540

Note: Cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management (see note 24, on page 96 for further details).

Statement of Accounts

Notes to the Council's Financial Statements

1. Accounting policies

1.1 Introduction

The Statement of Accounts summarises the Council's transactions for the 2024/25 financial year, and its position as at 31 March 2025. The accounting policies explain the basis for the recognition, measurement and disclosure of transactions and other events within the Statement of Accounts. The accounting policies adopted, that are material in the context of the Council's 2024/25 Statement of Accounts, are set out within the following paragraphs.

1.2 General principles

The Council's Statement of Accounts is prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, supported by International Financial Reporting Standards (IFRS) and statutory regulations.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

1.3 Accruals of income and expenditure

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

Where income and expenditure have been recognised, but the cash has not been received or paid, a debtor or creditor for the relevant amount is recognised in the Balance Sheet.

Where it is doubtful that debts will be settled, the balance of debtors is reduced, and a charge is made to the appropriate line in the Comprehensive Income and Expenditure Statement for the income that might not be recoverable.

1.4 Provisions and contingencies

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Statement of Accounts

Provisions are maintained at the best estimate of the expenditure required to settle the obligation, considering relevant risks and uncertainties.

1.5 Earmarked revenue reserves

The Council sets aside specific amounts as reserves for future contingency or policy purposes. Reserves are created by transferring amounts out of the General Fund Balance.

When expenditure is incurred that is to be financed from a reserve, it is charged to the appropriate service revenue account in that year, to count against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. An amount is then released from the earmarked revenue reserve and transferred back into the General Fund Balance, so that there is no net charge against Council Tax for the expenditure.

1.6 Revenue from contracts with service recipients

The Council recognises revenue from contracts with service recipients when it satisfies a performance obligation (for example, when it has transferred the promised goods or services to a recipient). Revenue is measured as the amount of the overall transaction price allocated to satisfying that obligation.

1.7 Government grants and contributions

Government grants and third-party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- The Council will comply with any conditions attached to the funding; and
- The grants and contributions will be received.

Grants and contributions received, for which conditions have yet to be satisfied, are carried in the Balance Sheet as grant receipts in advance.

When the conditions have been satisfied, the grants and contributions are credited to the Comprehensive Income and Expenditure Statement (i.e. specific revenue grants and contributions are credited to the relevant service line in the Cost of Services, and capital grants and contributions and non ring-fenced grants are credited to Taxation and Non Specific Grant Income).

Where specific revenue grants and contributions are credited to the Comprehensive Income and Expenditure Statement, but the associated expenditure has not yet been incurred, the grant may be set aside in an Earmarked Revenue Reserve (i.e. in accordance with note 1.5) so that it can be matched with the expenditure in a subsequent year.

Statement of Accounts

Capital grants and contributions are reversed out of the General Fund Balance in the Movement in Reserves Statement and are transferred to the Capital Adjustment Account (if the grant eligible expenditure has been incurred), or to the Capital Grants Unapplied Account.

1.8 Council Tax and Non-Domestic Rates

The Council Tax and Non-Domestic Rates income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, this differs from the amounts required by Regulation to be credited to the General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by Regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Council's Balance Sheet includes the Council's share of the end of year balances in respect of Council Tax and Non-Domestic Rates related to arrears, allowances for doubtful debts, overpayments and prepayments and appeals.

1.9 Post-employee (retirement) benefits

Employees of the Council may be a member of one of the following pension schemes:

- The Teachers' Pension Scheme administered by Teachers' Pensions on behalf of the Department for Education.
- The NHS Pension Scheme administered by NHS Pensions.
- The Local Government Pension Scheme (LGPS), administered by the Council.

The Teachers' and NHS Pension schemes provide defined benefits to members. However, the Schemes' arrangements mean that liabilities for these benefits cannot be identified specifically to the Council. The schemes are therefore accounted for as if they were defined contributions schemes – no liability for future payments of benefits is recognised in the Balance Sheet, and the employer's contributions payable to these schemes are charged to the relevant service lines within the Comprehensive Income and Expenditure Statement.

The Local Government Pension Scheme (LGPS) is accounted for as a defined benefits scheme. Hence:

- The liabilities of the LGPS attributable to the Council are included in the Balance Sheet on an actuarial basis, using the projected unit method.
- Liabilities are discounted to their value at current prices, using a discount rate based upon the indicative rate of return on a high-quality corporate bond of equivalent currency and term to the scheme's liabilities.

Statement of Accounts

- The assets of the LGPS attributable to the Council are included in the Balance Sheet at their fair value.
- Changes in the net pension liability are analysed into the following components:
 - **Service Costs**, comprising:
 - ~ **Current service cost** – charged to the Comprehensive Income and Expenditure Statement (i.e. to the services for which the employees worked).
 - ~ **Past service cost** - charged to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
 - ~ **Net interest on the net defined benefit asset / liability** – credited or charged to the 'Financing and Investment Income and Expenditure' line within the Comprehensive Income and Expenditure Statement.
 - **Re-measurements of the net pension asset / liability** (comprising **Return on plan assets** and **Actuarial gains and losses**) – credited / charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - **Effect of the asset ceiling** (comprising the limitation on the Council's ability to realise pension assets through reduction in future employer's contributions because of minimum funding requirements) - credited / charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - **Contributions paid to the LGPS** – not accounted for as an expense within the Comprehensive Income and Expenditure Statement.
- The amount chargeable to the General Fund for providing pensions for employees is the amount payable for the year to the LGPS, as determined in accordance with the statutory requirements governing the Scheme. Where this amount does not match the net amount charged to the Surplus or Deficit on the Provision of Services, the difference is appropriated, in the Movement in Reserves Statement, to the Pensions Reserve.

1.10 Property, Plant and Equipment

1.10.1 Recognition of Property, Plant and Equipment

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis in the accounts if:

- It is probable that the future economic benefits or service potential associated with the item will flow to the Council over a period extending beyond one year; and
- The cost of the item can be measured reliably.

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Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Expenditure on furniture and fittings is not capitalised.

1.10.2 Measurement

Items of Property, Plant and Equipment are initially measured at cost, comprising:

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

Borrowing costs incurred while items of Property, Plant and Equipment are under construction are not capitalised.

Assets are then carried in the Balance Sheet, using one of the following measurement bases:

Asset category	Measurement basis
Land and buildings	Current value (existing use value or depreciated replacement cost).
Vehicles, plant and equipment	Depreciated historical cost (as a proxy for current value).
Infrastructure	Modified depreciated historical cost.
Community assets	Depreciated historical cost.
Assets under construction	Historical cost.
Surplus assets	Fair value, estimated at highest and best use from a market participant's perspective.

Assets included in the Balance Sheet at current value are re-valued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but, as a minimum, at least once every five years.

Assets are also assessed at each year-end to determine whether there is any indication that an asset may be impaired. Where indications exist, and any possible differences are estimated to be material, an impairment loss is recognised.

Where increases in value are identified, the gain is accounted for by crediting:

- The Revaluation Reserve to recognise the unrealised gain; or
- The Surplus or Deficit on the Provision of Services where it arises from the reversal of a loss previously charged to a service.

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Where decreases in value are identified, the loss is accounted for by writing the carrying amount of the asset down against:

- Any accumulated gains for the asset in the Revaluation Reserve (i.e. up to the amount of the accumulated gains); or
- The Surplus or Deficit on the Provision of Services, where there is no or insufficient balance in the Revaluation Reserve for the asset.

The Revaluation Reserve only contains revaluation gains recognised since 1 April 2007. Gains arising prior to that were consolidated into the Capital Adjustment Account.

Infrastructure assets are measured at depreciated historical cost. However, the accounting rules that applied before 1 April 1994 mean that the carrying amount only includes expenditure on acquisition and enhancement incurred after this date. Expenditure incurred before this date is only included to the extent that it had not been financed on or before 31 March 1994.

1.10.3 Depreciation

Depreciation is provided on Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life and assets that are not yet available for use.

Asset category	Depreciation basis								
Land	Land is not depreciated.								
Buildings	<p>Buildings are depreciated, on a straight-line basis, over the useful economic life (UEL) of each asset (as assessed by the Council's Valuer). Each part of the Council's buildings with a cost that is significant in relation to the total cost of the item is depreciated separately over its UEL.</p> <p>This means that the following components are depreciated separately:</p> <table><tr><td>▪ Structure</td><td>80 years</td></tr><tr><td>▪ Roof</td><td>25 to 80 years</td></tr><tr><td>▪ Plant and machinery</td><td>30 to 40 years</td></tr><tr><td>▪ External works</td><td>30 years</td></tr></table>	▪ Structure	80 years	▪ Roof	25 to 80 years	▪ Plant and machinery	30 to 40 years	▪ External works	30 years
▪ Structure	80 years								
▪ Roof	25 to 80 years								
▪ Plant and machinery	30 to 40 years								
▪ External works	30 years								
Community assets	Community assets are depreciated over 60 years, on a straight-line basis.								
Vehicles, plant and equipment	Vehicles, plant and equipment are depreciated on a straight-line basis, over an expected lifetime ranging between 2 and 30 years.								

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Asset category	Depreciation basis
Infrastructure	Infrastructure is depreciated on a straight-line basis over the following periods:
	▪ Carriageways 30 years
	▪ Footways and cycletracks 20 years
	▪ Structures (e.g. bridges) 100 years
	▪ Off-highways drainage 100 years
	▪ Street lighting 40 years
	▪ Traffic management 25 years
	▪ Road signage 20 years
	▪ Other infrastructure 20 years
	▪ Additions prior to 2008/09 30 to 35 years
Assets under construction	Assets are re-categorised upon completion, from which point depreciation will be charged in accordance with the policies set out above.

Depreciation charges commence in the first full year after assets become operational, except for vehicles, plant and equipment, where depreciation charges commence in the year of acquisition.

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

1.10.4 Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction, the asset is re-valued and is then classified as an asset 'Held for Sale' and carried at the lower of the revalued amount or the fair value less costs to sell the asset.

Once an asset is disposed of, the carrying amount of the asset and any receipts from its disposal are written-off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received from disposals are categorised as capital receipts. These receipts are therefore appropriated, via the Movement in Reserves Statement, to the Capital Receipts Reserve. They can then only be applied for new capital investment, to reduce the Council's

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underlying need to borrow, or for specific purposes allowed for in regulations issued by the Secretary of State.

The written-off value of asset disposals is not a charge against Council Tax, as the cost of Property, Plant and Equipment is fully provided for under separate arrangements for capital financing. Amounts are appropriated from the General Fund Balance to the Capital Adjustment Account via the Movement in Reserves Statement.

1.11 Investment property

Investment properties are measured initially at cost and subsequently at fair value (i.e. at a price reflecting their highest and best use). Properties are not depreciated but are revalued annually, reflecting the market conditions at the year-end.

Gains and losses on revaluation and disposal are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. Revaluation and disposal gains and losses are then reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account or, for any sale proceeds, to the Capital Receipts Reserve.

Rentals received in relation to investment property are credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

1.12 Charges to revenue for non-current assets

All services are charged with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation and amortisation attributable to the assets held and/or occupied.
- Revaluation and impairment losses on the assets held or occupied (i.e. where there are no accumulated gains in the Revaluation Reserve against which the losses can be applied), and revaluation gains that reverse a revaluation loss previously recognised in the Comprehensive Income and Expenditure Statement.

The Council is not required to raise Council Tax to cover these charges. Instead, it is required to make a prudent annual provision to contribute towards the reduction in its overall borrowing requirement. Depreciation, amortisation, revaluation and impairment losses are therefore replaced by a revenue provision in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

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1.13 Revenue expenditure funded from capital under statute

Expenditure incurred during the year that may be capitalised under statutory provisions, but which does not result in the creation of a non-current asset, is charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year.

Where the Council has determined to meet the cost of this expenditure from existing capital resources, or by borrowing, a transfer is made in the Movement in Reserves Statement to the Capital Adjustment Account to mitigate the impact on the General Fund Balance in the year.

1.14 Private Finance Initiative and similar contracts

Where the Council is deemed to control the services that are provided under Private Finance Initiative (PFI) and similar contracts, and where ownership of the assets used under the contracts passes to the Council at the end of the contracts for no additional charge, the Council carries the assets in its own Balance Sheet as part of Property, Plant and Equipment (in accordance with accounting policies set out in note 1.10).

A PFI liability is also recognised on the Council's Balance Sheet for the amounts due to the scheme operator for the capital investment. The PFI liability is subject to re-measurement, in accordance with accounting policy 1.15.4, on page 42.

The amounts payable to PFI operators each year are analysed into the following elements:

Element of charge	Accounting treatment
Services received - Services that the operator must provide with the Property, Plant and Equipment.	Charged to the relevant service in the Comprehensive Income and Expenditure Statement.
Deferred income - Benefits that the Council is deemed to receive through its control of the services to be provided using the Property, Plant and Equipment.	Credited to the relevant service in the Comprehensive Income and Expenditure Statement.
Finance cost - Interest charge on the outstanding Balance Sheet liability.	Debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
Payment towards liability - Obligation to pay the operator for the Property, Plant and Equipment.	Applied to write down the Balance Sheet liability towards the PFI operator.
Lifecycle replacement - The replacement of components of an asset as they wear out.	Posted to the Balance Sheet as a pre-payment and then recognised as an addition to Property, Plant and Equipment when the relevant works are eventually carried out.

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1.15 Leases where the Council is the lessee

1.15.1 Classification of leases

The Council classifies leases, including arrangements with nil consideration, peppercorn or nominal payments, based on the substance of the surrounding contractual arrangements.

Contracts, including those for the delivery of services, are analysed to determine whether they convey the right to control the use of a specified asset through the right to obtain substantially all the economic benefits or service potential from the use of that asset, and to direct its use during the period of the contract.

1.15.2 Initial recognition

Leased assets are recognised as a right of use asset, at the date from which the asset is available for use or, from 1 April 2024, if later. A liability is also recognised, for the obligation the Council has to pay for the rights acquired.

The Council initially recognises lease liabilities measured as the present value of future lease payments, discounted using the implicit rate in the lease. Where the implicit rate in the lease cannot be determined, the Council uses its own incremental borrowing rate, based on the expected term of the lease, as the discount factor.

The lease payments used in the determination of the lease liability include:

- Fixed rental payments.
- Variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate at the adoption date.
- Amounts expected to be payable under a residual value guarantee.
- The price payable under a purchase option, if the Council is reasonably certain to exercise that option.
- Lease payments in an optional renewal period, if the Council is reasonably certain to exercise that option.
- Penalties for early termination of a lease, unless the Council is reasonably certain not to exercise the option for early termination.

The right of use asset is measured at the amount of the lease liability, adjusted for any pre-payments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset, less any incentives received.

For leases with a nil, nominal or peppercorn consideration, the assets are measured at fair value. The excess of the fair value over the cost of the right of use asset is credited as a gain in

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the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement, and a transfer is made in the Movement in Reserves Statement to the Capital Adjustment Account to mitigate the impact on the General Fund Balance in the year.

1.15.3 Subsequent measurement of right of use assets

Right of use assets are subsequently measured using the fair value model where:

- The lease is a longer-term lease that has no provisions to update lease payments for market conditions; or
- there is a significant period between these updates, and the fair value or current value in existing use of the underlying asset is likely to fluctuate significantly, due to changes in market prices.

The revalued amount reflects the rights that the Council has acquired under the terms of a lease, and not the full value of the item.

Where the leases have a short enough term that material increases in rents are unlikely to arise, or where the leases contain provisions for rent reviews that will regularly update the amounts payable under the lease to reflect current market conditions, the right of use assets are carried at cost. This is on the basis that this represents a reasonable proxy for the fair value of a right of use asset.

1.15.4 Subsequent measurement of lease liabilities

The lease liability is subsequently measured at amortised cost, using the effective interest rate method. The Council remeasures the lease liability when there is a change in:

- future lease payments arising from a change in the index or rate.
- the estimated amount payable under a residual value guarantee.
- the Council's assessment of whether it will exercise a purchase, extension or termination option.
- a fixed lease payment.

When a remeasurement of a lease liability occurs, a corresponding adjustment is made to the carrying amount of the right of use asset.

1.15.5 Depreciation of right of use assets

Right of use assets recognised under leases are accounted for using the policies generally applied to Property, Plant and Equipment assets (as set out in note 1.10, commencing on page 35), subject to depreciation being charged from the commencement date of the lease to the earlier of the end of the useful life of the underlying asset or the end of the lease term.

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1.15.6 Low value and short-term leases

The Council does not recognise a right of use asset or a corresponding lease liability for leases where:

- the asset costs less than **£10,000** when new, and it is not highly dependent on, or interrelated with, other assets.
- the term of the arrangement is less than 12 months, taking account of the non-cancellable term of the arrangement, plus any options to extend the arrangement that the Council is reasonably certain to exercise and any termination options that the Council is reasonably certain not to exercise.

1.15.7 Lease expenditure

Lease rental payments are debited against the lease liability, except those of low value or for short-term leases, which are expensed.

The Comprehensive Income and Expenditure Statement is charged each year with:

- Interest, which is charged to Financing and Investment Income and Expenditure.
- Depreciation, asset impairments and changes in variable payments that are not included in the measurement of the lease liability, which are charged to the Cost of Services.

1.16 Leases where the Council is the lessor

1.16.1 Classification of leases

The Council classifies leases as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of the asset from the Council to the lessee.

Where the Council leases out an asset that it has itself acquired via a lease arrangement, the sublease is classified with reference to the headlease, rather than with reference to the underlying asset. Where the term of the sublease is for most of the term of the head lease, the sublease is classified as a finance lease, unless the headlease is a short-term lease.

All other leases are classified as operating leases.

1.16.2 Finance leases

Where the Council leases out an asset on the terms of a finance lease:

- The carrying amount of the asset is written out of the Council's Balance Sheet, to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement, as part of the gain or loss on disposal.

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- The gain representing the Council's net investment in the lease is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal, matched by a debtor in the Balance Sheet for the lease receivable.

Where the gain credited to the Comprehensive Income and Expenditure Statement on disposal is for **£10,000** or more, it is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund balance to the Usable Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement.

Where the gain credited to the Comprehensive Income and Expenditure Statement on disposal is for less than **£10,000**, this is posted out of the General Fund Balance to a usable earmarked revenue reserve in the Movement in Reserves Statement.

When the lease rental income is received, the rentals are apportioned between:

- A charge for the acquisition of the interest in the asset, which is applied to write down the lease receivable debtor. At the same time, an equivalent amount is released from the Deferred Capital Receipts Reserve to the Usable Capital Receipts Reserve (where the receivable was deemed to be capital on recognition), or from earmarked revenue reserves to the General Fund Balance (where the receivable was deemed to be revenue on recognition).
- Finance income (which is credited to the Financing and Investment income and Expenditure line in the Comprehensive Income and Expenditure Statement).

1.16.3 Operating leases

Where the Council grants an operating lease over an asset, the asset is retained in the Balance Sheet. Rental income is credited to the relevant service line in the Cost of Services in the Comprehensive Income and Expenditure Statement, on a straight-line basis over the term of the lease, even where this does not match the pattern of payments. Initial direct costs of the lease are added to the carrying amount of the asset and charged as an expense over the lease term.

1.17 Cash and cash equivalents

Cash comprises cash in hand and deposits with financial institutions repayable on demand without penalty on the same working day, or with notice of not more than 24 hours.

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Cash equivalents are investments that:

- Mature in three months or less from the date of acquisition.
- Are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

Payments made by BACS transfer are treated as a cash outflow on the day a payment request is submitted into the BACS system, whereas BACS receipts are treated as a cash inflow to the Council on the day that the funds are settled.

1.18 Financial instruments

1.18.1 Financial liabilities

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

Interest is charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, based on the carrying amount of the liabilities, multiplied by the effective rate of interest for the instruments. This means that:

- The amount included in the Balance Sheet is the outstanding principal repayable, plus accrued interest; and
- Interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

1.18.2 Financial Assets

Financial assets are classified based the business model for holding the financial assets and their cash flow characteristics. The Council's business model is to hold investments to collect contractual cash flows, rather than to trade in the underlying instruments. Financial assets are therefore held at:

- Amortised cost; or
- Fair value through profit and loss

Financial assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of the financial instrument.

Financial assets held at amortised cost are initially measured at fair value, and subsequently at their amortised cost.

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Interest receivable is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, based on the carrying amount of the assets, multiplied by the effective rate of interest for the instruments. This means that:

- The amount included in the Balance Sheet is the outstanding principal receivable, plus accrued interest; and
- Interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year according to the loan agreement.

Allowance for impairment losses is calculated for financial assets carried at amortised cost. Impairment losses are calculated to reflect the expectation that the future cash flows might not take place, because the borrower could default on their obligations. Changes in loss allowances, including balances outstanding at the date of derecognition of an asset, are debited / credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Any gains and losses that arise on the de-recognition of an asset are credited/debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Dividend income is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

1.19 Fair value measurement

The Council measures some of its non-financial assets (i.e. surplus and investment properties) and some of its financial instruments at fair value at each reporting date. 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.

The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available. Inputs to the valuation techniques are categorised as follows:

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

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1.20 Joint operations

Joint operations are arrangements where the parties that have joint control have rights to the assets and obligations for the liabilities relating to the arrangement.

The activities undertaken by the Council in conjunction with other joint operators involve the use of the assets and resources of those joint operators.

In relation to its interest in a joint operation, the Council as a joint operator recognises:

- Its assets, including its share of any assets held jointly.
- Its liabilities, including its share of any liabilities incurred jointly.
- Its revenue from the sale of its share of the output arising from the joint operation.
- Its share of the revenue from the sale of the output by the joint operation.
- Its expenses, including its share of any expenses incurred jointly.

1.21 Schools

While all locally maintained schools (i.e. community, foundation, voluntary aided, voluntary controlled, community special and foundation special schools) are deemed to be entities controlled by the Council, only the income, expenditure, assets, liabilities, reserves and cash flows that would be recognised by a 'school as an entity' are consolidated into the Council's financial statements.

Land and buildings provided by religious bodies for use by voluntary controlled, voluntary aided and certain foundation schools without the right to continuing use, such that they can be taken back by the owners at any point, are not recognised in the Council's financial statements.

2. Changes in the accounting policies for Leases

The Council's accounting policies for **Leases** where the Council is the Lessee (as described in accounting policy note 1.15, commencing on page 41) and **Private Finance Initiatives** (as described in accounting policy note 1.14 on page 40) differ from those applied in previous years.

These accounting policies have changed in 2024/25, to align with the requirements of International Financial Reporting Standard 16 Leases (IFRS 16) which was adopted by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code).

In previous years, assets secured via a lease arrangement were only brought onto the Council's Balance Sheet where the Council secured substantially all the risks and rewards incidental to ownership of the leased item (finance leases). For all other leases (operating

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leases), no assets were recognised, and rents were charged as expenses when they became payable.

From 1 April 2024, an asset representing the right to use the item over the lease term will be recognised for all leases (except those that are for low value items or whose term is less than one year). Liabilities are also recognised in the Balance Sheet for the obligations that the Council must pay for the rights acquired, which are discounted to their present value.

For private financial initiative schemes, the main impact of adopting IFRS 16 is to eliminate contingent rents, and to recalculate scheme liabilities based on the net present value of future cash flows.

Although the Code requires that the Council applies IFRS 16 retrospectively, as if the accounting standard had always been recognised, comparative figures for the prior year are not restated. Instead, the Code requires cumulative effect to be recognised as at 1 April 2024. The adjustments to the opening Balance Sheet are shown overleaf.

In calculating the liabilities at the initial application date of 1 April 2024, the weighted average of the incremental borrowing rates used to discount future payments was **5.09%**.

The newly recognised liabilities of **£62.411m** differ from the operating lease commitments of **£52.465m** as at 31 March 2024 that were disclosed in the 2023/24 Statement of Accounts. The reconciliation between these two figures is as follows:

	£000
Balances as at 31 March 2024	(77,764)
Adjustments to opening balance on transition to IFRS 16	
Operating lease liabilities at 31 March 2024	(52,465)
Adjustments to existing Operating Lease liabilities on transition to IFRS 16	
Exclude liabilities related to short term and low value leases	1,234
Adjustment to discount liabilities to present value	18,073
Reassess break clauses as at 1 April 2024	(3,080)
Operating lease liabilities not previously recognised	(7,476)
Remeasurement of lease and PFI liabilities on transition to IFRS 16	(18,763)
Other adjustments	66
Total of adjustments to opening balances on transition to IFRS 16	(62,411)
Balances as at 1 April 2024	(140,175)

In making the transitional adjustments, the Council has applied the following practical expedients in the CIPFA Code of Practice on Local Authority Accounting:

- Leases due to expire before 1 April 2025 have been treated as short-term leases, irrespective of their overall term.
- Hindsight has been applied in determining the lease term where the lease contains options to extend or terminate.

The transitional adjustments to the opening Balance Sheet for the year are summarised as follows:

	Balance as at 31 March 2024 £000	Adjustments to opening balances								Adjusted opening balance as at 1 April 2024 £000
		Reclassification of Right of Use assets £000	Leases newly recognised £000	Donated Right of Use assets £000	Revaluation of Right of Use assets £000	Disposal of Right of Use assets £000	Remeasurement of lease liabilities £000	Finance leases receivable £000	Other adjustments £000	
Property, Plant and Equipment										
Operational assets										
Land and buildings	1,397,355	(62,202)	-	-	-	-	-	-	-	1,335,153
Vehicles, plant and equipment	9,278	(3,786)	-	-	-	-	-	-	-	5,492
Infrastructure	1,395,667	(35,786)	-	-	-	-	-	-	-	1,359,881
Community assets	4,619	-	-	-	-	-	-	-	-	4,619
Non operational assets										
Assets under construction	309,551	-	-	-	-	-	-	-	-	309,551
Surplus assets	55,659	(9)	-	-	-	-	-	-	-	55,650
Total Property, Plant and Equipment	3,172,129	(101,783)	-	-	-	-	-	-	-	3,070,346
Heritage assets	14,766	(388)	-	-	-	-	-	-	-	14,378
Investment property	37,452	(6,200)	-	-	-	-	-	-	-	31,252
Intangible assets	330	-	-	-	-	-	-	-	-	330
Right of Use assets	-	108,371	43,626	6,243	(32,274)	(3,342)	18,764	-	230	141,618
Long term investments	82	-	-	-	-	-	-	-	-	82
Long term debtors	12,526	-	-	-	-	-	-	947	-	13,473
Long term assets	3,237,285	-	43,626	6,243	(32,274)	(3,342)	18,764	947	230	3,271,479
Current assets										
Short term debtors	247,792	-	-	-	-	-	-	590	-	248,382
Other current assets	695,605	-	-	-	-	-	-	-	-	695,605
Current liabilities										
Lease and PFI obligations (current)	(11,411)	-	(3,475)	(7)	-	-	(6,356)	-	-	(21,249)
Provisions (current)	(9,398)	-	-	-	-	-	-	-	-	(9,398)
Other current liabilities	(600,347)	-	-	-	-	-	-	-	-	(600,347)
Long term liabilities										
Lease and PFI obligations (non-current)	(66,353)	-	(40,151)	(15)	-	-	(12,408)	-	1	(118,926)
Provisions (non-current)	(27,592)	-	-	-	-	-	-	-	(230)	(27,822)
Other long term liabilities	(729,013)	-	-	-	-	-	-	-	-	(729,013)
Net Assets	2,736,568	-	-	6,221	(32,274)	(3,342)	-	1,537	1	2,708,711
Usable reserves										
General Fund Balance										
Earmarked reserves	(621,908)	-	-	-	-	-	-	(691)	-	(622,599)
General reserves	(68,092)	-	-	-	-	-	-	-	-	(68,092)
Other usable reserves	(11,010)	-	-	-	-	-	-	-	-	(11,010)
Unusable reserves										
Revaluation reserve	(659,690)	-	-	-	(5,807)	2,110	-	-	-	(663,387)
Capital Adjustments Account	(1,429,385)	-	-	(6,221)	38,081	1,232	-	-	(1)	(1,396,294)
Deferred capital receipts	(2,237)	-	-	-	-	-	-	(846)	-	(3,083)
Other unusable reserves	55,754	-	-	-	-	-	-	-	-	55,754
Total Reserves	(2,736,568)	-	-	(6,221)	32,274	3,342	-	(1,537)	(1)	(2,708,711)

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3. Critical judgements in applying accounting policies

The Council must make judgements, when applying the accounting policies set out in note 1, about complex transactions and those involving uncertainty about future events. The critical judgements made in applying the accounting policies for 2024/25 that have the most significant effect on amounts recognised in the financial statements are as follows:

Private Finance Initiative (PFI) schemes

Where ownership of the Property, Plant and Equipment used to provide services under operational PFI arrangements passes to the Council at the end of the contracts for no additional charge, the Council considers that it controls the services that are provided, and the residual values of these assets and their facilities at the end of these agreements. Accordingly, it recognises the Property, Plant and Equipment assets in its own Balance Sheet (as detailed in note 21.4, on page 87).

Local Government Pension Scheme post-employment (retirement) benefits

In calculating the net pension asset, the Council has made a judgement that the statutory framework for setting employer's contributions, under the Local Government Pension Scheme, constitutes a minimum funding requirement. As a result, the Council's ability to realise the full economic benefit of the net pension asset of **£1.217bn**, calculated under the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 provisions for employment benefits, through reductions in future employer's contributions, is limited. An asset ceiling therefore applies. The asset ceiling has reduced what would otherwise be the net pension asset of **£1.217bn** to a net pension liability of **£20.831m**. The practical effect of this is to move the basis of measurement for the net pension asset/liability closer to the assumptions made in the triennial valuation of the Scheme under which the employer's contributions were set by the Scheme's actuary.

Group entities

While the Council is involved in several collaborative arrangements, it has concluded that it is only necessary to consolidate the accounts of **Essex Cares Ltd** and **Essex Housing Development LLP** into its Group Accounts (see Group Accounting note 1, on page 132 for further details). Consolidation of their financial results into the Council's Group Accounts is considered appropriate on qualitative grounds, to provide a fuller picture of the Council's economic activities and financial position.

South-East Local Enterprise Partnership

The South-East Local Enterprise Partnership (SELEP) had a range of members who collectively decided on the priorities for investing in roads, buildings and facilities in Essex, East Sussex, Kent, Medway, Southend and Thurrock, as part of an integrated approach to growth and infrastructure delivery.

All funding allocated to the SELEP by the government was transferred to the Council, and the Council was responsible for the disbursement of this funding in accordance with the funding

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decisions made by the SELEP's Accountability Board. The Council was not able to direct the use of the SELEP's funding for its own, or any other purposes.

The government no longer intend to provide funding to Local Enterprise Partnerships. The Council therefore anticipates being required to ensure on-going delivery of the projects for which it received funding from the SELEP, and to receive a share of any residual funding held by the SELEP on its dissolution.

Notwithstanding the imminent closure of the SELEP, the Council has concluded that it has acted as an agent for the SELEP in 2024/25. This means that the SELEP's transactions are not reflected within the Council's financial statements. However, the Council recognises a creditor in its Balance Sheet for the cash it holds on the SELEP's behalf. At 31 March 2025, this creditor amounted to **£17.094m** (2023/24: £16.720m).

Pooled budgets

Pooled budgets arise where several partners agree to set aside funds for a specific purpose that they will pursue jointly, usually because it enables them to address common objectives or realise benefits from working together.

The Council currently participates in, and hosts, three pooled budgets:

- **Better Care Fund**
- **Equipment Pool**
- **Transforming Care Partnership Pool**

Further details of these pooled budgets are provided in note 36, which commences on page 114.

The nature of these pooled budget arrangements implies an element of joint decision making over how the pooled funds are used. However, the precise accounting is determined by the terms of the agreements between the members of these partnership arrangements.

While partners collectively agree the services to be provided, the agreed services are commissioned by the respective partners via their own contracts with end providers, with the commissioning entity holding end providers to account for the services they provide.

On this basis, the Council has determined that the transactions of these pools are not reflected in the Council's financial statements, except for expenditure incurred on agreed services commissioned by the Council via its own contracts with end providers, and the income it receives from the Pools to pay for these services.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future, or that are otherwise uncertain. Estimates are made

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considering historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Balance Sheet at **31 March 2025** for which there is a risk of material adjustment in the forthcoming financial year are set out in the following paragraphs.

Property, Plant and Equipment and Right of Use assets - Operational land and buildings

The Council operates a rolling programme of valuations which ensure that all operational land and buildings are valued by a Royal Institution of Chartered Surveyors (RICS) qualified property advisor at intervals of no greater than five years (see note 17.6 on page 75 for details). The valuations are compiled using recognised measurement techniques, and in compliance with professional guidance. The underlying data is considered to be reliable, and the scope to use judgement and change assumptions is limited.

The predominant asset classes held by the Council, in terms of number and value, comprise operational schools, operational libraries and operational non-specialised commercial property, such as offices.

Operational schools and libraries comprise specialised properties valued on a depreciated replacement cost basis, where the primary factors affecting value are build costs and land values. Operational non-specialised commercial properties are valued using a market / comparable method where change in value is reflective of the general commercial property market in the relevant localities.

At each year-end, a review is undertaken by the Council's property advisor to determine whether the carrying amount of the specialised and non-specialised land and building assets is consistent with their current value. Using indices provided by the Council's property advisor, it was estimated that the carrying amounts of the following assets would be mis-stated, as at 31 March 2025, as follows:

- Specialised - **£272,000** under-stated
- Non-specialised - **£660,000** over-stated

The carrying amounts were therefore adjusted for these estimates.

While application of indices is inherently less accurate than a full valuation carried out by the Council's property advisor, the Council is satisfied, on the basis of the advice provided by its advisor, that application of these indices results in materially correct carrying values at the Balance Sheet date.

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However, had the build cost and land value indices been **1%** lower than those assumed by the Council's property advisor, the carrying amount of operational land and buildings would have needed to be further adjusted by the following amounts as at 31 March 2025:

- Specialised - **£13.099m** reduction
- Non-specialised - **£356,000** reduction

If it is subsequently necessary to increase the gross book values, this would result in a corresponding increase to the Revaluation Reserve and / or the reversal of any downward revaluations previously charged to the Comprehensive Income and Expenditure Statement. Conversely, a further decrease in values would reduce the Revaluation Reserve and / or result in a loss being recorded in the Comprehensive Income and Expenditure Statement.

Net Pensions asset / liability

Estimation of the net pension asset / liability to pay pensions depends on several complex judgements. A firm of actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.

Changes to these underlying assumptions can result in significant variances in the calculated asset / liability. To illustrate this point, the net pension asset of **£1.217bn** at 31 March 2025 compares with a net pension asset at 31 March 2024 of £763.504m (both figures are before the effect of the asset ceiling is applied).

The assumptions and complex judgements applied by the Actuary include 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. The effect on the net pensions asset / liability as a result of changes in individual assumptions is detailed within note 33.4 which commences on page 111.

5. Accounting Standards issued but not yet adopted

The Council is required to disclose information relating to the impact on its financial statements of an accounting change that will be required by a new standard that has been issued but has not yet been adopted by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the 'CIPFA Code of Practice').

The substantial changes being adopted by the CIPFA Code of Practice in 2025/26 are the:

- Introduction of indexation of Property, Plant and Equipment valuations.
- Removal of the requirement to measure intangible assets at fair value where an active market exists.

From 1 April 2025, the CIPFA Code of Practice will change the arrangements for the valuation of Property, Plant and Equipment. There is currently a general requirement that assets are revalued sufficiently regularly so that their carrying amount as at 31 March does not differ materially from their current value at that date. This requirement will be replaced by an

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option to revalue assets every five years, subject to annual reviews for impairment and the updating of carrying amounts by the application of relevant indices. No adjustments will be required at 1 April 2025. As indices for 2025/26 will not be available until after 31 March 2026, it is not possible to project what the impact of indexation will be.

As at 31 March 2025, the Council's Balance Sheet contains no intangible assets valued at fair value. The removal of the requirement to measure intangible assets at fair value where an active market exists is not therefore anticipated to have any impact.

There are no other changes in the accounting requirements for 2025/26 that are anticipated to have a material impact on the Council's financial performance or financial position.

6. Going concern

The Council has prepared its accounts on the basis that it is a 'going concern'. This means that the Council has prepared its accounts on the presumption that its functions will continue in operational existence for the foreseeable future – that is, for at least twelve months beyond the date that the accounts are authorised for issue. This presumption is consistent with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, which requires that local authorities prepare their accounts on a going concern basis.

Notwithstanding the presumption that the Council is a going concern, the Council faces significant cost pressures, not least because of increasing and more complex demand for our social care services, but also because of the challenging outlook due to the reform agenda for local government, local government funding reforms and increasing costs of supporting special educational needs.

The Council saw significant and continuing in-year demand pressures across social care services in 2024/25. Inflation was also higher than budgeted for, with most of the impact falling on care package costs in Adult Social Care. However, by delivering **£41m** of savings (**£9m** more than originally planned), and achieving greater treasury management returns, the Council was able to close the year with a minor revenue under spend equivalent to **0.4%** of its budget for the year.

The Council was able to increase its usable revenue reserves in 2024/25 too (as detailed in note 10, which commences on page 63). While these reserves will provide some mitigation against financial shocks and pressures in future years, the level of reserves held need to be viewed in the context of the uncertainties referenced above.

In terms of cash flows, the Council maintained surplus cash balances for investment throughout 2024/25. Although it is currently anticipated that there will be some attrition in cash balances that will be held for investment during 2025/26 and beyond, the Council will be able to secure external loan funding if it needs to do so, to ensure that it maintains sufficient liquidity of funds.

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The Council's revenue budget for 2025/26 is balanced, and is robust, but there currently remains a gap between estimated expenditure and assumed funding from 2026/27 onwards.

Although the financial outlook is challenging, the Council has a track record of strong financial management and of delivering savings. The Council also remains committed to the delivery of the savings and income generation required to reach a balanced budget position in future years. The Council will maintain its focus on financial sustainability, with a strong emphasis on transition through its ambitious Whole Council Transformation programme.

7. Expenditure and Funding Analysis

7.1 Introduction

The Expenditure and Funding Analysis (see note 7.2) shows, for each of the Council's portfolios and strategic support services:

- **Net expenditure chargeable to the General Fund** (i.e. the amount spent under the Council's rules for monitoring expenditure against the funding in the annual budget for the General Fund); and
- **Net expenditure in the Comprehensive Income and Expenditure Statement** (the resources consumed in the year, as measured by proper accounting practices).

The reasons for the differences between the two amounts for each portfolio / strategic support service are explained in note 7.3 (see page 57).

The service groupings in the Comprehensive Income and Expenditure Statement, and hence in the Expenditure and Funding Analysis, reflect the Council's political leadership (Cabinet) structure. This reporting format is the one most used by the Council for allocating resources and for assessing financial performance.

7.2 Expenditure and Funding Analysis

2023/24				2024/25		
Net expenditure chargeable to General Fund	Adjustments between the Funding and Accounting basis	Net expenditure in the Comprehensive Income and Expenditure Statement		Net expenditure chargeable to General Fund	Adjustments between the Funding and Accounting basis	Net expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
			Children's Services, Adult Social Care, Public Health and Integration			
449,439	(520)	448,919	Adult Social Care, Public Health and Integration	495,828	(1,237)	494,591
145,103	(923)	144,180	Children's Services	145,601	(2,090)	143,511
85,818	429	86,247	Climate Czar, Environment, Waste Reduction & Recycling	88,116	1,036	89,152
4,721	34	4,755	Communities, Economic Growth and Prosperity	5,209	(171)	5,038
			Education Excellence, Lifelong Learning and Employability			
(2,881)	(802)	(3,683)	Dedicated Schools Budget	(1,959)	(6,032)	(7,991)
27,950	15,662	43,612	Non Dedicated Schools Budget	27,329	41,229	68,558
124,332	43,940	168,272	Highways, Infrastructure and Sustainable Transport	128,937	58,078	187,015
8,012	(1,373)	6,639	Housing, Planning and Regeneration	7,260	(312)	6,948
2,286	320	2,606	Leader	2,349	5,584	7,933
25,897	3,872	29,769	The Arts, Heritage and Culture	29,315	5,065	34,380
10,411	(2,641)	7,770	The Chancellor of Essex	12,835	(3,111)	9,724
6,227	(32)	6,195	Transformation	6,029	(156)	5,873
			Strategic Support Services			
1,011	(101)	910	Communities, Economic Growth and Prosperity	1,053	(248)	805
1,976	(37)	1,939	Leader	1,972	(78)	1,894
882	(12)	870	The Arts, Heritage and Culture	555	(17)	538
38,266	(1,078)	37,188	The Chancellor of Essex	39,766	(2,309)	37,457
77,342	4,641	81,983	Transformation	79,887	888	80,775
1,006,792	61,379	1,068,171	Cost of services - continuing operations	1,070,082	96,119	1,166,201
(1,045,609)	(204,087)	(1,249,696)	Other income and expenditure not charged to services	(1,083,203)	(261,268)	(1,344,471)
(38,817)	(142,708)	(181,525)	Surplus on Provision of Services	(13,121)	(165,149)	(178,270)
			General Fund Balance			
(651,183)			Balance as at 31 March	(690,000)		
-			Restatement of opening balances on transition to IFRS 16 Leases	(691)		
(651,183)			Restated balance at 1 April	(690,691)		
(38,817)			Surplus on Provision of Services	(13,121)		
(690,000)			Balance as at 31 March	(703,812)		

Notes:

- The service groupings shown above reflect the alignment of spending to Cabinet Members, according to their specific responsibilities for discharging the functions of the Cabinet during 2024/25; comparative figures for 2023/24 have been presented on a consistent basis.
- The General Fund Balance comprises earmarked and general revenue reserves, which are shown separately within the Movement in Reserves Statement (page 28) and in the Balance Sheet (pages 29 and 30).
- An explanation of the impacts of adopting International Financial Reporting Standard 16 Leases (IFRS 16) is provided in note 2, which commences on page 47).

7.3 Notes to Expenditure and Funding Analysis

7.3.1 Adjustments between Funding and Accounting basis

The following analysis provides an explanation of the 'adjustments between the Funding and Accounting basis' column in the Expenditure and Funding Analysis.

2023/24	Adjustments for capital purposes Note 7.3.2 £000	Net change for Pension Adjustments Note 7.3.3 £000	Other adjustments between funding and accounting Note 7.3.4 £000	Other differences Note 7.3.5 £000	Adjustments between the Funding and Accounting basis £000
Children's Services, Adult Social Care, Public Health and Integration					
Children's Services, Adult Social Care, Public Health and Integration	938	(1,268)	(190)	-	(520)
Children's Services	714	(1,168)	(469)	-	(923)
Climate Czar, Environment, Waste Reduction & Recycling	646	(150)	(36)	(31)	429
Communities, Economic Growth and Prosperity	118	(66)	(18)	-	34
Education Excellence, Lifelong Learning and Employability					
Dedicated Schools Budget	-	-	3,002	(3,804)	(802)
Non Dedicated Schools Budget	28,960	(5,242)	(170)	(7,886)	15,662
Highways, Infrastructure and Sustainable Transport	56,346	(199)	(76)	(12,131)	43,940
Housing, Planning and Regeneration	(1,076)	(165)	(132)	-	(1,373)
Leader	(1,686)	(70)	(60)	2,136	320
The Arts, Heritage and Culture	4,370	(468)	(30)	-	3,872
The Chancellor of Essex	917	(76)	(2)	(3,480)	(2,641)
Transformation	-	(51)	19	-	(32)
Strategic Support Services					
Communities, Economic Growth and Prosperity	-	(45)	(21)	(35)	(101)
Leader	-	(40)	3	-	(37)
The Arts, Heritage and Culture	-	(10)	(2)	-	(12)
The Chancellor of Essex	-	(829)	(249)	-	(1,078)
Transformation	5,900	(961)	(298)	-	4,641
Cost of services - continuing operations	96,147	(10,808)	1,271	(25,231)	61,379
Other income and expenditure not charged to services	(210,956)	(20,513)	2,151	25,231	(204,087)
Difference between General Fund (Surplus) / Deficit and Comprehensive Income and Expenditure Statement (Surplus) / Deficit on the Provision of Services	(114,809)	(31,321)	3,422	-	(142,708)

Notes:

- The service groupings shown above reflect the alignment of spending to Cabinet Members, according to their specific responsibilities for discharging the functions of the Cabinet during 2024/25; comparative figures for 2023/24 have been presented on a consistent basis.

2024/25	Adjustments for capital purposes Note 7.3.2 £000	Net change for Pension Adjustments Note 7.3.3 £000	Other adjustments between funding and accounting Note 7.3.4 £000	Other differences Note 7.3.5 £000	Adjustments between the Funding and Accounting basis £000
Children's Services, Adult Social Care, Public Health and Integration					
Children's Services, Adult Social Care, Public Health and Integration	2,006	(3,226)	(3)	(14)	(1,237)
Children's Services	1,092	(3,239)	77	(20)	(2,090)
Climate Czar, Environment, Waste Reduction & Recycling	3,180	(426)	161	(1,879)	1,036
Communities, Economic Growth and Prosperity	5	(207)	31	-	(171)
Education Excellence, Lifelong Learning and Employability					
Dedicated Schools Budget	-	-	(2,228)	(3,804)	(6,032)
Non Dedicated Schools Budget	57,450	(9,663)	(2)	(6,556)	41,229
Highways, Infrastructure and Sustainable Transport	61,499	(566)	(27)	(2,828)	58,078
Housing, Planning and Regeneration	81	(384)	(9)	-	(312)
Leader	(1,901)	3,205	16	4,264	5,584
The Arts, Heritage and Culture	6,874	(1,744)	37	(102)	5,065
The Chancellor of Essex	(683)	(123)	(4)	(2,301)	(3,111)
Transformation	-	(138)	(18)	-	(156)
Strategic Support Services					
Communities, Economic Growth and Prosperity	-	(122)	(3)	(123)	(248)
Leader	-	(84)	6	-	(78)
The Arts, Heritage and Culture	-	(25)	8	-	(17)
The Chancellor of Essex	13	(2,340)	18	-	(2,309)
Transformation	3,376	(2,524)	36	-	888
Cost of services - continuing operations	132,992	(21,606)	(1,904)	(13,363)	96,119
Other income and expenditure not charged to services	(230,961)	(47,815)	4,145	13,363	(261,268)
Difference between General Fund (Surplus) / Deficit and Comprehensive Income and Expenditure Statement (Surplus) / Deficit on the Provision of Services	(97,969)	(69,421)	2,241	-	(165,149)

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7.3.2 Adjustments for capital purposes

This column adds the following amounts into service lines:

- Depreciation and impairment of Property, Plant and Equipment, Right of Use and other non-current assets.
- Amortisation of intangible assets.
- Revenue expenditure funded from capital under statute.
- Capital grants receivable in the year without conditions, or for which conditions were satisfied in the year, and applied to finance revenue expenditure funded from capital under statute.

For other income and expenditure not charged to services, this column adjusts for:

- The value of Property, Plant and Equipment and Right of Use assets disposed of in the year, together with the sale proceeds or gains from these disposals.
- The statutory charges for capital financing (i.e. minimum revenue provision and other revenue contributions).
- Capital grants receivable in the year.

7.3.3 Net change for pension adjustments

The net change for pension adjustments comprises:

- For services, the removal of the employer pension contributions by the Council as allowed by statute, and the replacement with current service costs and past service costs.
- For other income and expenditure not chargeable to services, the addition of the net interest on the defined benefit liability.

7.3.4 Other adjustments between funding and accounting

The other adjustments between the amounts debited / credited to the Comprehensive Income and Expenditure Statement and the amounts payable / receivable to be recognised under statute comprise:

- The amount by which officers' remuneration charged to the Comprehensive Income and Expenditure Statement differs from remuneration chargeable in accordance with statutory regulations.
- The difference between what is chargeable under statutory regulations for Council Tax and Non-Domestic Rates and what was projected to be received at the start of the year and the income recognised under generally accepted accounting practices.

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- The amount by which finance costs charged to the Comprehensive Income and Expenditure Statement differ from costs chargeable in accordance with statutory requirements.

7.3.5 Other differences

The other differences column shows the reclassification of amounts included in the 'cost of services' for 'Cabinet' reporting that are required to be classified as 'other income and expenditure not charged to services' in the Comprehensive Income and Expenditure Statement.

8. Expenditure and income analysed by nature

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

2023/24 £000		2024/25 £000
	Expenditure	
588,261	Employee expenses	607,588
1,678,889	Other service expenditure	1,913,258
112,064	Depreciation, amortisation and impairment	125,832
49,691	Interest payable and similar charges	40,251
3,652	Precepts and levies	3,746
26,980	(Gain) / loss on disposal of fixed assets	58,906
128,242	Corporate amounts	132,268
2,587,779	Total expenditure	2,881,849
	Income	
(317,459)	Fees, charges and other service income	(329,578)
(37,273)	Interest and investment income	(35,886)
(153,026)	Corporate amounts	(188,132)
(848,921)	Income from Council Tax and Non-Domestic Rates	(899,926)
(1,412,625)	Government grants and contributions	(1,606,597)
(2,769,304)	Total income	(3,060,119)
(181,525)	Surplus on Provision of Services	(178,270)

9. Adjustments between Accounting Basis and Funding under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year, in accordance with proper accounting practice, to arrive at the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

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2023/24	Notes	Usable Reserves			
		General Fund Balance	Usable Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves
		£000	£000	£000	£000
Adjustments involving the Capital Adjustment Account (CAA)	28.3				
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u>					
Depreciation and impairment of non current assets		(111,187)	-	-	(111,187)
Amortisation of intangible assets		(877)	-	-	(877)
Impairment of assets held for sale		(100)	-	-	(100)
Movement in market value of investment properties		580	-	-	580
Capital grants and contributions applied		202,901	-	-	202,901
Revenue expenditure funded from capital under statute		(22,641)	-	-	(22,641)
Value of assets disposed of during the year		(27,240)	-	-	(27,240)
Gain or loss on valuation of equity investments funded from capital		(418)	-	-	(418)
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</u>					
Statutory provision for the financing of capital investment		59,387	-	-	59,387
Capital expenditure charged against the General Fund		13,659	-	-	13,659
Adjustments involving the Capital Adjustment Account		114,064	-	-	114,064
Adjustments involving the Capital Grants Unapplied Account					
Grants applied to financing (transferred to the CAA)		-	-	1,091	1,091
Grants and contributions unapplied		351	-	(351)	-
Adjustments involving the Capital Grants Unapplied Account		351	-	740	1,091
Adjustments involving the Capital Receipts Reserve					
Sale proceeds (part of gain/loss on disposal)		394	(394)	-	-
Loan repayments - loans awarded for capital purposes		-	(5,117)	-	(5,117)
Use of reserve to finance new capital expenditure		-	4,547	-	4,547
Use of capital receipts to repay debt		-	5,117	-	5,117
Adjustments involving the Capital Receipts Reserve		394	4,153	-	4,547
Adjustments involving the Financial Instruments Adjustment Account					
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement differ from costs chargeable in accordance with statutory requirements		843	-	-	843
Adjustments involving the Financial Instruments Adjustment Account		843	-	-	843
Adjustments involving the Pooled Investment Funds Adjustment Account					
Accumulated gains / losses on assets sold		(367)	-	-	(367)
Adjustments involving the Pooled Invest Funds Adjustment Account		(367)	-	-	(367)
Adjustments involving the Pensions Reserve	28.4				
Reversal of items debited/credited to the CIES		(39,002)	-	-	(39,002)
Employers' pension contributions payable in the year		70,323	-	-	70,323
Adjustments involving the Pensions Reserve		31,321	-	-	31,321
Adjustments involving the Collection Fund Adjustment Account					
Amount by which Council Tax and Non-Domestic Rates income credited to the Comprehensive Income and Expenditure Statement differs from income calculated in accordance with statutory requirements		(2,628)	-	-	(2,628)
Adjustments involving the Collection Fund Adjustment Account		(2,628)	-	-	(2,628)
Adjustments involving the Accumulated Absences Account					
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement differs from remuneration chargeable in accordance with statutory requirements		(1,270)	-	-	(1,270)
Adjustments involving the Accumulated Absences Account		(1,270)	-	-	(1,270)
Total adjustments		142,708	4,153	740	147,601

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2024/25	Notes	Usable Reserves			
		General Fund Balance	Usable Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves
		£000	£000	£000	£000
Adjustments involving the Capital Adjustment Account (CAA)	28.3				
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u>					
Depreciation and impairment of non current assets		(125,529)	-	-	(125,529)
Amortisation of intangible assets		(303)	-	-	(303)
Movement in market value of investment properties		4,132	-	-	4,132
Capital grants and contributions applied		230,197	-	-	230,197
Revenue expenditure funded from capital under statute		(57,079)	-	-	(57,079)
Value of assets disposed of during the year		(66,140)	-	-	(66,140)
Gain or loss on valuation of equity investments funded from capital		(55)	-	-	(55)
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</u>					
Statutory provision for the financing of capital investment		68,950	-	-	68,950
Capital expenditure charged against the General Fund		34,673	-	-	34,673
Adjustments involving the Capital Adjustment Account		88,846	-	-	88,846
Adjustments involving the Capital Grants Unapplied Account					
Grants applied to financing (transferred to the CAA)		-	-	66	66
Grants and contributions unapplied		1,927	-	(1,927)	-
Adjustments involving the Capital Grants Unapplied Account		1,927	-	(1,861)	66
Adjustments involving the Capital Receipts Reserve					
Sale proceeds (part of gain/loss on disposal)		7,196	(6,378)	-	818
Loan repayments - loans awarded for capital purposes		-	(8,943)	-	(8,943)
Transfer from Deferred Capital Receipts Reserve		-	(427)	-	(427)
Use of reserve to finance new capital expenditure		-	8,900	-	8,900
Use of capital receipts to repay debt		-	8,943	-	8,943
Adjustments involving the Capital Receipts Reserve		7,196	2,095	-	9,291
Adjustments involving the Financial Instruments Adjustment Account					
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement differ from costs chargeable in accordance with statutory requirements		842	-	-	842
Adjustments involving the Financial Instruments Adjustment Account		842	-	-	842
Adjustments involving the Pensions Reserve	28.4				
Reversal of items debited/credited to the CIES		(8,843)	-	-	(8,843)
Employers' pension contributions payable in the year		78,264	-	-	78,264
Adjustments involving the Pensions Reserve		69,421	-	-	69,421
Adjustments involving the Collection Fund Adjustment Account					
Amount by which Council Tax and Non-Domestic Rates income credited to the Comprehensive Income and Expenditure Statement differs from income calculated in accordance with statutory requirements		(4,992)	-	-	(4,992)
Adjustments involving the Collection Fund Adjustment Account		(4,992)	-	-	(4,992)
Adjustments involving the Accumulated Absences Account					
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement differs from remuneration chargeable in accordance with statutory requirements		1,909	-	-	1,909
Adjustments involving the Accumulated Absences Account		1,909	-	-	1,909
Total adjustments		165,149	2,095	(1,861)	165,383

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10. Earmarked revenue reserves

The Council maintains earmarked revenue reserves to manage known financial liabilities and possible risks. These reserves are categorised as follows:

- **Restricted use** – reserves for known contractual liabilities and potential risks beyond the control of the Council and balances held on behalf of others (including schools).
- **Future capital funding** – comprises revenue contributions to be used to supplement the resources available to finance future capital expenditure.
- **Other** – reserves for general purposes and used to fund revenue investment, investment in new ways of working and reserves to respond to short-term budget pressures.

Details of the restricted use reserves are as follows:

Restricted use reserves	Purpose and usage
Grant equalisation	Equalises the timing differences between the recognition of grant income in the Comprehensive Income and Expenditure Statement and incurring the grant eligible expenditure.
COVID-19 equalisation	Government funding set aside for exceptional one-off costs related to the COVID-19 pandemic.
PFI equalisation	Used to equalise the impact of expenditure and government grant over the life of the PFI contracts.
Waste	To smooth the effects of future increases in the costs of waste disposal.
Partnerships	To retain unspent contributions from partners and to apply them in subsequent years.
Early intervention and prevention	To temporarily hold Social Care grant funding, pending decisions on how to utilise the funding.
Schools	Schools are permitted to retain unspent resources which are held in the Schools Reserves. The statutory authority to commit these reserves rests with school governing bodies.
Trading activities	Surpluses generated by the Council's internal trading activities, to be applied by these activities in subsequent years.

Details of the most significant of the other reserves are as follows:

Other reserves	Purpose and usage
Adults' investment	Set up to support delivery of ongoing future sustainability work in relation to Adult Social Care.
Adults' risk	To manage commercial price pressures related to Adult Social Care provision.
Ambition Fund	To support investment that will deliver new delivery models and ways of working.
Capital receipts pump priming	To meet costs associated with bringing properties into readiness for disposal.

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Other reserves	Purpose and usage
Carry forwards	Used to carry under spends in the year of account forward to support expenditure plans in the forthcoming financial year.
Children's risk	To help manage potential price and volume pressures that may arise in relation to the provision of Children's services.
Children's sustainability	To help manage the issues being faced by services supporting children.
Children's transformation	Set up to support transformation capability in relation to the Children's sustainability programme.
Collection Fund investment risk	Established to mitigate the risks of falling collection rates for Council Tax and Non-Domestic Rates.
Commercial investment in Essex places	Established to fund commercial investment in Essex places that aligns to the Council's housing growth and town centre agendas.
DSG general risk	To provide resilience to the potential risks faced with deficits on the Dedicated Schools Grant.
EES pension risk	To be used to meet future pension liabilities arising in relation to the staff who transferred to the new owner of EES for Schools.
Emergency	Established as funding to address emerging budget pressures.
Essex climate change commission	To be used to reduce carbon emissions and promote green infrastructure initiatives.
Everyone's Essex	To support the delivery of the Everyone's Essex strategy for levelling up the County and improving lives and opportunities for all our residents.
General risk	To support against inflationary risk for future years.
Health and safety	Used to meet the costs of undertaking asbestos, legionella and Disability Discrimination Act surveys.
Highways	To support one off investment in Highways.
Insurance	Provides for future potential and contingent liabilities for insurance claims.
Property Fund	To mitigate against future losses of income related to the Council's investment properties.
Quadrennial elections	To meet costs associated with the Council's local elections.
Renewal Fund	To support COVID-19 recovery activity.
Technology and digitisation	Established to meet the future cost of replacing key Council technology systems.
Transformation	Used to meet costs associated with project and change management aspects of the Council's ambitious programme of transformation.

Unless otherwise stated, there are no time constraints placed upon usage of the Council's earmarked revenue reserves.

A summary of the balances on the Earmarked Reserves is provided overleaf.

	Balance 1 April 2023 £000	2023/24 movements		Balance 31 March 2024 £000	Restatement of opening balance £000	Balance 1 April 2024 £000	2024/25 movements		Balance 31 March 2025 £000
		Contributions	Withdrawals				Contributions	Withdrawals	
		£000	£000				£000	£000	
Restricted use									
Grants equalisation	(43,933)	(10,771)	10,740	(43,964)	-	(43,964)	(5,588)	7,909	(41,643)
COVID-19 equalisation	(26,274)	(352)	11,504	(15,122)	-	(15,122)	-	8,733	(6,389)
PFI equalisation	(22,009)	(2,325)	12,082	(12,252)	-	(12,252)	(1,377)	7,613	(6,016)
Waste	(114,588)	(18,453)	12,688	(120,353)	-	(120,353)	(2,763)	5,700	(117,416)
Partnerships	(2,267)	(170)	59	(2,378)	-	(2,378)	-	836	(1,542)
Early intention and prevention	-	-	-	-	-	-	(12,332)	1,648	(10,684)
Schools	(43,704)	(7,963)	8,360	(43,307)	-	(43,307)	(6,374)	8,056	(41,625)
Trading activities	(1,729)	(388)	48	(2,069)	-	(2,069)	(36)	5	(2,100)
Total restricted reserves	(254,504)	(40,422)	55,481	(239,445)	-	(239,445)	(28,470)	40,500	(227,415)
Future capital funding	(36,295)	(18,912)	13,659	(41,548)	(691)	(42,239)	(34,763)	34,673	(42,329)
Other reserves									
Adults' investment	(9,802)	(21,768)	9,118	(22,452)	-	(22,452)	(23,728)	11,426	(34,754)
Adults' risk	(12,561)	(54)	2,256	(10,359)	-	(10,359)	-	2,552	(7,807)
Ambition Fund	(10,551)	(10,595)	11,705	(9,441)	-	(9,441)	(493)	1,414	(8,520)
Capital receipts pump priming	(10,034)	(1,000)	58	(10,976)	-	(10,976)	(1,000)	193	(11,783)
Carry forwards	(15,039)	(6,667)	7,046	(14,660)	-	(14,660)	(4,498)	5,632	(13,526)
Children's risk	-	(5,000)	5,000	-	-	-	(6,200)	-	(6,200)
Children's sustainability	-	-	-	-	-	-	(4,570)	-	(4,570)
Children's transformation	(6,010)	-	1,793	(4,217)	-	(4,217)	-	1,560	(2,657)
Collection Fund investment risk	(17,084)	(9,114)	-	(26,198)	-	(26,198)	-	-	(26,198)
Commercial investment in Essex places	(15,469)	(504)	701	(15,272)	-	(15,272)	(2,301)	4,312	(13,261)
DSG general risk	-	(10,000)	-	(10,000)	-	(10,000)	-	-	(10,000)
EES pension risk	(4,000)	-	-	(4,000)	-	(4,000)	-	-	(4,000)
Emergency	(23,227)	(4,000)	9	(27,218)	-	(27,218)	(4,000)	-	(31,218)
Essex Climate Change Commission	(3,067)	(1,039)	2,152	(1,954)	-	(1,954)	(245)	819	(1,380)
Everyone's Essex	(44,986)	(9,784)	7,502	(47,268)	-	(47,268)	(15,336)	37,116	(25,488)
General risk	(14,841)	(11,742)	437	(26,146)	-	(26,146)	(5,867)	164	(31,849)
Health and safety	(4,649)	-	-	(4,649)	-	(4,649)	-	25	(4,624)
Insurance	(11,125)	-	-	(11,125)	-	(11,125)	-	125	(11,000)
Property Fund	(962)	(100)	28	(1,034)	-	(1,034)	(211)	-	(1,245)
Quadrennial elections	(1,491)	(500)	22	(1,969)	-	(1,969)	(500)	87	(2,382)
Renewal Fund	(2,427)	-	181	(2,246)	-	(2,246)	-	-	(2,246)
Technology and digitisation	(20,119)	(10,281)	5,232	(25,168)	-	(25,168)	(19,245)	5,536	(38,877)
Transformation	(58,880)	(12,614)	9,753	(61,741)	-	(61,741)	(19,310)	11,368	(69,683)
Other reserves	(5,964)	(378)	3,520	(2,822)	-	(2,822)	(716)	830	(2,708)
Total other reserves	(292,288)	(115,140)	66,513	(340,915)	-	(340,915)	(108,220)	83,159	(365,976)
Total earmarked revenue reserves	(583,087)	(174,474)	135,653	(621,908)	(691)	(622,599)	(171,453)	158,332	(635,720)

Note: The restatement of opening balances relates to the impact of the transition to IFRS 16 Leases (as described in note 2, which commences on page 47).

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11. Other operating expenditure

Other operating expenditure is comprised of the following:

2023/24 £000		2024/25 £000
	(Gains)/losses on the disposal of non current assets	
(394)	Disposal proceeds	(7,357)
27,240	Carrying value of assets disposed of during the year	66,140
100	Impairment of Assets Held for Sale	-
34	Disposal costs	123
26,980	Total losses on the disposal of non current assets	58,906
	Precepts and levies	
1,400	Lee Valley Regional Park	1,439
1,828	Environment Agency	1,870
424	Kent and Essex Inshore Fisheries and Conservation Authority	437
3,652	Precepts and levies	3,746
30,632	Total Other Operating Expenditure	62,652

The losses on the disposal of non-current assets primarily results from removing locally maintained schools from the Council's Balance Sheet that obtained academy status during the financial year.

12. Financing and investment income and expenditure

Financing and investment income and expenditure is comprised of the following:

2023/24 £000		2024/25 £000
	Net interest on the net defined benefit asset / liability	
124,436	Interest cost	129,886
(146,976)	Interest on assets	(179,439)
2,134	Administrative costs	2,059
(20,406)	Net interest on the net defined benefit asset / liability	(47,494)
	Interest payable and similar charges	
22,287	External interest payable on borrowing	20,951
19,464	Right of Use leases - financing costs (<i>see note below</i>)	10,802
(537)	Other costs	(721)
41,214	Interest payable and similar charges	31,032
(28,796)	Interest receivable and similar income	(26,667)
(2,441)	Investment properties (income, expenditure and changes in value)	(5,845)
(748)	Net surplus on trading activities	(657)
(1,189)	Other investment income (Dividends receivable)	(1,868)
(12,366)	Financing and Investment income and expenditure	(51,499)

Note: The comparative figures for the prior year are shown on a basis consistent with 2024/25, to show the financing costs related to right of use leases separately from other interest payable and similar charges.

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13. Trading operations

The Council's trading activities are required to balance their budgets by generating sufficient income from other parts of the Council and other organisations to cover their costs. The net surplus or deficit on these trading activities is included in the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement.

	Music Services £000	Place Services £000	Total £000
1 April 2023	(285)	(1,444)	(1,729)
Income	(4,772)	(4,500)	(9,272)
Expenditure	4,757	3,767	8,524
Net (surplus)/ deficit	(15)	(733)	(748)
Appropriations	63	345	408
31 March 2024	(237)	(1,832)	(2,069)
Income	(5,173)	(4,908)	(10,081)
Expenditure	4,966	4,458	9,424
Net (surplus)/ deficit	(207)	(450)	(657)
Appropriations	171	455	626
31 March 2025	(273)	(1,827)	(2,100)

The Music Services trading activity delivers music services to schools, and the Place Services trading activity provides environmental planning support and arboriculture services.

14. Taxation and non-specific grant income

Taxation and non-specific grant income are as follows:

2023/24 £000		2024/25 £000
	Taxation	
(802,085)	Council Tax	(851,646)
(46,836)	Non-Domestic Rates	(48,280)
(848,921)		(899,926)
	Non specific grant income	
(237,323)	Non ring-fenced government grants	(245,800)
(181,718)	Capital grants and contributions	(209,898)
(419,041)	Sub total - Non specific government grants	(455,698)
(1,267,962)	Taxation and non specific grant income	(1,355,624)

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The following non-specific grants have been credited to Taxation and Non-Specific Grant income:

2023/24 £000		2024/25 £000
	Non ring-fenced grants	
(139,991)	Non-Domestic Rates (Top up grant and Safety net / levy)	(146,366)
(42,426)	Non-Domestic Rates (Section 31 grants)	(48,803)
(22,982)	Private Finance Initiative grants	(22,982)
(21,284)	Revenue Support grant	(22,694)
(7,144)	Services grant	(1,233)
(1,786)	New Homes Bonus / New Homes Bonus Adjustment grant	(1,658)
(1,710)	Other non ring-fenced grants	(2,064)
(237,323)		(245,800)
	Capital grants and contributions	
(244)	Department for Energy Security and Net Zero	(434)
(13,405)	Department for Education grants	(12,108)
	Department for Transport grants	
(20,020)	Pot hole funding	(13,638)
(17,047)	Direct funding	(17,047)
(6,324)	Integrated transport grant	(6,324)
(8,678)	Other	(14,887)
(92,383)	Homes England - Housing Infrastructure Fund	(91,153)
(4,192)	Other local authorities	(23,383)
-	South East Local Enterprise Partnership (Local Growth & Get Building funding)	(7,692)
(19,425)	Other grants and contributions	(23,232)
(181,718)		(209,898)
(419,041)	Total non-specific grant income	(455,698)

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15. Specific revenue and capital grants

The following grants have been credited to the Net Cost of Services within the Comprehensive Income and Expenditure Statement:

2023/24				2024/25		
Capital grants £000	Specific revenue grants £000	Total £000		Capital grants £000	Specific revenue grants £000	Total £000
			Department for Education (incl. Education and Skills Funding Agency)			
(7,835)	(20,486)	(28,321)	Department for Education grants	(12,113)	(29,019)	(41,132)
			Education and Skills Funding Agency grants			
-	(588,595)	(588,595)	Dedicated Schools grant	-	(694,115)	(694,115)
-	(19,286)	(19,286)	Pupil Premium grant	-	(18,790)	(18,790)
-	(8,591)	(8,591)	Universal Infants Free School Meals	-	(8,247)	(8,247)
-	(8,544)	(8,544)	Adult Community Learning	-	(9,197)	(9,197)
-	(28,106)	(28,106)	Other grants	-	(22,185)	(22,185)
(7,835)	(673,608)	(681,443)		(12,113)	(781,553)	(793,666)
			Department of Health and Social Care			
-	(67,756)	(67,756)	Public Health grant	-	(68,857)	(68,857)
-	(11,961)	(11,961)	Other grants	-	(20,323)	(20,323)
-	(79,717)	(79,717)		-	(89,180)	(89,180)
			Ministry of Housing, Communities and Local Government			
-	(89,891)	(89,891)	Social Care grant	-	(117,809)	(117,809)
-	(50,561)	(50,561)	Additional Better Care Fund grant	-	(47,447)	(47,447)
-	(5,233)	(5,233)	Ukraine Refugee grants	-	(5,017)	(5,017)
(177)	(32,781)	(32,958)	Other grants	(3,164)	(35,138)	(38,302)
(177)	(178,466)	(178,643)		(3,164)	(205,411)	(208,575)
			Department for Work and Pensions			
-	(18,729)	(18,729)	Household support fund	-	(18,201)	(18,201)
-	(533)	(533)	Other grants	-	(2,790)	(2,790)
-	(19,262)	(19,262)		-	(20,991)	(20,991)
			Grants awarded by other bodies			
-	(3,331)	(3,331)	Department for Transport (incl. National Highways)		(8,671)	(8,671)
-	(13,310)	(13,310)	Home Office	-	(13,081)	(13,081)
(1,891)	(117)	(2,008)	South East Local Enterprise Partnership	(2,597)	(72)	(2,669)
(2,097)	(13,773)	(15,870)	Other grants	(447)	(13,619)	(14,066)
(3,988)	(30,531)	(34,519)		(3,044)	(35,443)	(38,487)
(12,000)	(981,584)	(993,584)		(18,321)	(1,132,578)	(1,150,899)

Note: Comparative figures for the prior year have been grouped on a basis consistent with 2024/25.

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16. Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by a grant awarded by the Education and Skills Funding Agency; the Dedicated Schools Grant (DSG). An element of the DSG is recouped by the Education and Skills Funding Agency to fund academy schools in the Council's area.

DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools' Budget, as defined in the School and Early Years Finance and Childcare (Provision of Information About Young Children) (Amendment) (England) Regulations 2024.

The Schools' Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2024/25 are provided in the following table.

2023/24 £000		2024/25 Total £000	Deployment in 2024/25	
			Central Expenditure £000	Individual Schools Budget £000
(1,433,324)	Final DSG for the year (before Academy recoupment)	(1,577,095)		
834,900	Academy and other recoupments	902,944		
(598,424)	Total DSG after Academy and other recoupment	(674,151)		
(24,331)	Brought forward from previous year	(36,472)		
(622,755)	Agreed initial budgeted distribution	(710,623)	(171,931)	(538,692)
(2,312)	In year adjustments	14,780	1,864	12,916
(625,067)	Final budgeted distribution	(695,843)	(170,067)	(525,776)
588,595	Actual central expenditure / ISB deployed	694,115	168,339	525,776
(36,472)	Surplus carried forward to next year	(1,728)	(1,728)	-

17. Property, plant, equipment and similar assets

17.1 Movement in balances – 2023/24

	Property, plant and equipment						Intangible Assets	Right of use assets	Investment Property	Heritage Assets	Assets held for sale	Investment Properties held for sale
	Land and buildings £000	Vehicles and equipment £000	Infra-structure £000	Community Assets £000	Assets under construction £000	Surplus Assets £000						
Gross Book Value												
As at 1 April 2023	1,466,061	39,339		4,745	180,896	55,269	18,199	-	38,963	14,788	6,088	-
Additions	651	4,129	-	-	256,886	-	-	-	-	-	-	-
Revaluation increases / (decreases) recognised in:												
Revaluation Reserve	(38,433)	-	-	-	-	2,986	-	-	-	-	-	-
Surplus/Deficit on the provision of services	(18,029)	-	-	-	-	101	-	-	580	-	(100)	-
Derecognition - disposals	(27,548)	(2,485)	-	-	-	-	(11,253)	-	-	(9)	-	-
Reclassifications to / (from) other categories	5,713	-	6	-	-	(4,188)	-	-	(2,422)	-	(1,089)	1,980
Transfers from assets under construction	35,873	163	89,631	545	(128,231)	1,639	-	-	331	49	-	-
As at 31 March 2024	1,424,288	41,146		5,290	309,551	55,807	6,946	-	37,452	14,828	4,899	1,980
Depreciation / Amortisation												
As at 1 April 2023	(25,957)	(31,996)		(553)	-	(246)	(16,992)	-	-	(52)	-	-
Depreciation / amortisation for the year	(29,131)	(2,136)	(65,602)	(118)	-	(570)	(877)	-	-	(10)	-	-
Revaluations and restatements written out to:												
Revaluation Reserve	23,442	-	-	-	-	535	-	-	-	-	-	-
Surplus/Deficit on the provision of services	4,178	-	-	-	-	130	-	-	-	-	-	-
Derecognition - disposals	538	2,264	-	-	-	-	11,253	-	-	-	-	-
Other movements in depreciation / impairment	(3)	-	-	-	-	3	-	-	-	-	-	-
As at 31 March 2024	(26,933)	(31,868)		(671)	-	(148)	(6,616)	-	-	(62)	-	-
Net Book Value at 31 March 2023	1,440,104	7,343	1,371,632	4,192	180,896	55,023	1,207	-	38,963	14,736	6,088	-
Net Book Value at 31 March 2024	1,397,355	9,278	1,395,667	4,619	309,551	55,659	330	-	37,452	14,766	4,899	1,980
Movement in Net Book Value in 2023/24	(42,749)	1,935	24,035	427	128,655	636	(877)	-	(1,511)	30	(1,189)	1,980
Analysis of movements in Net Book Value in 2023/24												
Additions	651	4,129	-	-	256,886	-	-	-	-	-	-	-
Revaluation increases / (decreases) recognised in:												
Revaluation Reserve	(14,991)	-	-	-	-	3,521	-	-	-	-	-	-
Surplus/Deficit on the provision of services	(13,851)	-	-	-	-	231	-	-	580	-	(100)	-
Derecognition - disposals	(27,010)	(221)	-	-	-	-	-	-	-	(9)	-	-
Reclassifications to / (from) other categories	5,710	-	6	-	-	(4,185)	-	-	(2,422)	-	(1,089)	1,980
Transfers from assets under construction	35,873	163	89,631	545	(128,231)	1,639	-	-	331	49	-	-
Depreciation / amortisation for the year	(29,131)	(2,136)	(65,602)	(118)	-	(570)	(877)	-	-	(10)	-	-
Total movements in Net Book Value	(42,749)	1,935	24,035	427	128,655	636	(877)	-	(1,511)	30	(1,189)	1,980

17.2 Restatement of opening balances – 1 April 2024

The Council has adopted IFRS 16 Leases with effect from 1 April 2024, as explained in note 2, which commences on page 47. Although the Code requires that the Council applies IFRS 16 retrospectively, as if the accounting standard had always been recognised, comparative figures for the prior year are not restated. Instead, the Code requires cumulative effect to be recognised as at 1 April 2024.

Details of the restatement of opening balances for Property, Plant and Equipment and similar assets for the year are set out below.

	Property, plant and equipment						Intangible Assets	Right of use assets	Investment Property	Heritage Assets	Assets held for sale	Investment Properties held for sale
	Land and buildings £000	Vehicles and equipment £000	Infra-structure £000	Community Assets £000	Assets under construction £000	Surplus Assets £000						
Gross Book Value												
Balance as at 31 March 2024	1,424,288	41,146		5,290	309,551	55,807	6,946	-	37,452	14,828	4,899	1,980
Restatement of opening balances on transition to IFRS 16												
Reclassification of assets as Right of Use assets	(63,938)	(9,281)	(79,641)	-	-	(9)	-	159,461	(6,200)	(392)	-	-
Recognition of Right of Use assets on transition	-	-	-	-	-	-	-	50,098	-	-	-	-
Remeasurement of lease liabilities	-	-	-	-	-	-	-	18,765	-	-	-	-
Disposal of Right of Use assets on transition	-	-	-	-	-	-	-	(3,344)	-	-	-	-
Revaluation increases / (decreases) recognised in:												
Revaluation Reserve	-	-	-	-	-	-	-	5,687	-	-	-	-
Surplus/Deficit on the provision of services	-	-	-	-	-	-	-	(38,106)	-	-	-	-
Adjusted balance as at 1 April 2024	1,360,350	31,865		5,290	309,551	55,798	6,946	192,561	31,252	14,436	4,899	1,980
Depreciation / Amortisation												
Balance as at 31 March 2024	(26,933)	(31,868)		(671)	-	(148)	(6,616)	-	-	(62)	-	-
Restatement of opening balances on transition to IFRS 16												
Reclassification of assets as Right of Use assets	1,736	5,495	43,855	-	-	-	-	(51,090)	-	4	-	-
Disposal of ROU assets on transition	-	-	-	-	-	-	-	3	-	-	-	-
Revaluation increases / (decreases) recognised in:												
Revaluation Reserve	-	-	-	-	-	-	-	119	-	-	-	-
Surplus/Deficit on the provision of services	-	-	-	-	-	-	-	25	-	-	-	-
As at 1 April 2024	(25,197)	(26,373)		(671)	-	(148)	(6,616)	(50,943)	-	(58)	-	-
Net Book Value at 31 March 2024	1,397,355	9,278	1,395,667	4,619	309,551	55,659	330	-	37,452	14,766	4,899	1,980
Adjusted Net Book Value at 1 April 2024	1,335,153	5,492	1,359,881	4,619	309,551	55,650	330	141,618	31,252	14,378	4,899	1,980

17.3 Movement in balances – 2024/25

	Property, plant and equipment						Intangible Assets	Right of use assets	Investment Property	Heritage Assets	Assets held for sale	Investment Properties held for sale
	Land and buildings £000	Vehicles and equipment £000	Infra-structure £000	Community Assets £000	Assets under construction £000	Surplus Assets £000						
Gross Book Value												
Adjusted balance as at 1 April 2024	1,360,350	31,865		5,290	309,551	55,798	6,946	192,561	31,252	14,436	4,899	1,980
Additions	3,439	434	-	-	254,398	-	-	3,000	-	-	-	-
Revaluation increases / (decreases) recognised in:												
Revaluation Reserve	(2,237)	-	-	-	-	(3,079)	-	3,497	-	-	-	-
Surplus/Deficit on the provision of services	(13,982)	-	-	-	-	(396)	-	(6,748)	3,882	-	-	-
Derecognition - disposals	(61,774)	(238)	-	-	-	(540)	-	(921)	(2,613)	-	(1,750)	-
Reclassifications to / (from) other categories	(3,540)	-	-	-	-	(401)	-	-	-	-	3,941	-
Transfers from assets under construction	32,250	-	140,869	608	(177,234)	12	-	-	3,495	-	-	-
As at 31 March 2025	1,314,506	32,061		5,898	386,715	51,394	6,946	191,389	36,016	14,436	7,090	1,980
Depreciation / Amortisation												
Adjusted balance as at 1 April 2024	(25,197)	(26,373)		(671)	-	(148)	(6,616)	(50,943)	-	(58)	-	-
Depreciation / amortisation for the year	(28,277)	(1,238)	(66,642)	(135)	-	(2,251)	(303)	(8,874)	-	(5)	-	-
Revaluations and restatements written out to:												
Revaluation Reserve	21,883	-	-	-	-	2,165	-	2,601	-	-	-	-
Surplus/Deficit on the provision of services	2,457	-	-	-	-	72	-	740	-	-	-	-
Derecognition - disposals	1,347	114	-	-	-	41	-	194	-	-	-	-
Other movements in depreciation / impairment	127	-	-	-	-	(127)	-	-	-	-	-	-
As at 31 March 2025	(27,660)	(27,497)		(806)	-	(248)	(6,919)	(56,282)	-	(63)	-	-
Adjusted Net Book Value at 1 April 2024	1,335,153	5,492	1,359,881	4,619	309,551	55,650	330	141,618	31,252	14,378	4,899	1,980
Net Book Value at 31 March 2025	1,286,846	4,564	1,434,108	5,092	386,715	51,146	27	135,107	36,016	14,373	7,090	1,980
Movement in Net Book Value in 2024/25	(48,307)	(928)	74,227	473	77,164	(4,504)	(303)	(6,511)	4,764	(5)	2,191	-
Analysis of movements in Net Book Value in 2024/25												
Additions	3,439	434	-	-	254,398	-	-	3,000	-	-	-	-
Revaluation increases / (decreases) recognised in:												
Revaluation Reserve	19,646	-	-	-	-	(914)	-	6,098	-	-	-	-
Surplus/Deficit on the provision of services	(11,525)	-	-	-	-	(324)	-	(6,008)	3,882	-	-	-
Derecognition - disposals	(60,427)	(124)	-	-	-	(499)	-	(727)	(2,613)	-	(1,750)	-
Reclassifications to / (from) other categories	(3,413)	-	-	-	-	(528)	-	-	-	-	3,941	-
Transfers from assets under construction	32,250	-	140,869	608	(177,234)	12	-	-	3,495	-	-	-
Depreciation / amortisation for the year	(28,277)	(1,238)	(66,642)	(135)	-	(2,251)	(303)	(8,874)	-	(5)	-	-
Total movements in Net Book Value	(48,307)	(928)	74,227	473	77,164	(4,504)	(303)	(6,511)	4,764	(5)	2,191	-

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In accordance with the temporary relief offered by the CIPFA Code of Practice, the above tables do not include disclosure of gross cost and accumulated depreciation for infrastructure assets. This is because historical reporting practices and resultant information deficits mean that inclusion of this information would not faithfully represent the asset position it purports to represent.

The Council has also determined, in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England and Wales) (Amendment) Regulation 2022, that the carrying amounts to be derecognised for infrastructure assets where there is replacement expenditure will be nil. This is consistent with the Council's economic model of not replacing parts of the highways network until it is no longer possible to defer maintenance activity, and of prioritising preventative maintenance to prolong service lives.

17.4 Fair value measurement

The Council measures its surplus assets and investment property at fair value. The fair values of these assets as at 31 March 2025 are as follows:

31 March 2024 £000		31 March 2025 £000
	Surplus properties	
27,217	Former school sites	26,488
11,747	Land	11,352
16,843	Other	13,554
55,807		51,394
	Investment properties	
10,700	Retail Park	11,527
7,310	Office Block	6,800
6,200	Industrial Unit (<i>see note below</i>)	-
13,242	Agricultural tenancies	15,068
-	Housing	2,621
37,452		36,016
	Right of use assets	
-	Investment properties - Industrial unit (<i>see note below</i>)	6,450
-	Surplus properties	12
-		6,462
	Investment properties held for sale	
1,980	Visitor centre	1,980
1,980		1,980

Note: The industrial unit shown under the Investment Properties heading in 2023/24 has been reclassified as a 'right of use' investment property in 2024/25, and the Council acquired this property on a long lease.

The fair values have been derived by determining a general tone of values for an asset class and/or geographical location and by considering transactional evidence for the sale of comparable assets (interpreted as being a **Level 2** input).

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In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use. For surplus properties, the highest and best use is assessed by considering if there is an alternative use to that applied by the Council when the properties were used for operational purposes that would maximise their value.

17.5 Capital commitments

At 31 March 2025, the Council had entered into contracts for the construction or enhancement of Property, Plant and Equipment. These commitments are as follows:

31 March 2024 £000		31 March 2025 £000
108,807	Highways and Transportation (see note below)	52,293
21,136	Education (schools)	29,628
4,767	Information Services	1,545
4,263	Other	3,758
138,973		87,224

Having secured Housing Infrastructure Funding and Levelling Up Funding, the Council has various highways and transportation schemes in the design or construction phases, including:

- Beaulieu Park Station and Chelmsford North-East Bypass.
- Colchester Rapid Transit System schemes supporting delivery of the Tendring-Colchester Borders Garden Community.
- Harlow Sustainable Transport Corridor assisting in unlocking new homes in the Gilston Villages.

17.6 Revaluations

The Council ensures that all Property, Plant and Equipment required to be measured at current value is re-valued, under a rolling five-year programme, by the Council's property advisor, Lambert Smith Hampton. All valuations are undertaken in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS). The timing and amounts of the valuations are summarised in the following table:

	Held at historical value £000	Valued as at					Total cost or valuation £000
		1 April 2020 £000	1 April 2021 £000	1 April 2022 £000	1 April 2023 £000	1 April 2024 £000	
Operational Assets							
Land and buildings	-	131,823	196,953	232,393	333,426	419,911	1,314,506
Vehicles, plant & equipment	32,061	-	-	-	-	-	32,061
Community Assets	5,898	-	-	-	-	-	5,898
Non-Operational Assets							
Surplus assets	-	13,530	5,037	9,202	20,735	2,890	51,394
Assets under construction	386,715	-	-	-	-	-	386,715
Gross book value	424,674	145,353	201,990	241,595	354,161	422,801	1,790,574

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The timing of the valuation of land and buildings (as reflected in the previous table) is based on when the assets were last formally valued by the Council's property advisor.

In addition to these formal valuations, a review is undertaken by the Council's property advisor at each year-end, to determine whether the carrying amount of land and buildings in the year of account is consistent with their current value as at 31 March. Where this review indicates that the carrying amounts are inconsistent with their current value, the carrying amounts are adjusted by indices advised by the Council's property advisor.

Operational land and buildings are either valued at their 'existing use value' (EUV) or at 'depreciated replacement cost' (DRC). Where there is no active market for the land and buildings, because of their specialist nature, DRC is used as an estimate of current value (the current value of **95%** of the Council's land and buildings is estimated using DRC).

Depreciated historical cost (DHC) is used as a proxy for current value for assets which:

- Have low values and/or short lives (vehicles, plant and equipment).
- Are not used up as they provide services (community assets).
- Can only be used for the purpose originally constructed (infrastructure assets).

Historical cost is used as a proxy for current value for assets under construction.

The held historical value is not disclosed for infrastructure assets, because historical reporting practices and resultant information deficits mean that inclusion of this information would not faithfully represent the asset position it purports to represent.

The current value measurement for surplus assets is 'fair value', estimated at highest and best use from a market participants perspective (see note 17.4, on page 74, for further details).

18. Right of use assets

18.1 Restatement of opening balances – 1 April 2024

The Council has adopted IFRS 16 Leases with effect from 1 April 2024. The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom is applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that Right of Use assets and liabilities have been calculated in 2024/25 as if IFRS 16 had always been recognised, but without adjusting comparative figures for the prior year. Details of the restatement of opening balances for the year are set out below.

	Property, plant and equipment				Investment Property	Heritage Assets	Grand total
	Land and buildings	Vehicles and equipment	Infra-structure	Surplus Assets			
	£000	£000	£000	£000	£000	£000	£000
Gross Book Value							
Balance as at 31 March 2024	-	-	-	-	-	-	-
Restatement of opening balances on transition to IFRS 16							
Reclassification of Property, Plant and Equipment assets as Right of Use assets	63,938	9,281	79,641	9	6,200	392	159,461
Recognition of Right of Use assets	10,868	8,953	5	30,272	-	-	50,098
Impact of remeasuring lease liabilities	6,385	(721)	13,101	-	-	-	18,765
Disposal of Right of Use assets on transition	(2,550)	(794)	-	-	-	-	(3,344)
Revaluation increases / (decreases) recognised in:							
Revaluation Reserve	5,687	-	-	-	-	-	5,687
Surplus/Deficit on the provision of services	(7,837)	-	-	(30,269)	-	-	(38,106)
Adjusted balance as at 1 April 2024	76,491	16,719	92,747	12	6,200	392	192,561
Depreciation / Amortisation							
Balance as at 31 March 2024	-	-	-	-	-	-	-
Restatement of opening balances on transition to IFRS 16							
Reclassification of assets as Right of Use assets	(1,736)	(5,495)	(43,855)	-	-	(4)	(51,090)
Disposal of ROU assets on transition	3	-	-	-	-	-	3
Revaluation increases / (decreases) recognised in:							
Revaluation Reserve	119	-	-	-	-	-	119
Surplus/Deficit on the provision of services	25	-	-	-	-	-	25
Adjusted balance as at 1 April 2024	(1,589)	(5,495)	(43,855)	-	-	(4)	(50,943)
Net Book Value at 31 March 2024	-	-	-	-	-	-	-
Adjusted Net Book Value at 1 April 2024	74,902	11,224	48,892	12	6,200	388	141,618

18.2 Movement in balances – 2024/25

	Property, plant and equipment				Investment Property	Heritage Assets	Grand total
	Land and buildings	Vehicles and equipment	Infra- structure	Surplus Assets			
	£000	£000	£000	£000	£000	£000	£000
Gross Book Value							
Adjusted balance as at 1 April 2024	76,491	16,719	92,747	12	6,200	392	192,561
Additions	820	1,399	781	-	-	-	3,000
Revaluation increases / (decreases) recognised in:							
Revaluation Reserve	3,497	-	-	-	-	-	3,497
Surplus/Deficit on the provision of services	(6,998)	-	-	-	250	-	(6,748)
Derecognition - disposals	-	(921)	-	-	-	-	(921)
As at 31 March 2025	73,810	17,197	93,528	12	6,450	392	191,389
Depreciation / Amortisation							
Adjusted balance as at 1 April 2024	(1,589)	(5,495)	(43,855)	-	-	(4)	(50,943)
Depreciation / amortisation for the year	(2,799)	(3,298)	(2,772)	(1)	-	(4)	(8,874)
Revaluations and restatements written out to:							
Revaluation Reserve	2,601	-	-	-	-	-	2,601
Surplus/Deficit on the provision of services	740	-	-	-	-	-	740
Derecognition - disposals	-	194	-	-	-	-	194
As at 31 March 2025	(1,047)	(8,599)	(46,627)	(1)	-	(8)	(56,282)
Net Book Value at 31 March 2025	72,763	8,598	46,901	11	6,450	384	135,107
Analysis of movements in Net Book Value in 2024/25							
Restatement of opening balances	74,902	11,224	48,892	12	6,200	388	141,618
Additions	820	1,399	781	-	-	-	3,000
Revaluation increases / (decreases) recognised in:							
Revaluation Reserve	6,098	-	-	-	-	-	6,098
Surplus/Deficit on the provision of services	(6,258)	-	-	-	250	-	(6,008)
Derecognition - disposals	-	(727)	-	-	-	-	(727)
Depreciation / amortisation for the year	(2,799)	(3,298)	(2,772)	(1)	-	(4)	(8,874)
Total movements in Net Book Value	72,763	8,598	46,901	11	6,450	384	135,107

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18.3 Revaluations

The Council ensures that its Right of Use assets that are required to be measured at current value are measured, under a five-year rolling programme, by the Council's property advisor, Lambert Smith Hampton. All valuations are undertaken in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS). The timing and amount of valuations are summarised in the following table:

	Held at historical value £000	Valued as at		Total cost or valuation £000
		1 April 2022 £000	1 April 2024 £000	
Land and buildings	1,033	27,203	45,574	73,810
Vehicles, plant & equipment	17,197	-	-	17,197
Infrastructure	93,528	-	-	93,528
Surplus assets	-	-	12	12
Heritage assets	392	-	-	392
Investment properties	-	-	6,450	6,450
Gross book value	112,150	27,203	52,036	191,389

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19. Capital expenditure and capital financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under lease arrangements and PFI contracts), together with the resources that have been used to finance the capital expenditure.

The Capital Financing Requirement provides a measure of the capital expenditure incurred by the Council that has yet to be financed from cash resources.

The movement in the Capital Financing Requirement is analysed in the second part of this note.

2023/24 £000		2024/25 £000
1,147,435	Balance as at 31 March	1,155,264
	Restatement of opening balances	
-	Remeasurement of lease liabilities	18,765
-	Liabilities newly recognised on transition to IFRS 16	43,626
-	Other adjustments	250
1,147,435	Opening balance as at 1 April	1,217,905
	Capital investment	
261,666	Property, plant and equipment	258,271
-	Right of use assets coming into use	3,000
(741)	Inventories (written off balances)	-
22,641	Revenue expenditure funded from capital under statute	57,079
10,965	Loans awarded for capital purposes	8,296
294,531	Total capital investment	326,646
	Sources of finance	
(9,664)	Capital receipts	(17,843)
(203,992)	Government grants and contributions	(230,263)
(13,659)	Earmarked revenue reserves applied	(34,673)
(59,387)	Revenue provision for the repayment of debt	(68,950)
(286,702)	Total sources of finance	(351,729)
1,155,264	Closing Capital Financing Requirement	1,192,822
	Explanation of movements	
5,321	Increase / (decrease) in underlying need to borrow	(5,946)
2,508	Increase for assets acquired under lease arrangements	43,504
7,829	Increase in the Capital Financing Requirement	37,558

The opening Capital Financing Requirement has been restated because of implementing the requirements of International Financial Reporting Standard 16 Leases with retrospective effect, but with the cumulative impact being recognised on 1 April 2024.

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20. Lease liabilities

20.1 International Financial Reporting Standard 16 Leases

As explained in note 2, which commences on page 47, the Council has applied International Financial Reporting Standard 16 Leases (IFRS 16) for the first time in 2024/25, as required by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

The main consequence of adopting IFRS 16 is to extend the accounting treatment previously applied to finance leases to all leases, except those that are for low value items or whose term is less than one year.

Note 18 (which commences on page 77) provides information on the assets recognised on the Council's Balance Sheet for the rights the Council has secured to use items over their respective lease terms.

Liabilities are also recognised in the Balance Sheet for the obligations that the Council has, to pay rents for the rights acquired, discounted to their present value. Further information on these liabilities is provided in the following paragraphs.

20.2 Council as Lessee

20.2.1 Restatement of opening lease liabilities on transition to IFRS 16

The following table shows the impact of restating the opening lease liabilities as at 1 April 2024, on transition to IFRS 16:

	Properties		Vehicles, Plant & Equipment		Private Finance Initiatives	
	Short Term £000	Long Term £000	Short Term £000	Long Term £000	Short Term £000	Long Term £000
Balance as at 31 March 2024	(4)	(372)	(1,008)	(2,953)	(10,399)	(63,028)
Remeasurement of opening balances						
Leases newly recognised on transition	(1,104)	(34,435)	(2,371)	(5,716)	-	-
Remeasurement of lease liabilities	(6)	(567)	-	722	(6,351)	(12,562)
Other adjustments	(6)	(15)	-	-	-	-
Restated balance as at 1 April 2024	(1,120)	(35,389)	(3,379)	(7,947)	(16,750)	(75,590)

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20.2.2 Lease liabilities as at 31 March 2025

The lease liabilities at 31 March 2025 are as follows:

1 April 2024			31 March 2025	
Short Term	Long Term		Short Term	Long Term
£000	£000		£000	£000
(1,120)	(35,389)	Property	(1,291)	(34,390)
(3,379)	(7,947)	Vehicles, plant and equipment	(3,653)	(5,268)
(16,750)	(75,590)	Private Finance Initiative contracts	(13,411)	(63,060)
(21,249)	(118,926)		(18,355)	(102,718)

Further detail on the liabilities related to Private Finance Initiative contracts is provided in note 21, which commences on page 85.

20.2.3 Transactions under finance lease

The Council incurred the following expenses and cash flows in relation to leases during 2024/25:

	2024/25 £000
Comprehensive Income and Expenditure Statement	
Interest expense on lease liabilities	10,802
Expenses relating to short term leases	941
Expenses relating to leases of low value items	551
Income from sub letting right of use assets	(1,114)
	11,180
Cash flow statement	
Minimum lease payments	83,756
	83,756

20.2.4 Maturity analysis of lease liabilities

The lease liabilities, measured at the undiscounted amounts of expected cash payments, are due to be settled over the following periods:

1 April 2024				Repayment period	31 March 2025			
Property	Vehicles Plant & Equipment	Private Finance Initiatives	Total		Property	Vehicles Plant & Equipment	Private Finance Initiatives	Total
£000	£000	£000	£000		£000	£000	£000	£000
(2,883)	(3,972)	(25,047)	(31,902)	Within 1 year	(2,951)	(4,000)	(20,226)	(27,177)
(10,974)	(7,982)	(57,635)	(76,591)	Between 2 - 5 years	(10,845)	(5,624)	(42,848)	(59,317)
(12,290)	(465)	(37,363)	(50,118)	Between 5 - 10 years	(11,962)	(5)	(41,900)	(53,867)
(10,776)	-	(21,699)	(32,475)	Between 10 - 15 years	(10,776)	-	(12,962)	(23,738)
(10,776)	-	-	(10,776)	Between 15 - 20 years	(10,776)	-	-	(10,776)
(10,746)	-	-	(10,746)	Between 20 - 25 years	(10,707)	-	-	(10,707)
(4,412)	-	-	(4,412)	Between 25 - 30 years	(2,355)	-	-	(2,355)
(1,792)	-	-	(1,792)	Over 30 years	(1,732)	-	-	(1,732)
(64,649)	(12,419)	(141,744)	(218,812)	Total	(62,104)	(9,629)	(117,936)	(189,669)

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The total undiscounted lease liabilities, measured at the undiscounted amounts of expected cash payments, reconcile to the net lease liability as follows:

1 April 2024				31 March 2025		
Undiscounted lease liabilities £000	Unpaid Finance costs £000	Net Liability £000		Undiscounted lease liabilities £000	Unpaid Finance costs £000	Net Liability £000
(64,649)	28,140	(36,509)	Property	(62,104)	26,423	(35,681)
(12,419)	1,093	(11,326)	Vehicles, plant and equipment	(9,629)	708	(8,921)
(141,744)	49,404	(92,340)	Private Finance Initiative contracts	(117,936)	41,465	(76,471)
(218,812)	78,637	(140,175)		(189,669)	68,596	(121,073)

20.3 Council as Lessor

20.3.1 Nature of leasing activities

The Council leases out property and equipment under the terms of a finance lease for the following purposes:

- For the provision of accommodation for childcare facilities and other activities linked to the Council's core services.
- To provide a car provision scheme to eligible employees.

The Council has also leased out properties under the terms of an operating lease. The properties leased under the terms of an operating lease are those within its Investment Property portfolio (as detailed in note 17.4 on page 74), and properties for the provision of community and voluntary services.

20.3.2 Transactions under leases

The Council has made the following gains and losses as a lessor during the year:

31 March 2024 £000		31 March 2025 £000
	Finance leases	
(1)	Finance income on the net investment in the lease	(87)
	Operating leases	
(2,838)	Total lease income	(2,843)
(2,839)	Total	(2,930)

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20.3.3 Net investment in finance leases

The council experienced the following changes in the carrying amount of its net investment in finance leases during the year:

31 March 2024 £000		31 March 2025 £000
65	Net investment at 1 April	64
-	New leases entered into	2,518
(1)	Payments by lessees	(852)
64	Total	1,730

20.3.4 Maturity analysis of lease receivables

The lease receivables are due to be collected over the following time bands (measured at the undiscounted amounts of expected cash receipts):

31 March 2024			31 March 2025	
Operating leases	Finance leases £000		Operating leases	Finance leases £000
2,421	1	Less than 1 year	2,387	762
2,133	1	1 to 2 years	1,894	473
1,637	1	2 to 3 years	1,297	164
976	1	3 to 4 years	771	37
443	1	4 to 5 years	520	37
2,260	108	More than 5 years	2,558	672
9,870	113	Total	9,427	2,145

The total undiscounted receivables for finance leases reconcile to the net investment in finance leases as follows:

31 March 2024 £000		31 March 2025 £000
113	Total undiscounted lease receivables	2,145
(49)	Unearned finance income	(415)
64	Net investment at 31 March	1,730

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21. Private Finance Initiative (PFI) contracts

21.1 International Financial Reporting Standard 16 Leases (IFRS 16)

Private Finance Initiative (PFI) liabilities now follow the accounting treatment for lease liabilities.

Previously, where indexation was applied to PFI unitary charges, the PFI liabilities were not reassessed. Instead, the increases were recognised in contingent rents, and they were expensed in the year.

Under the requirements of IFRS 16 and the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, where a unitary charge is indexed, the PFI liabilities are reassessed, based on the net present value of future payments and using the interest rate assumed within the schemes.

The PFI liabilities have been remeasured for the first time at 1 April 2024.

21.2 Nature and significant terms

The nature and significant terms of these arrangements are as follows:

Scheme	Nature and significant terms
A130 Bypass	<p>This contract was entered into in October 1999 for the design, construction and maintenance of the A130 Bypass and associated off-site facilities. Construction was completed in two phases; the Northern section was completed in 2002 and the Southern section in 2003. Construction and land costs were estimated at £80m.</p> <p>Payments are made to the Contractor for the provision of the road surface and are based upon the availability and usage of the road.</p> <p>The road will be passed to the Council in a repaired/neutral state at the end of the arrangement in 2030.</p>
Debden Park School	<p>The Operator was firstly responsible for the construction of the school and subsequently for the running of it. Initial construction costs were in the region of £15m. The contractor is operating and maintaining the school facilities for a contract term of 25 years (i.e. until 2026).</p> <p>The amounts paid to the Contractor vary according to inflation, the proportion of time that the facilities are made available to the school, and the achievement of performance goals.</p>

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Scheme	Nature and significant terms
Clacton Secondary Schools	<p>This contract was entered into in 2003/04 for the construction of a new secondary school and the expansion and refurbishment of a further two secondary schools, all within the Clacton area. Total construction costs were in the region of £34m. The contract also provides for a full facilities management service for all sites for the contract term of 30 years (i.e. from 2005 until 2035).</p> <p>The annual unitary charge varies according to inflation, the proportion of the time that the facilities are made available to the schools, and the extent to which the Operator meets agreed performance goals.</p>
Castlevew, Cornelius Vermuyden and Columbus Schools	<p>This contract was entered into in April 2010 for the provision of three schools under one project agreement, with one unitary payment. The contract includes buildings and grounds maintenance, security, caretaking and cleaning. The operational term for the PFI contract, which commenced in January 2012, is 25 years.</p> <p>The Council carries the PFI liability in its own Balance Sheet for the Columbus School, as this was a community school at financial close of the contract. The construction costs of this school amounted to £22.3m.</p>
Woodlands School	<p>The contract includes buildings and grounds maintenance, security, caretaking and cleaning. The operational term for the PFI contract is 23 years (excluding the construction period). Construction costs for this school amounted to £27m. The school became operational in January 2014.</p> <p>Annual unitary payments include payment for services provided, financing charges and repayment of this liability.</p>

21.3 Details of payments to be made under PFI contracts

The Council makes agreed payments under the schemes detailed in note 21.2 each year, which are increased by inflation, and can be reduced if the contractor fails to meet availability and performance standards, but which are otherwise fixed.

Payments remaining to be made by the Council under the operational phase of its PFI contracts (excluding any estimation of inflation and availability / performance deductions) are as follows:

	Estimated timing of payments to PFI/PPP operators				
	Within one year	2 - 5 years	6 - 10 years	11 - 15 years	Total
	£000	£000	£000	£000	£000
Service charges	8,571	31,265	31,183	6,149	77,168
Interest and similar charges	6,814	19,362	14,023	1,265	41,464
Repayment of liability	13,411	23,486	27,876	11,698	76,471
Lifecycle replacement	2,670	14,471	6,144	1,119	24,404
Total	31,466	88,584	79,226	20,231	219,507

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Under existing legislation, the Council expects to continue to receive additional government grant that will broadly cover the capital elements of the payments to contractors.

21.4 Property, plant and equipment used to provide services

The assets recognised on the Council's Balance Sheet that are used to provide services in respect of the above schemes are as follows:

31 March 2024 £000		31 March 2025 £000
	Gross Book Value	
107,068	Balance brought forward	106,805
	Restatement of opening balance on transition to IFRS 16	
-	Impact of remeasuring lease liabilities	13,102
107,068	Restated balance as at 1 April	119,907
-	Additions	759
	Revaluation increases / (decreases) recognised in:	
(263)	Revaluation Reserve	61
106,805	As at 31 March	120,727
	Depreciation / Amortisation	
(42,015)	Balance brought forward	(44,395)
	Restatement of opening balance on transition to IFRS 16	
-	Impact of remeasuring lease liabilities	117
(42,015)	Restated balance as at 1 April	(44,278)
175	Revaluations and restatements	267
(2,555)	Depreciation / amortisation for the year	(3,389)
(44,395)	As at 31 March	(47,400)
65,053	Net book value at 1 April	75,629
62,410	Net book value at 31 March	73,327

21.5 Value of PFI liabilities for capital expenditure

The following liability is outstanding to pay the PFI contractors for capital expenditure:

2023/24 £000		2024/25 £000
(87,163)	Balance as at 1 April	(73,427)
-	Remeasurement of liabilities on transition to IFRS 16	(18,914)
(87,163)	Restated balance as at 1 April	(92,341)
-	Remeasurement of liabilities	(1,252)
13,736	Liabilities repaid	17,122
(73,427)	Balance as at 31 March	(76,471)

22. Financial instruments

22.1 Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

31 March 2024				31 March 2025		
Long term £000	Short term £000	Total £000		Long term £000	Short term £000	Total £000
			Financial assets			
			Investments			
82	-	82	Fair value through Profit or Loss	27	-	27
2,841	126,323	129,164	Debtors (contractual)	10,574	115,855	126,429
-	688,719	688,719	Cash and cash equivalents	-	735,312	735,312
2,923	815,042	817,965	Total	10,601	851,167	861,768
			Financial liabilities (amortised cost)			
(557,694)	(38,869)	(596,563)	Borrowing	(538,104)	(40,379)	(578,483)
(66,353)	(11,411)	(77,764)	PFI / Finance lease liabilities	(102,718)	(18,355)	(121,073)
(220)	(287,968)	(288,188)	Creditors (contractual)	(1,169)	(299,211)	(300,380)
-	(15,405)	(15,405)	Bank overdraft	-	(7,772)	(7,772)
(624,267)	(353,653)	(977,920)	Total	(641,991)	(365,717)	(1,007,708)

The above totals for debtors and creditors differ from the figures shown in the Balance Sheet because amounts related to statutory debts (e.g. such as Council Tax and Non-Domestic Rates) are not classified as financial instruments.

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22.2 Income, expense, gains and losses

Items included within the Surplus / Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement in relation to income, expense and gains and losses on financial instruments are as follows:

2023/24 £000		2024/25 £000
	Net (gains) / losses	
712	Financial assets classified as Fair Value through Profit or Loss	55
	Interest revenue	
(256)	Financial assets classified as Fair value through profit or loss	-
(29,252)	Financial assets classified as amortised cost	(26,722)
41,214	Interest expense	31,032
12,418	Net (gain) / loss for the year	4,365

22.3 Fair values of financial assets carried at fair value

The financial asset classified as 'Fair Value through Profit and Loss' in note 22.1 is an equity investment in Medtech Accelerator Ltd, a company supporting the development of new medical technologies to create new employment opportunities in the region.

22.4 Fair values for financial assets and liabilities not measured at fair value

Other than the financial asset described in note 22.3, all financial assets and all financial liabilities are carried in the Balance Sheet at amortised cost. The following table compares, for all financial assets and liabilities held at amortised cost, the carrying and fair values:

31 March 2024			31 March 2025	
Carrying amount £000	Fair Value £000		Carrying amount £000	Fair Value £000
		Financial liabilities		
		Borrowing		
(492,360)	(434,011)	Public Works Loans Board	(476,431)	(396,995)
(77,937)	(66,328)	Money Market loans	(77,928)	(60,411)
(26,266)	(23,897)	Other	(24,124)	(23,036)
(596,563)	(524,236)	Sub total - borrowing	(578,483)	(480,442)
(77,764)	(98,118)	PFI / finance lease liabilities	(121,073)	(121,073)
(15,405)	(15,405)	Bank overdraft	(7,772)	(7,772)
(288,188)	(288,188)	Creditors (contractual)	(300,380)	(300,380)
(977,920)	(925,947)	Total financial liabilities	(1,007,708)	(909,667)
		Financial assets		
688,719	688,719	Cash and cash equivalents	735,312	735,312
129,164	129,164	Debtors (contractual)	126,429	126,429
817,883	817,883	Total financial assets	861,741	861,741

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Financial liabilities – Public Works Loan Board

The fair value of Public Works Loan Board (PWLB) loans measures the economic effect of terms agreed with the PWLB, compared with the estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date, which has been assumed to be the PWLB 'new loan' rate. The difference between the carrying amount (£476.431m) and the fair value of the PWLB loans (£396.995m) therefore measures the additional interest the Council will pay over the remaining term of the loans, against what would be paid if the loans were at prevailing 'new loan' rates. However, the Council would not simply be able to swap its existing loans for equivalent loans at the 'new loan' rate because the PWLB would raise a penalty charge for early redemption of some of the Council's existing loans. The exit price for the PWLB loans would therefore be £433.359m.

Financial liabilities – PFI / Finance lease liabilities

The financial liabilities for PFI / finance lease liabilities as at 31 March 2025 include the impact of the transition to IFRS 16 Leases, with effect from 1 April 2024. The liabilities at 31 March 2024 were based on the requirements of International Accounting Standard 17 Leases (IAS 17). Details of the impact of transition to IFRS 16 are set out in note 2, which commences on page 47.

Investments and cash

Where an instrument will mature within the next 12 months, the carrying amount is assumed to approximate to fair value.

Other

The fair value of trade creditors and debtors is taken to be the invoiced or billed amount.

22.5 Fair value hierarchy for financial assets and liabilities not measured at fair value

The fair values for borrowing and investments that are not carried in the Balance Sheet at fair value have all been derived at **level 2** of the fair value hierarchy (i.e. using inputs other than quoted prices that are observable for the financial asset / liability). The fair value of the remainder of financial liabilities and assets that are not carried in the Balance Sheet at fair value have been derived at **level 3** of the fair value hierarchy.

The fair value for financial liabilities and financial assets that are not measured at fair value has been 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:

Financial Assets

- No early repayments or impairments are recognised.
- The estimated rate of interest at 31 March 2025 for loans receivable is **4.45%**. This rate is based on new lending rates for the remaining period of the deposits at that date.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

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Financial liabilities

- No early repayment is recognised.
- The estimated range of interest rates at 31 March 2025, for loans payable, is **4.48%** to **5.99%**. These rates are based on new lending rates for equivalent loans at that date.
- The fair value of trade and other payables is taken to be the invoiced or billed amount.

22.6 Nature and extent of risks arising from financial instruments

One of the main ways in which the Council is exposed to financial risks from financial instruments is because of depositing its funds with banks and financial institutions. These financial risks include:

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

The Council's overall treasury risk management framework focuses on the unpredictability of financial markets and arrangements for minimising these risks in relation to depositing funds with banks and other financial institutions.

This framework includes:

- Compliance with statutory regulations and the CIPFA Treasury Management in the Public Services Code of Practice and Cross Sectoral guidance notes.
- Approving annual limits on the overall level of borrowing, exposure to fixed and variable interest rates, maturity structure of debt and amounts that can be invested beyond one year.
- Approving an annual investment strategy that establishes criteria for both investing and selecting counterparties in compliance with government guidance.
- Written principles for overall risk management and policies covering specific areas such as interest rate risk, credit risk and the investment of surplus cash.

The Council is also exposed to financial risks by virtue of its transactions with its customers and suppliers. It seeks to mitigate these risks by collecting income in advance of providing services, and by not paying suppliers in advance of goods and services being received, wherever this is possible.

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Credit risk

The Council sought to minimise the credit risks associated with depositing funds with banks and financial institutions by only placing funds with those counterparties that satisfied the credit rating criteria set out within its investment strategy. This strategy sought to provide a sound approach to investing in normal market circumstances.

UK banks and building societies, and non-UK banks domiciled in a country with a minimum sovereign rating of 'AA-', were eligible for inclusion on the Council's lending list during 2024/25 if they had acceptable credit ratings in both of the following categories:

- **Short-term rating** – provides an indication of the capacity of the financial institution to meet its financial commitments in the short-term.
- **Long-term rating** – provides an indication of the capacity of the financial institution to meet its financial commitments over the longer-term.

Nationalised / part-nationalised financial institutions were also included on the Council's lending list, together with low volatility net asset value Money Market Funds that were denominated in 'sterling' and regulated within the EU and had an 'AAA' credit rating.

Application of the credit rating criteria set out within the Annual Investment Strategy meant that the maximum amount invested in 2024/25 by the Council with any financial institution, at any point in time, ranged between **£35m** and **£75m** (i.e. the limit varied within this range, depending on the relative strength of financial institutions' credit ratings within the acceptable range).

Surplus cash balances were invested on a short-term basis (i.e. for periods of up to 364 days) until the funds were next required. Funds invested on this basis were either placed 'on-call' or in short-term 'fixed-term' deposits. Because of the short-term nature of these investments, the Council was able to respond quickly to changes in credit risk.

The Council's Investment Strategy did not allow for cash balances to be invested on a longer-term basis (i.e. for periods beyond 364 days). In previous years, a limit of £30m was placed on the cash balances that could be invested for periods beyond 364 days.

The Council did not experience any losses from non-performance by any of its counterparties in relation to the deposits it placed with them.

In relation to credit exposure associated with the Council's customers, the Council raises invoices for all work done, goods supplied and services rendered or other amounts due, to ensure that such amounts are properly recorded as due to the Council. The Council's Income Collection Team is then responsible for the recovery and enforcement of these debts, which it does in compliance with the Council's Debt Recovery Strategy to ensure that payment is secured within the agreed terms and to minimise the incidence of bad debts.

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Liquidity risk

There are no significant risks that the Council will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The Council seeks to mitigate against this risk by ensuring a relatively even debt maturity profile.

The maturity analysis of existing financial liabilities (principal and interest) is as follows:

31 March 2024				Repayment period	31 March 2025			
PWLB	Money Market	Other	Total		PWLB	Money Market	Other	Total
£000	£000	£000	£000		£000	£000	£000	£000
31,960	3,162	18,049	53,171	Less than one year	32,245	3,162	19,038	54,445
31,960	3,162	18,049	53,171	Short term borrowing	32,245	3,162	19,038	54,445
32,245	3,162	3,131	38,538	Between 1 and 2 years	34,475	3,162	3,096	40,733
102,804	9,487	5,085	117,376	Between 2 - 5 years	102,484	9,487	1,989	113,960
165,793	15,811	-	181,604	Between 5 - 10 years	163,184	15,811	-	178,995
252,647	47,435	-	300,082	Between 10 - 25 years	228,986	47,435	-	276,421
223,227	47,435	-	270,662	Between 25 - 40 years	215,342	47,435	-	262,777
-	31,623	-	31,623	Between 40 - 50 years	-	31,623	-	31,623
-	85,605	-	85,605	Over 50 years	-	82,443	-	82,443
776,716	240,558	8,216	1,025,490	Long term borrowing	744,471	237,396	5,085	986,952
808,676	243,720	26,265	1,078,661	Total borrowing	776,716	240,558	24,123	1,041,397

Market Risk

A rise in interest rates could impact the Council in the following ways:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise.
- Borrowings at fixed rates – the fair value of borrowings will fall.
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise.
- Investments at fixed rates – the fair value of the assets will fall.

Because the Council only carries a small proportion of its investments at fair value, and none of its borrowings, nominal gains and losses on fixed rate borrowing and investments would not impact on the Surplus or Deficit on the Provision of Services. However, changes in interest payable and receivable on variable rate borrowings and investments will impact on the amount charged / credited to the Surplus or Deficit on the Provision of Services pound for pound.

The Council has several strategies for managing interest rate risk, including limiting exposure to variable rate borrowing to a maximum of **35%** of total borrowing (2023/24: 30%).

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If interest rates had been **1%** higher throughout 2024/25 (with all other variables held constant) the Council's net interest burden would have been lower than that shown in note 22.2, as follows:

2023/24 £000		2024/25 £000
	Impact on the Comprehensive Income and Expenditure Statement	
588	Interest payable on variable rate borrowing	157
(1,872)	Interest receivable on variable rate investments	(1,898)
(1,284)	Net (gain) / loss	(1,741)

22.7 Credit risk management practices

The following arrangements were in place for managing credit risk in relation to financial assets, and for estimating the impairment loss allowance that would reflect the Council's exposure to this risk:

Asset type	Credit risk management practices	Estimation of impairment loss allowances
Deposits with banks and other financial institutions	Deposits are restricted by the Council's Treasury Management Strategy (as noted above).	Expected credit losses are calculated by applying historical experience of default factors supplied by the Council's Treasury Management Advisor.
Deposits with subsidiaries of the Council	Deposits are governed by formal agreements between the Council and its subsidiaries.	The need to make provision for expected credit losses is kept under review as part of the Council's general oversight of its subsidiaries.
Contractual debtors - General	Debtors are not subject to internal credit rating; they are instead grouped by their credit risk characteristics for the purposes of calculating expected credit losses.	Expected credit losses are calculated using provision matrices based on historical data for defaults, overlaid by consideration of factors impacting upon debtors' ability to settle their obligations.
Contractual debtors – capital loans awarded to subsidiaries of the Council	The loans are governed by formal loan agreements between the Council and its subsidiaries. The loan agreements stipulate the loan terms and the arrangements for repayment.	The need to make provision for expected credit losses is kept under review as part of the Council's general oversight of its subsidiaries.

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The following table summarises the Council's potential credit risk exposure:

	Credit risk Low £000	Not subject to credit rating £000	Gross carrying amount £000
Deposits			
Deposits with banks and other financial institutions	671,600	-	671,600
Deposits with subsidiaries of the Council	-	9,073	9,073
	671,600	9,073	680,673
Contractual debtors			
General debtors	-	116,375	116,375
Capital loans awarded to subsidiary companies	-	10,054	10,054
	-	126,429	126,429
Total amount exposed to credit risk	671,600	135,502	807,102

The following movements in the impairment loss allowances for financial assets took place in 2024/25:

	Cash and cash equivalents £000	Investments at amortised cost £000	Other debtors (contractual) £000	Total £000
Allowance at 1 April 2023	92	-	15,316	15,408
Assets recognised	483	-	2,238	2,721
Allowance at 31 March 2024	575	-	17,554	18,129
Assets recognised	1,507	-	2,222	3,729
Allowance at 31 March 2025	2,082	-	19,776	21,858

The total credit loss allowance for contractual debtors, at **£19.776m**, equates to **15.6%** of the debt outstanding at 31 March 2025 (31 March 2024: £17.554m, equating to 13.6% of the debt outstanding).

23. Debtors

The opening balance of debtors has been restated because of implementing the requirements of International Financial Reporting Standard 16 Leases with retrospective effect, but with the cumulative impact being recognised on 1 April 2024.

31 March 2024				31 March 2025		
Short term £000	Long term £000	Total £000		Short term £000	Long term £000	Total £000
193,523	15,237	208,760	Opening balance	247,792	12,526	260,318
-	-	-	Restatement of opening balances			-
-	-	-	Finance leases receivable	590	947	1,537
193,523	15,237	208,760	Adjusted opening balance	248,382	13,473	261,855
54,269	(2,711)	51,558	Increase / (decrease) in the year	(44,044)	6,325	(37,719)
247,792	12,526	260,318	Total	204,338	19,798	224,136

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The following table analyses short and long-term debtors:

31 March 2024				31 March 2025		
Short term £000	Long term £000	Total £000		Short term £000	Long term £000	Total £000
108,431	-	108,431	Trade debtors	103,331	-	103,331
10,819	-	10,819	Recoverable Value Added Tax	11,831	-	11,831
			Council Tax and Non Domestic Rates			
9,985	-	9,985	Billing authorities	11,530	-	11,530
94,447	-	94,447	Taxpayers	97,308	-	97,308
44,516	897	45,413	Prepayments	32,719	876	33,595
39,040	-	39,040	Grants and accrued income	20,722	-	20,722
-	64	64	Finance leases receivable	693	1,037	1,730
7,074	11,565	18,639	Other debtors	-	17,885	17,885
314,312	12,526	326,838		278,134	19,798	297,932
			Credit loss allowances			
(17,554)	-	(17,554)	Sundry debtors	(19,776)	-	(19,776)
(48,966)	-	(48,966)	Council Tax and Non-Domestic Rates	(54,020)	-	(54,020)
247,792	12,526	260,318	Total	204,338	19,798	224,136

24. Cash and cash equivalents

The following table shows the balance of cash and cash equivalents at 31 March.

31 March 2024				31 March 2025		
Assets £000	Liabilities £000	Net total £000		Assets £000	Liabilities £000	Net total £000
			Amounts that are an integral part of the Council's cash management			
152,799	-	152,799	Cash repayable on demand	157,718	-	157,718
479,773	-	479,773	Cash equivalents	522,540	-	522,540
-	(15,527)	(15,527)	Bank overdraft	-	(7,772)	(7,772)
	122	122	Petty cash balances	121	-	121
632,572	(15,405)	617,167		680,379	(7,772)	672,607
56,147	-	56,147	Cash held by schools	54,933	-	54,933
688,719	(15,405)	673,314	Total of cash and cash equivalents	735,312	(7,772)	727,540

The cash balances for several of the Council's main bank accounts can fluctuate significantly, and the accounts may individually become overdrawn. However, the Council's banking arrangement means that overdraft charges are only applied when these accounts are in an overdraft position in aggregate.

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25. Creditors

The following table analyses short and long-term creditors:

31 March 2024				31 March 2025		
Short term £000	Long term £000	Total £000		Short term £000	Long term £000	Total £000
(202,706)	-	(202,706)	Trade creditors	(201,784)	(823)	(202,607)
(33,300)	-	(33,300)	Cash held on behalf of partnerships	(44,021)	-	(44,021)
			Council Tax and Non-Domestic Rates			
(21,940)	-	(21,940)	Billing authorities	(23,879)	-	(23,879)
(17,140)	-	(17,140)	Taxpayers	(19,496)	-	(19,496)
(33,100)	-	(33,100)	Employee related creditors	(32,210)	-	(32,210)
(18,862)	-	(18,862)	Other creditors	(21,195)	-	(21,195)
(13,158)	(220)	(13,378)	Receipts in advance	(15,349)	(346)	(15,695)
(340,206)	(220)	(340,426)	Total	(357,934)	(1,169)	(359,103)

26. Grant receipts in advance

Where grants or contributions have been received, but the conditions attached to the funding are not yet satisfied, the amount is carried in the Balance Sheet as a receipt in advance. An analysis of the amounts carried in the Balance Sheet as a grant receipt in advance is as follows:

31 March 2024				31 March 2025			
Revenue Short term £000	Capital Short term £000	Long term £000		Revenue Short term £000	Long term £000	Capital Short term £000	Long term £000
			Dept for Education and related				
(1,518)	(28,917)	(19,707)	Department for Education grants	(4,403)	-	(15,225)	(26,471)
(38,338)	-	-	Education and Skills Funding Agency	(3,215)	-	-	-
(39,856)	(28,917)	(19,707)		(7,618)	-	(15,225)	(26,471)
			Ministry of Housing, Communities and Local Govnt				
(13,868)	-	-	Improved Better Care Fund	(12,801)	-	-	-
(16,295)	-	-	Ukraine refugee funding	(13,866)	-	-	-
(2,652)	(2,482)	(146)	Other	(2,459)	-	(2,793)	-
(32,815)	(2,482)	(146)		(29,126)	-	(2,793)	-
			Other grants				
(13,445)	(15,178)	(2,915)	Department for Transport	(13,626)	-	(18,538)	(5,992)
(3,346)	-	-	Home Office	(5,310)	-	-	-
-	-	-	Homes England	-	-	(16,075)	-
(957)	-	-	Department of Health and Social Care	(671)	-	-	-
-	-	-	Dept for Business, Energy & Industrial Strategy	-	-	(76)	-
-	(4,939)	(4,939)	Dept for Science, Innovation and Technology	-	-	(3,607)	(6,207)
-	(14,390)	(686)	South East Local Enterprise Partnership	(162)	-	(5,788)	-
(1,891)	(1,070)	-	Other	(3,231)	-	(803)	-
(19,639)	(35,577)	(8,540)		(23,000)	-	(44,887)	(12,199)
(92,310)	(66,976)	(28,393)	Total of grant receipts in advance	(59,744)	-	(62,905)	(38,670)
(15)	(46,566)	(93,619)	Developer contributions (\$106)	(130)	(5,897)	(19,545)	(136,507)
(92,325)	(113,542)	(122,012)	Total	(59,874)	(5,897)	(82,450)	(175,177)

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27. Provisions and contingencies

27.1 Provisions

The Council has set funds aside as provisions to meet obligations related to events that have taken place which probably require settlement by the transfer of economic benefits.

Provisions are split on the Council's Balance Sheet between current (amounts expected to be settled within 12 months) and non-current (those expected to be settled beyond the next 12 months).

An analysis of the current and non-current provisions is provided in the following table.

	Insurance Provision £000	Landfill aftercare £000	Non-domestic rating appeals £000	Other provisions £000	Total £000
Current provisions					
Balance at 31 March 2024	(4,000)	(606)	(3,828)	(964)	(9,398)
Restatement of opening balance					
Dilapidations recognised on transition to IFRS 16	-	-	-	-	-
Adjusted balance as at 1 April 2024	(4,000)	(606)	(3,828)	(964)	(9,398)
Amounts arising	-	-	(1,497)	(503)	(2,000)
Provisions reversed	-	-	-	-	-
Provisions utilised	5,806	847	1,448	869	8,970
Unwinding of discount	-	(50)	-	-	(50)
Amounts reclassified as (current) / non current	(5,806)	(1,029)	-	-	(6,835)
Balance at 31 March 2025	(4,000)	(838)	(3,877)	(598)	(9,313)
Non-current provisions					
Balance at 31 March 2024	(16,246)	(11,346)	-	-	(27,592)
Restatement of opening balance					
Dilapidations recognised on transition to IFRS 16	-	-	-	(230)	(230)
Adjusted balance as at 1 April 2024	(16,246)	(11,346)	-	(230)	(27,822)
Amounts arising	(7,975)	(3,439)	-	-	(11,414)
Provisions reversed	-	-	-	-	-
Provisions utilised	-	-	-	-	-
Amounts reclassified as current / (non current)	5,806	1,029	-	-	6,835
Balance at 31 March 2025	(18,415)	(13,756)	-	(230)	(32,401)
Total current and non-current provisions					
31 March 2024	(20,246)	(11,952)	(3,828)	(964)	(36,990)
31 March 2025	(22,415)	(14,594)	(3,877)	(828)	(41,714)

The opening balance of debtors has been restated because of implementing the requirements of International Financial Reporting Standard 16 Leases with retrospective effect, but with the cumulative impact being recognised on 1 April 2024.

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An explanation of each provision is as follows:

Provision	Purpose
Insurance	<p>The Insurance Provision represents the estimated outstanding liabilities of the Council that are likely to be paid over several years. They arise due to the self-insured elements of the Council's Insurance programme.</p> <p>An earmarked revenue reserve is maintained alongside the Insurance Provision and provides for future potential and contingent liabilities for insurance claims (see note 10, which commences on page 63).</p>
Landfill aftercare	<p>The Council has responsibility for the aftercare of twelve former landfill sites. Restoration work was undertaken at all sites during the 1990's, when the sites were closed. However, the Council continues to monitor each site, and to operate and maintain pollution control infrastructure, to ensure that these sites do not bring harm to human health, property and the environment. The Council will have this obligation until the sites become inert.</p> <p>As the Council expects to discharge its environmental monitoring liabilities over a prolonged period, the provision has been discounted to the present value of the expenditures expected to be required to settle the obligation.</p>
Non-domestic rating appeals	<p>Under the legislative framework for the Collection Fund, billing and precepting authorities share proportionately the risks that the amount of Non-Domestic Rates collectable could be affected by the requirement to make backdated refunds to non-domestic ratepayers who lodge appeals against the Valuation Rating Lists. For this reason, the Council's Balance Sheet includes an attributable share of the provisions raised by the billing authorities for non-domestic rating appeals.</p>
Other	<p>Various provisions have been established in respect of legal claims and constructive obligations.</p>

28. Unusable reserves

28.1 Introduction

The Council maintains several unusable reserves which are held for statutory reasons or to comply with proper accounting practice. The Council is not able to use these reserves to provide services. Notes 28.2 to 28.4 explain the purpose of the most significant of these unusable reserves, and the movements in these reserves during the year.

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28.2 Revaluation Reserve

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

- Re-valued downwards or impaired and the gains are lost.
- Used in the provision of services and the gains are consumed through depreciation.
- Disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was established. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account (which is explained in note 28.3).

The following table provides an analysis of the movements on the Revaluation Reserve:

2023/24 £000		2024/25 £000
(700,032)	Balance as at 31 March	(659,690)
	Restatement of opening balance on transition to IFRS 16	
-	Revaluation of newly recognised right of use assets	(5,807)
-	Accumulated gains on assets disposed on transition	2,110
(700,032)	Adjusted balance as at 1 April	(663,387)
(42,972)	Revaluation of non current assets (increases)	(70,595)
54,442	Revaluation of non current assets (subsequent decreases)	45,765
11,470	(Surplus) / deficit on revaluations	(24,830)
16,090	Depreciation on revaluation gains	17,732
12,782	Accumulated gains on assets sold or scrapped	36,254
28,872	Amounts written off to the Capital Adjustment Account	53,986
(659,690)	Balance as at 31 March	(634,231)

The opening balance on the Revaluation Reserve has been restated because of implementing the requirements of International Financial Reporting Standard 16 Leases with retrospective effect, but with the cumulative impact being recognised on 1 April 2024.

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28.3 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets, and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The following table provides an analysis of the movements on the Capital Adjustment Account.

2023/24 £000		2024/25 £000
(1,280,811)	Balance as at 31 March	(1,429,385)
	Restatement of opening balance on transition to IFRS 16	
-	Revaluation of newly recognised right of use assets	38,081
-	Disposal of Right of Use assets on transition	1,232
-	Right of use assets recognised as donated	(6,221)
-	Other adjustments	(1)
(1,280,811)	Adjusted balance as at 1 April	(1,396,294)
	Reversal of items related to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	
98,444	Depreciation	107,725
13,620	Impairment of non-current assets	18,107
100	Impairment of assets held for sale	-
22,641	Revenue expenditure financed from capital under statute	57,079
418	(Gain)/loss on valuation of investments financed from capital	55
27,240	Cost / value of assets disposed of during the year	66,140
	Adjusting amounts written out of the Revaluation Reserve	
(16,090)	Difference between fair value and historical cost depreciation	(17,732)
(12,782)	Revaluation gains outstanding for assets upon disposal	(36,254)
133,591	Net written out amount of the cost of non current assets consumed in the year	195,120
	Capital financing applied in the year	
(13,659)	Revenue reserves applied	(34,673)
	Provision for the financing of capital investment	
(55,905)	Statutory provision	(64,333)
(3,482)	Voluntary provision	(4,617)
(9,664)	Capital receipts applied	(17,843)
	Capital grants and contributions applied to finance:	
(181,369)	Capital Expenditure	(207,970)
(21,532)	Revenue expenditure funded from capital	(22,227)
(1,091)	Application of grants from the Capital Grants Unapplied Account	(66)
5,117	Repayment of loans awarded for capital purposes	8,943
(580)	Movement in market value of investment properties	(4,132)
(1,429,385)	Balance as at 31 March	(1,548,092)

The opening balance on the Capital Adjustment Account has been restated because of implementing the requirements of International Financial Reporting Standard 16 Leases with retrospective effect, but with the cumulative impact being recognised on 1 April 2024.

28.4 Pension Reserve

The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service,

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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 the Council to finance benefits earned as it makes employer's contributions to pension funds, or eventually pays any pensions for which it is directly responsible.

The Pension Reserve therefore absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions.

The balance on the Pension Reserve shows the shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. Statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2023/24				2024/25		
LGPS £000	Teachers £000	Total £000		LGPS £000	Teachers £000	Total £000
25,854	18,043	43,897	Balance as at 1 April	23,945	16,270	40,215
			Pension Reserve appropriation to / (from) the General Fund for:			
			Reversal of items relating to retirement benefits debited or credited to the surplus / deficit on the Provision of Services in the Other Comprehensive Income and Expenditure line of the Comprehensive Income and Expenditure Statement			
38,198	804	39,002		8,141	702	8,843
(67,698)	(2,625)	(70,323)	Council contributions to the schemes	(75,579)	(2,685)	(78,264)
(29,500)	(1,821)	(31,321)	Total appropriation from Pension Reserve	(67,438)	(1,983)	(69,421)
(281,083)	48	(281,035)	Remeasurements of the net pension asset / liability	(386,317)	(697)	(387,014)
308,674	-	308,674	Change in effect of asset ceiling	450,641	-	450,641
23,945	16,270	40,215	Balance as at 31 March	20,831	13,590	34,421

29. Cash Flows from operating, investing and financing activities

The cash flows from operating, investing and financing activities include the items shown overleaf.

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.

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2023/24		2024/25
£000		£000
	Cash flows from operating activities	
	Cash inflows	
(851,549)	Taxation	(904,918)
(1,238,488)	Grants	(1,373,959)
(308,309)	Sales of goods and rendering of services	(353,243)
(36,413)	Interest received	(35,437)
(1,189)	Dividends received	(1,868)
(2,435,948)		(2,669,425)
	Cash outflows	
547,031	Cash paid to and on behalf of employees	578,016
41,464	Interest paid	32,466
1,552,078	Cash paid to suppliers of goods and services	1,759,180
	Other payments for operating activities	
139,102	Employer's national insurance and pension contributions	149,291
22,641	Revenue expenditure funded from capital under statute	57,079
10,658	Other payments	12,139
2,312,974		2,588,171
(122,974)	Net inflow of cash from operating activities	(81,254)
	Cash flows from investing activities	
	Cash inflows	
(394)	Proceeds from the sale of Property, Plant and Equipment and Investment Property assets	(7,010)
(10,000)	Proceeds from short and long term investments	-
	Other receipts from investing activities	
(198,795)	Capital grants received	(248,809)
(7,204)	Other capital cash received	(10,850)
(216,393)		(266,669)
	Cash outflows	
262,094	Purchase of Property, Plant and Equipment, Investment Property and Intangible assets	255,612
11,809	Other payments for investing activities	9,337
273,903		264,949
57,510	Net (inflow) / outflow of cash from investing activities	(1,720)
	Cash flows generated from financing activities	
	Cash inflows	
(6,427)	Cash receipts of short and long term borrowing	(585)
(2,903)	Other receipts from financing activities	(10,721)
(9,330)		(11,306)
	Cash outflows	
15,197	Cash payments for the reduction of liabilities related to Finance Leases (incl. PFI contracts)	22,102
12,044	Repayment of short and long term borrowing	17,952
27,241		40,054
17,911	Net outflow of cash from financing activities	28,748
(47,553)	Net increase in cash and cash equivalents	(54,226)

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30. Changes in liabilities arising from financing activities

	Long term borrowing £000	Short term borrowing £000	Lease liabilities £000	Cash held on behalf of third parties £000	Total £000
Balance at 1 April 2023	(572,344)	(29,549)	(90,453)	(30,397)	(722,743)
Cash flows	(3,309)	8,926	15,197	(2,903)	17,911
Non cash adjustments	17,959	(18,246)	(2,508)	-	(2,795)
Balance at 31 March 2024	(557,694)	(38,869)	(77,764)	(33,300)	(707,627)
Restatement of opening balances					
Non cash adjustments	-	-	(62,411)	-	(62,411)
Adjusted balance at 1 April 2024	(557,694)	(38,869)	(140,175)	(33,300)	(770,038)
Cash flows	-	17,367	22,102	(10,721)	28,748
Non cash adjustments	19,590	(18,877)	(3,000)	-	(2,287)
Balance at 31 March 2025	(538,104)	(40,379)	(121,073)	(44,021)	(743,577)

The opening balance for lease liabilities has been restated because of implementing the requirements of International Financial Reporting Standard 16 Leases with retrospective effect, but with the cumulative impact being recognised on 1 April 2024.

31. Termination benefits

The Council has recognised liabilities in the Cost of Services, in the Comprehensive Income and Expenditure Statement, arising because of ending the contracts of employment for some employees during the year:

2023/24 £000		2024/25 £000
65	Climate Czar, Environment, Waste Reduction & Recycling	19
431	Education Excellence, Lifelong Learning and Employability	924
27	Children's Services, Adult Social Care, Public Health and Integration	6
37	Housing, Planning and Regeneration	-
392	The Arts, Heritage and Culture	256
926	The Chancellor of Essex	517
1,878	Total	1,722

The above figures include movements in provisions for termination benefits, which are recognised based on the best estimate of costs when formal plans for the restructuring of services are announced. Increases in provisions arise when actual exit packages have yet to be agreed as at 31 March and decreases arise where actual costs arising in the year differ from the estimates made for those packages in the prior year.

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The numbers of exit packages agreed in each year are set out in the table below:

2023/24				Value of exit packages	2024/25			
No. of agreed packages			Cost of packages £000		No. of agreed packages			Cost of packages £000
Compulsory	Other	Total			Compulsory	Other	Total	
31	40	71	505	Less than £20,000	42	16	58	397
8	3	11	308	£20,000 to £39,999	10	6	16	481
5	2	7	512	More than £40,000	9	6	15	1,407
44	45	89	1,325	Total of agreed packages	61	28	89	2,285
			553	Other termination benefits				(563)
			1,878					1,722

The exit packages include all redundancy costs, pension contributions in respect of added years, ex gratia payments and other departure costs.

The Council is required to recognise the costs of termination benefits within the Comprehensive Income and Expenditure Statement when it can no longer withdraw the offer of those benefits, even if individual exit packages have yet to be agreed. For this reason, the total cost of packages agreed may differ from the amounts charged to the Comprehensive Income and Expenditure Statement in each year; the 'other termination benefits' line provides a reconciliation between the total cost of packages agreed and the amounts charged to the Comprehensive Income and Expenditure Statement.

32. Pension Schemes accounted for as Defined Contribution Schemes

The Council has two pension schemes which are accounted for as defined contribution schemes:

- Teachers' Pension Scheme**

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by Capita on behalf of the Department for Education. The scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. The Teachers' Pension Scheme has in excess of **12,650** participating employers.

- NHS Pension Scheme**

Staff performing public health functions who were compulsorily transferred from a local primary care trust to the Council, and who had access to the NHS Pension Scheme on 31 March 2013, retained access to that Scheme on transfer to the Council on 1 April 2013.

The NHS Pension Scheme provides these employees with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on contribution rates set by the Secretary of State. The NHS Pension Scheme has **7,820** participating employers.

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These schemes are defined benefit schemes. They are unfunded and the Scheme Administrators use notional funds as the basis for calculating the employer's contribution rates to be paid by the participating employers.

Due to the number of participating employers within the schemes, the Council is not able to identify its share of the underlying financial position and performance of the Schemes with enough reliability for accounting purposes. For the purposes of this Statement of Accounts, both schemes are accounted for on the same basis as a defined contribution scheme.

The following table shows the amounts the Council paid for pension costs in relation to these schemes:

2023/24				2024/25		
Teachers £000	NHS £000	Total £000		Teachers £000	NHS £000	Total £000
33,731	108	33,839	Employer's contributions	41,685	110	41,795
12,781	82	12,863	Employee contributions	13,042	80	13,122
46,512	190	46,702	Total	54,727	190	54,917

The Council's contributions are set in relation to the current service period only. As such, the Council is not entitled to, or liable for, any of the underlying assets or liabilities of the schemes.

The amounts in the above table reflect:

2023/24			2024/25	
Teachers	NHS		Teacher	NHS
23.68%	16.88%	Employer's contribution rate	28.68%	16.88%
7.4% to 11.7%	5.0% to 13.5%	Employee contribution rate	7.4% to 11.7%	5.2% to 12.5%

As at 31 March 2025, no contributions remained payable for the Teachers' pension scheme but **£11,000** was outstanding for the NHS pension scheme (31 March 2024: £8,000 for the NHS pension scheme).

The employer's contributions due to be paid in 2025/26 are estimated to be **£41.4m** for the teachers' pension scheme and **£113,000** for the NHS pension scheme.

The Council is responsible for all pension payments relating to added years that it has awarded to teachers, together with the related increases. These costs are accounted for on a defined benefit basis and are detailed in note 33 below.

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33. Defined Benefit Pension Schemes

33.1 Participation in Pension Schemes

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

The Council participates in two schemes:

- **The Local Government Pension Scheme (LGPS)**

The LGPS is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme Regulations 2013, and currently provides benefits based on career average revalued earnings.

As administering authority to the Fund, Essex County Council, after consultation with the Fund Actuary and other relevant parties, is responsible for the preparation and maintenance of the Funding Strategy Statement.

Contributions are set every three years because of the actuarial valuation of the Fund required by the Regulations. The last actuarial valuation of the Fund was carried out as at **31 March 2022** and sets contributions for the period from **1 April 2023** to **31 March 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.

In general, participating in a defined benefit pension scheme means that the Council is exposed to several risks:

- ~ **Investment risk** - the Fund holds 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 the liabilities. 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 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** - if the members live longer than assumed, a deficit will emerge in the Fund. There are also other demographic risks.

In addition, as many unrelated employers participate in the Essex Pension 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.

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All of these 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). However, these risks are also mitigated, to a certain extent, by the statutory requirements to charge to the General Fund the amounts required by statute as described in note 1.9 (page 34).

- **Discretionary post-retirement benefits upon early retirement in relation to the teachers' pension scheme**

This is an unfunded defined benefits arrangement, under which the liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities, and cash must be generated to meet the actual pension payments as they eventually fall due.

33.2 Transactions relating to post-employment benefits

The Council recognises the cost of retirement benefits in the Comprehensive Income and Expenditure Statement (Cost of Services) when they are earned by employees, rather than when the benefits are eventually paid as pensions.

The charge the Council is required to make against the General Fund is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The transactions that have been made in the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement during the year are shown below.

2023/24				2024/25		
LGPS £000	Teachers £000	Total £000		LGPS £000	Teachers £000	Total £000
			Comprehensive Income and Expenditure Statement			
			Cost of Services			
59,390	-	59,390	Current service cost	52,980	-	52,980
361	-	361	Past service cost	2,438	-	2,438
(343)	-	(343)	(Gain) / loss on settlement	919	-	919
59,408	-	59,408		56,337	-	56,337
			Financing and Investment Income and Expenditure			
(23,344)	804	(22,540)	Net interest expense	(50,255)	702	(49,553)
2,134	-	2,134	Administrative costs	2,059	-	2,059
38,198	804	39,002	Total charged to the Surplus / Deficit on Provision of Services	8,141	702	8,843
			Re-measurements of the net pensions liability			
(229,659)	-	(229,659)	Return on scheme assets	5,831	-	5,831
			Actuarial (gains) / losses arising from changes in:			
(23,200)	207	(22,993)	Financial assumptions	(377,490)	(604)	(378,094)
(36,612)	(320)	(36,932)	Demographic assumptions	(6,986)	(49)	(7,035)
8,388	161	8,549	Experience (gain) / loss on defined benefit obligation	(7,672)	(44)	(7,716)
-	-	-	Other	-	-	-
308,674	-	308,674	Change in the effect of the asset ceiling	450,641	-	450,641
27,591	48	27,639	Total charged to Other Comprehensive Income and Expenditure	64,324	(697)	63,627
65,789	852	66,641	Total charged to Comprehensive Income and Expenditure Statement	72,465	5	72,470
			Movement in Reserves Statement			
			Reversal of net charges made to the Surplus / Deficit on the			
(38,198)	(804)	(39,002)	Provision of Services	(8,141)	(702)	(8,843)
			Actual amount charged against the General Fund Balance			
67,698	2,625	70,323	for pensions in the year	75,579	2,685	78,264
29,500	1,821	31,321		67,438	1,983	69,421

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33.3 Pensions assets and liabilities recognised in the Balance Sheet

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

2023/24				2024/25		
LGPS £000	Teachers £000	Total £000		LGPS £000	Teachers £000	Total £000
2,660,237	16,270	2,676,507	Present value of the defined benefit obligation	2,351,572	13,590	2,365,162
(3,423,741)	-	(3,423,741)	Fair value of plan assets	(3,568,831)	-	(3,568,831)
(763,504)	16,270	(747,234)	Sub total	(1,217,259)	13,590	(1,203,669)
787,449	-	787,449	Change in effect of the asset ceiling	1,238,090	-	1,238,090
23,945	16,270	40,215	Net (asset) / liability arising from defined benefit obligations	20,831	13,590	34,421

The Scheme actuaries have assessed the Council's estimated future service costs less the estimated minimum funding requirement contributions to establish the economic benefit that is available to the Council. The net pensions asset has therefore been adjusted by the effect of the asset ceiling.

The effect of the asset ceiling has been determined by the Scheme's Actuary on the basis of the limitation on the Council's ability to recover the full economic benefit of its assets through reductions in future employer's contributions. This is because of the minimum funding requirement imposed on it by the Funding Strategy for the Scheme in place as at 31 March 2025.

The net liability shows the underlying commitments that the Council has in the long run to pay retirement benefits.

The current total net liability of the two Schemes of **£34.421m** (2023/24: deficit of £40.215m) has a substantial impact on the net worth of the Council, as recorded in the Balance Sheet. However, statutory arrangements for funding mean that:

- The Council will continue to pay into the Local Government Pension Scheme a contribution rate based on the benefits of combined membership of the Scheme; and
- Finance is only required to be raised to cover teachers' unfunded added years when the pensions are actually paid.

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Scheme Liabilities

The following table provides a reconciliation of the present value of scheme liabilities:

2023/24				2024/25		
LGPS £000	Teachers £000	Total £000		LGPS £000	Teachers £000	Total £000
2,621,898	18,043	2,639,941	Balance as at 1 April	2,660,237	16,270	2,676,507
59,390	-	59,390	Current service cost	52,980	-	52,980
123,632	804	124,436	Interest cost	129,184	702	129,886
21,634	-	21,634	Contributions by scheme participants	22,730	-	22,730
			Remeasurement (gains)/losses arising from:			
(36,612)	(320)	(36,932)	Changes in demographic assumptions	(6,986)	(49)	(7,035)
(23,200)	207	(22,993)	Changes in financial assumptions	(377,490)	(604)	(378,094)
8,388	161	8,549	Other	(7,672)	(44)	(7,716)
361	-	361	Past service costs	2,438	-	2,438
(109,793)	(2,625)	(112,418)	Benefits paid	(117,506)	(2,685)	(120,191)
(5,461)	-	(5,461)	Liabilities extinguished on settlements	(6,343)	-	(6,343)
2,660,237	16,270	2,676,507	Balance as at 31 March	2,351,572	13,590	2,365,162

Scheme Assets

The following table provides a reconciliation of the fair value of scheme assets:

2023/24				2024/25		
LGPS £000	Teachers £000	Total £000		LGPS £000	Teachers £000	Total £000
3,074,819	-	3,074,819	Balance as at 1 April	3,423,741	-	3,423,741
146,976	-	146,976	Interest income	179,439	-	179,439
(2,134)	-	(2,134)	Administrative costs	(2,059)	-	(2,059)
			Remeasurement gain/(loss)			
			Return on plan assets (excl. amount incl			
229,659	-	229,659	in net interest expense)	(5,831)	-	(5,831)
67,698	2,625	70,323	Contributions by the Council	75,579	2,685	78,264
21,634	-	21,634	Contributions from employees into the scheme	22,730	-	22,730
(109,793)	(2,625)	(112,418)	Benefits paid	(117,506)	(2,685)	(120,191)
(5,118)	-	(5,118)	Amounts made for settlements	(7,262)	-	(7,262)
3,423,741	-	3,423,741	Balance as at 31 March	3,568,831	-	3,568,831

Local Government Pension Scheme assets comprised:

31 March 2024			31 March 2025	
£000	%		£000	%
1,896,420	55.3%	Equities	1,959,466	54.8%
61,171	1.8%	Gilts	54,095	1.5%
236,318	6.9%	Property	288,072	8.1%
84,461	2.5%	Cash and cash equivalents	69,602	2.0%
520,529	15.2%	Alternative assets	537,928	15.1%
624,842	18.3%	Other managed funds	659,668	18.5%
3,423,741	100.0%	Total assets	3,568,831	100.0%

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The percentages of the total Fund held in each asset class were as follows:

31 March 2024						31 March 2025				
UK		Overseas		Total		UK		Overseas		Total
Quoted	Unquoted	Quoted	Unquoted			Quoted	Unquoted	Quoted	Unquoted	
-	-	51.0%	4.3%	55.3%	Equities	-	-	50.8%	4.0%	54.8%
1.8%	-	-	-	1.8%	Gilts	1.5%	-	-	-	1.5%
1.5%	5.4%	-	-	6.9%	Property	1.9%	6.2%	-	-	8.1%
-	2.5%	-	-	2.5%	Cash and cash equivalents	-	2.0%	-	-	2.0%
-	0.7%	-	14.5%	15.2%	Alternative assets	-	-	-	15.1%	15.1%
-	18.3%	-	-	18.3%	Other managed funds	-	18.5%	-	-	18.5%
3.3%	26.9%	51.0%	18.8%	100.0%	Total assets	3.4%	26.7%	50.8%	19.1%	100.0%

33.4 Basis for estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis to estimate the pensions that will be payable in future years. The liabilities have been assessed using the projected unit credit method, which is dependent on assumptions about mortality rates, salary levels etc. The Pension Fund liabilities have been assessed by **Barnett Waddingham LLP**, an independent firm of actuaries. The liabilities have been estimated, based upon the results of the valuation as at **31 March 2022** which was carried out for funding purposes.

The significant assumptions used by the Actuary for the Local Government Pension Scheme were as follows:

Assumptions	2023/24	2024/25
Rate of inflation (RPI)	3.25%	3.20%
Rate of increase in salaries	3.95%	3.90%
Rate of increase in pensions (CPI)	2.95%	2.90%
Discount rate	4.90%	5.80%
Mortality assumptions for members retiring in normal health:		
▪ Life expectancy for future pensioners retiring in 20 years' time at 65:		
- Male	22.0 years	22.0 years
- Female	24.7 years	24.7 years
▪ Life expectancy of current pensioners retiring today aged 65:		
- Male	20.8 years	20.7 years
- Female	23.3 years	23.3 years
Expected rate of return on assets in the scheme	12.3%	5.09%

The actuarial assumptions used in the calculation of the liabilities for Teachers' additional unfunded pensions were for the Local Government Pension Scheme, with the following exceptions:

Assumptions	2023/24	2024/25
Rate of inflation	3.60%	3.50%
Discount rate	4.70%	5.40%

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The estimation of the defined benefit obligations is sensitive to the actuarial assumptions used. Sensitivity analysis has been undertaken, based on reasonably possible changes of the assumptions occurring at the end of the reporting period. This assumes, for each change, that the assumption analysed changes, while all the other assumptions remain constant. In practice, changes in some of the assumptions may be inter-related. The estimations in the sensitivity analysis have followed the accounting policies for the scheme (i.e. on an actuarial basis using the projected unit credit method).

Local Government Pension Scheme	Effect of change in assumptions				
	£000	£000	£000	£000	£000
Adjustment to discount rate	+ 0.5%	+ 0.1%	0.0%	- 0.1%	- 0.5%
Present value of total obligation	2,193,170	2,318,376	2,351,572	2,385,574	2,530,165
Projected Service Cost	36,266	42,349	43,996	45,697	53,087
Adjustment to long term salary increase	+ 0.5%	+ 0.1%	0.0%	- 0.1%	- 0.5%
Present value of total obligation	2,361,846	2,353,594	2,351,572	2,349,567	2,341,710
Projected Service Cost	43,996	43,996	43,996	43,996	43,996
Adjustment to pension increases and deferred revaluation	+ 0.5%	+ 0.1%	0.0%	- 0.1%	- 0.5%
Present value of total obligation	2,524,302	2,384,488	2,351,572	2,319,424	2,198,085
Projected Service Cost	53,446	45,766	43,996	42,282	35,943
Adjustment to life expectancy assumptions		+ 1 year	None	- 1 year	
Present value of total obligation		2,441,596	2,351,572	2,265,374	
Projected Service Cost		45,665	43,996	42,367	

Unfunded Teachers' Pensions	Effect of change in assumptions		
	£000	£000	£000
Adjustment to discount rate	+ 0.1%	0.0%	- 0.1%
Present value of total obligation	13,513	13,590	13,669
Adjustment to pension increases	+ 0.1%	0.0%	- 0.1%
Present value of total obligation	13,671	13,590	13,511
Adjustment to life expectancy assumptions	+ 1 year	None	- 1 year
Present value of total obligation	14,062	13,590	13,134

The methods and types of assumptions used in preparing the sensitivity analysis did not change from those used in the previous period.

33.5 Impact on the Council's Cash Flows

The objectives of the LGPS are to keep employers' contributions at as constant a rate as possible. 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. Funding levels are monitored on an annual basis.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2026 is **£76.320m**. Although there are not expected to be any contributions with respect to active members, the total unfunded pensions in respect of teachers are estimated to be **£662,000** as at 31 March 2025.

The weighted average duration of the pension obligation for the Local Government Pension Scheme members is **15** years. For the Teachers additional unfunded pensions, it is **6** years.

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33.6 Defined Benefit Pension Scheme – Virgin Media case

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments for contracted-out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. The judgement was upheld by the Court of Appeal on **25 July 2024**. The applicability of this case to public sector pension schemes, including the Local Government Pension Scheme, is currently uncertain. For this reason, no allowance for the potential impact of the Virgin Media case has been recognised in the Statement of Accounts. The Council, assisted by its actuary, will continue to monitor developments in this area.

34. Audit costs

The costs of audit and non-audit services provided by the Council's External Auditor are estimated as follows:

2023/24 Estimate £000		2024/25 Estimate £000
399	External audit services carried out by appointed auditor	439
21	Other services carried out by appointed auditor	25
420	Net total	464

The audit fee for 2023/24 is the scale fee that was set by Public Sector Auditor Appointments Ltd (PSAA) for the year. The actual fees payable by the Council are yet to be determined by the PSAA.

The fee for 'other services carried out by the appointed auditor' are for certification of the Teachers Pensions return, which is not covered by the PSAA certification arrangements, but external audit certification is required by the grant awarding body.

35. Members' allowances and expenses

The total allowances and expenses paid to Members of the Council during the year amounted to:

2023/24 £000		2024/25 £000
	Members allowances	
965	Basic allowances	1,020
718	Special responsibility allowances	758
30	Members expenses	29
1,713		1,807

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36. Pooled budgets

The Council participates in three pooled budget arrangements:

- **Better Care Fund**

This arrangement is comprised of NHS Integrated Care Board (ICB) contributions to social care (including reablement), the Improved Better Care Fund grant, the Disabled Facilities Grant, and the Discharge Fund grant.

The pool is governed by a Section 75 Agreement, with an overarching collaboration agreement signed by the Council and each of the three Integrated Care Boards (ICBs) within the Essex Health and Wellbeing Board area. For each service included within the Section 75 agreement, either the Council or an ICB is responsible for the delivery of the service.

While the Better Care Fund was established as a pooled budget, the operation of the pool can involve the members ceding control of funds to a lead commissioner / principal or the arrangement being a joint operation.

- **Equipment Pool**

The purpose of this arrangement is to source, deliver, fit and refurbish equipment, adaptations and aids to daily living in service users' homes as part of an integrated community equipment service. Partners contribute based on their assumed activity levels.

- **Transforming Care Partnership Pool**

The aim of this arrangement is to ensure that people with learning disabilities, autism, or both can live in the community, with the right support, thereby reducing their need for in-patient services and improving their quality of life.

All the current releasable funding for the hospital placements is paid into the pool, to fund commissioned hospital placements and community placements when people are discharged from hospital. If there is insufficient funding within the pool to fund all the community placements, the deficit is met by the local authority partner in whose administrative area the deficit occurs.

The contributions and expenses of the Better Care Fund Pool for 2024/25 were as follows:

2023/24						2024/25				
Mid and South Essex	Suffolk and NE Essex	Hertfordshire & West Essex	Central Pool	Total		Mid and South Essex	Suffolk and NE Essex	Hertfordshire & West Essex	Central Pool	Total
£000	£000	£000	£000	£000		£000	£000	£000	£000	£000
					Contributions					
					Integrated Care Boards					
(67,691)	-	-	-	(67,691)	Mid and South Essex	(71,769)	-	-	-	(71,769)
-	(27,804)	-	-	(27,804)	Suffolk and North East Essex	-	(29,402)	-	-	(29,402)
-	-	(25,173)	-	(25,173)	Hertfordshire and West Essex	-	-	(26,643)	-	(26,643)
-	-	-	(65,806)	(65,806)	Essex County Council	-	-	-	(71,966)	(71,966)
(4,987)	(1,650)	(1,501)	-	(8,138)	Discharge Fund	(6,933)	(3,253)	(2,528)	-	(12,714)
(72,678)	(29,454)	(26,674)	(65,806)	(194,612)	Total Contributions	(78,702)	(32,655)	(29,171)	(71,966)	(212,494)
					Expenditure					
					Integrated Care Boards					
40,506	-	-	-	40,506	Mid Essex	42,965	-	-	-	42,965
-	17,306	-	-	17,306	Suffolk and North East Essex	-	18,285	-	-	18,285
-	-	15,404	-	15,404	Hertfordshire and West Essex	-	-	16,277	-	16,277
27,185	10,498	9,768	65,806	113,257	Essex County Council	28,804	11,117	10,366	71,966	122,253
4,987	1,650	1,502	-	8,139	Discharge Fund	6,933	3,253	2,528	-	12,714
72,678	29,454	26,674	65,806	194,612	Total Expenditure	78,702	32,655	29,171	71,966	212,494
-	-	-	-	-	Net (surplus) / deficit	-	-	-	-	-

The contributions and expenses of the two other pooled budget arrangements were as follows:

2023/24					2024/25			
Equipment		Transforming Care			Equipment		Transforming Care	
Contributions	Expenditure	Contributions	Expenditure		Contributions	Expenditure	Contributions	Expenditure
£000	£000	£000	£000		£000	£000	£000	£000
				Local authorities				
(9,004)	9,004	(1,201)	8,581	Essex County Council	(9,421)	9,421	(1,569)	9,854
-	-	(35)	408	Southend Council	-	-	(69)	144
(591)	591	(35)	431	Thurrock Council	(790)	790	(69)	175
				Integrated Care Boards				
(3,074)	3,074	(7,582)	2,096	Mid and South Essex	(3,295)	3,295	(7,763)	2,103
-	-	(2,227)	534	Suffolk and North East Essex	-	-	(2,293)	522
-	-	(1,436)	466	Hertfordshire and West Essex	-	-	(1,487)	452
				NHS Trusts				
(1,125)	1,125	-	-	East Suffolk and North Essex NHS Foundation Trust	(1,141)	1,141	-	-
-	-	-	-	Mid Essex Hospital Service NHS Trust	-	-	-	-
(283)	283	-	-	Essex Partnership University NHS Foundation Trust	(304)	304	-	-
-	-	-	-	North East London Foundation Trust	-	-	-	-
(14,077)	14,077	(12,516)	12,516	Total	(14,951)	14,951	(13,250)	13,250

37. Officers' remuneration

Officers' remuneration includes all sums paid to or receivable by employees, expense allowances chargeable to tax and the money value of benefits. Remuneration relates to payments to individuals, so part-year employment can produce distortions in the presentation. Pension payments made, whether from a funded or unfunded scheme, do not count as remuneration for this purpose. The numbers of officers whose remuneration amounted to £50,000 or more, grouped in rising bands of £5,000, are shown below.

2023/24			Remuneration band	2024/25		
Non-schools	Schools	Total		Non-schools	Schools	Total
416	192	608	£50,000 to £54,999	511	263	774
158	110	268	£55,000 to £59,999	258	139	397
199	67	266	£60,000 to £64,999	147	81	228
148	58	206	£65,000 to £69,999	188	73	261
51	50	101	£70,000 to £74,999	120	49	169
20	37	57	£75,000 to £79,999	33	51	84
45	25	70	£80,000 to £84,999	20	28	48
36	19	55	£85,000 to £89,999	40	18	58
17	11	28	£90,000 to £94,999	42	18	60
14	8	22	£95,000 to £99,999	9	11	20
14	2	16	£100,000 to £104,999	11	9	20
1	1	2	£105,000 to £109,999	11	2	13
8	2	10	£110,000 to £114,999	3	1	4
6	2	8	£115,000 to £119,999	3	1	4
11	1	12	£120,000 to £124,999	3	2	5
1	-	1	£125,000 to £129,999	13	1	14
1	1	2	£130,000 to £134,999	2	-	2
1	-	1	£135,000 to £139,999	1	1	2
3	-	3	£140,000 to £144,999	3	-	3
1	-	1	£145,000 to £149,999	3	-	3
1	-	1	£150,000 to £154,999	4	-	4
-	-	-	£155,000 to £159,999	1	-	1
-	-	-	£180,000 to £184,999	1	-	1
-	-	-	£230,000 to £234,999	1	-	1
1,152	586	1,738	Total	1,428	748	2,176

Note: Senior officers whose individual remuneration is disclosed in note 38 (page 118) are excluded from the remuneration bandings shown in the above analysis.

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38. Senior officers' remuneration

38.1 Senior officers

Senior officers include all members of the Council's Corporate Leadership Team and other statutory officers.

38.2 Disclosure of senior officers' remuneration

Senior Officers' remuneration is disclosed overleaf.

Where a senior officer's annual salary is **£50,000** or more, but less than **£150,000**, remuneration is disclosed individually by way of job title. For those senior officers whose salary is **£150,000** or more, their name is also disclosed.

The employers' contribution to pensions are not amounts paid to individual members of staff, rather they reflect amounts paid by the Council into the Pension Fund; these contributions have been made at the level determined at the last actuarial valuation as necessary to meet the cost of the future pension accrual.

38.3 Fees paid in respect of individuals engaged on an interim basis

The Council also secured services from various other individuals on an interim basis during 2024/25. The fees payable by the Council in respect of some of these individuals amounted to **£150,000** or more in 2024/25, as follows:

2023/24 £	Position	2024/25 £
242,643	Service Director (Eduardo Garcez)	325,356
47,470	Director of Highways (Thomas Blackburne-Maze)	262,303
102,545	Head of Technology Operations (George Radcliffe)	189,402
-	Director Wellbeing, Public Health and Communities (Jyoti Atri)	183,585
19,950	Solutions Architect (Robin Chowdhury)	161,059
182,093	Educational Psychologist (Yashica Prithivirajh)	157,046

The amounts disclosed in respect of these individuals are the costs incurred by the Council to secure their services. The amounts received by these individuals will have been lower.

Senior officers' remuneration

2023/24	Notes	Remuneration					
		Salaries, fees and allowances £	Expense allowances / benefits £	Compensation for loss of employment £	Total remuneration Excl pension contributions £	Employer's contribution to pension £	Total remuneration Incl. pension contributions £
Chief Executive - Mr Gavin Jones	(i)	205,836	12,394	-	218,230	41,579	259,809
Executive Director, Corporate Services - Miss Nicole Wood	(ii)	182,914	1,441	-	184,355	35,801	220,156
Executive Director, Adult Social Care - Mr Nicolas Presmeg	(iii)	176,104	-	-	176,104	34,159	210,263
Executive Director, Children and Families and Education - Ms Helen Lincoln	(iv)	169,104	8,690	-	177,794	34,159	211,953
Executive Director, Climate, Environment & Customer Services - Mr Mark Ash		174,382	-	-	174,382	34,159	208,541
Executive Director, Economy, Investment & Public Health - Mr Tom Walker		176,104	-	-	176,104	34,159	210,263
Executive Director, People and Transformation - Ms Pam Parkes	(v)	176,104	1,922	-	178,026	34,159	212,185
Director, Legal and Assurance	(vii)	144,466	-	-	144,466	28,677	173,143
Director of Policy		144,466	1,922	-	146,388	28,677	175,065
Director, Wellbeing, Public Health and Communities		153,650	-	-	153,650	20,844	174,494

2024/25	Notes	Remuneration					
		Salaries, fees and allowances £	Expense allowances / benefits £	Compensation for loss of employment £	Total remuneration Excl pension contributions £	Employer's contribution to pension £	Total remuneration Incl. pension contributions £
Chief Executive - Mr Gavin Jones	(i)	219,576	11,812	-	231,388	38,084	269,472
Chief Executive - Miss Nicole Wood	(ii)	188,162	2,469	-	190,631	37,501	228,132
Executive Director, Adult Social Care - Mr Nicolas Presmeg	(iii)	181,178	-	-	181,178	36,055	217,233
Executive Director, Children and Families and Education - Ms Helen Lincoln	(iv)	178,751	5,554	-	184,305	36,055	220,360
Executive Director, Climate, Environment & Customer Services - Mr Mark Ash		181,021	-	-	181,021	36,055	217,076
Executive Director, Economy, Investment & Public Health - Mr Tom Walker		181,178	-	-	181,178	36,055	217,233
Executive Director, People and Transformation - Ms Pam Parkes	(v)	58,701	225	53,193	112,119	2,917	115,036
Director, Finance	(vi)	18,591	411	-	19,002	3,784	22,786
Director, Legal and Assurance	(vii)	148,725	-	-	148,725	30,269	178,994
Director, Wellbeing, Public Health and Communities	(viii)	54,946	857	-	55,803	7,768	63,571

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Notes	Senior Officer
(i)	<p>The Chief Executive is the Council's Head of Paid Service.</p> <p>Gavin Jones was the Council's Chief Executive until 13 February 2025.</p> <p>Gavin was appointed, by the Secretary of State for Levelling Up, Housing and Communities, as the Lead Commissioner at Slough Borough Council with effect from 12 January 2022 and as the Lead Commissioner at Thurrock Council with effect from 5 October 2023. Both were part time roles and were fulfilled alongside his substantive role at Essex County Council. Gavin did not receive payment for these roles, but the Council was remunerated for the time he spent at each authority; the Council received £65,455 as reimbursement in 2024/25, of which £53,608 was outstanding as at 31 March 2025 (2023/24: £96,731, of which £28,862 was outstanding as at 31 March 2024).</p>
(ii)	<p>Nicole Wood became the Council's Chief Executive on 14 February 2025. Prior to this date, Nicole held the role of Executive Director, Corporate Services and fulfilled the statutory role of Chief Finance Officer under Section 151 of the Local Government Act 1972. The remuneration shown for 2024/25 is the total received in the year for both roles.</p> <p>Nicole was appointed by the Secretary of State for Levelling Up, Housing and Communities, on a part time basis, as Finance Commissioner at Thurrock Council with effect from 5 October 2023. Nicole continued to fulfil this role until March 2025. Although Nicole did not receive payment for this role, she received a one-off payment of £8,130 in 2023/24 in recognition of support provided while Essex County Council was the Commissioner at Thurrock. This payment is included in the salaries, fees and allowances figures shown above.</p> <p>The Council received £32,360 as reimbursement for the time spent at Thurrock in 2024/25, of which £16,834 was outstanding as at 31 March 2025 (2023/24: £32,152, of which £17,726 was outstanding as at 31 March 2024).</p>
(iii)	<p>The Executive Director, Adult Social Care fulfils the statutory role of Director for Adult Social Services (DASS).</p>
(iv)	<p>The Executive Director, Children and Families fulfils the statutory role of Director of Children's Services, appointed under Section 18 of the Children Act 2004.</p>
(v)	<p>The Executive Director, People and Transformation left the Council on 30 April 2024.</p>
(vi)	<p>The Council's Director, Finance has fulfilled the statutory role of Chief Finance Officer under Section 151 of the Local Government Act 1972 since 14 February 2025. The salaries, fees and allowances figures shown above only reflect the remuneration received since this date.</p>
(vii)	<p>The Council's Director, Legal and Assurance fulfils the statutory role of Monitoring Officer.</p>
(viii)	<p>The former Director, Wellbeing, Public Health and Communities, who fulfilled the statutory role of Director of Public Health, left the Council on 31 March 2024. The current Director joined the Council on 18 November 2024.</p>

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39. Related parties

The Council is required to disclose material transactions with bodies or individuals that have the potential to control or influence the Council, or to be controlled or influenced by the Council. The intention, in making this disclosure, is to make explicit the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Related party	Declaration
UK Government	The UK government has effective control over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides a significant proportion of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties. Grants received from government departments are detailed in notes 14 (page 67) and 15 (page 69).
Elected members	<p>Members of the Council have direct control over the Council's financial and operating policies. The Council's <u>Constitution</u> requires members to declare their pecuniary interests and any other interests that could reasonably be regarded as likely to prejudice their judgement of the public interest in a <u>Register of Interests</u> and at relevant meetings. Each Member's Register of Interests is published on the Council's website. In addition, Members are asked to declare separately any related party transactions with the Authority.</p> <p>Based on these declarations, the following matters are disclosed for transparency purposes:</p> <p>Active Essex Foundation</p> <p>The Active Essex Foundation is a charity dedicated to using sport and physical activity to engage and support marginalised groups across Essex.</p> <p>The Council provided £541,000 to the Foundation during 2024/25 for various initiatives aimed at improving health, wellbeing and access to physical activities (2023/24: £254,000).</p> <p>Cllr Ray Gooding is a trustee of the Active Essex Foundation.</p> <p>Chelmsford Science and Engineering society</p> <p>The Chelmsford Science and Engineering society is a hub for promoting science, technology, engineering and mathematics (STEM) in Essex. It organises events to engage the community and support STEM education. The Council provided grant funding of £3,500 to this charity in 2024/25.</p> <p>Cllr Anthony McQuiggan is a trustee of this charity.</p>

Statement of Accounts

Related party	Declaration
Elected members	<p>Essex Cares Ltd</p> <p>Essex Cares Ltd is a wholly owned subsidiary of the Council (see page 123 for further details).</p> <p>The late Cllr Ian Grundy was a non-executive director of Essex Cares until 16 July 2024. He received an allowance of £4,000 from Essex Cares in respect of this role in 2024/25 (2023/24: £12,000).</p>
	<p>Essex Recovery Foundation</p> <p>This charity is focussed on supporting individuals in recovery from drug and alcohol addiction, as well as those indirectly affected by addiction.</p> <p>The Council allocates funding to the Foundation, to help ensure that its initiatives are effective and widely accessible. The Council allocated £1.114m to the charity in 2024/25 (2023/24: £795,000).</p> <p>Cllr Andrew Sheldon is a trustee of this charity.</p>
	<p>Kids Inspire</p> <p>Kids Inspire is a charity that provides mental health and trauma recovery support to children, young people, and their families in Essex. They focus on early intervention and the provision of therapeutic services.</p> <p>The Council provides Family Innovation Fund grants to Kids Inspire, for early intervention services aimed at improving the emotional health and well-being of children and families. The Council paid £484,000 to Kids Inspire in 2024/25 (2023/24: £580,000).</p> <p>Cllr John Spence's spouse is a trustee of this charity.</p>
	<p>Rayleigh, Rochford and District Association Voluntary Services (RRAVS)</p> <p>The Rayleigh, Rochford and District Association for Voluntary Service is an independent charity that supports and represents the interests of voluntary and community groups across the Rochford District. The Council provided £10,000 to this organisation during 2024/25 (2023/24: £45,000).</p> <p>Cllr June Lumley is a trustee of this charity.</p>

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Related party	Declaration
Elected Members	<p>Tendring Eldercare</p> <p>Tendring Eldercare is a charity that provides support and services to older people in the Tendring District of Essex. The Charity focuses on improving the quality of life for older adults through various initiatives, including social activities, health and wellness programs, and assistance with daily living.</p> <p>The Council paid £118,000 to Tendring Eldercare in 2024/25 for the provision of care services to older people (2023/24: £65,000).</p> <p>Cllr Mark Platt is a trustee of this charity.</p> <p>Wyvern Community Transport</p> <p>This charity provides transport services to residents in the Rochford and Castle Point areas of Essex who find mainstream public transport difficult to access.</p> <p>The Council has an agreement with the charity to help provide reliable and essential transport services to the local community. The Council provided £135,000 to this charity for this purpose in 2024/25 (2023/24: £129,000).</p> <p>Cllr June Lumley and Cllr Peter May are directors of Wyvern Community Transport; Cllr June Lumley is also a trustee of the charity.</p> <p>The total of members' allowances paid is shown in note 35 (page 113).</p>
Officers	<p>Members of the Council's Corporate Leadership Team, and other officers with independent statutory powers, can significantly influence the policies of the authority. However, officers are bound by a <u>Code of Conduct</u> which seeks to prevent related parties exerting undue influence over the Council. In addition, they are required to declare any transactions with the Council.</p>
Essex Pension Fund	<p>The Council administers the Essex Pension Fund on behalf of its employees and those of the Essex city, district and borough councils and other admitted bodies.</p> <p>The Council charged £4.730m for administering the Fund during 2024/25, of which £362,000 was outstanding at 31 March 2025 (2023/24: £4.416m, of which £370,000 was outstanding at 31 March 2024).</p>

Statement of Accounts

Related party	Declaration
Essex Cares Ltd	<p>Essex Cares Ltd is a wholly owned subsidiary of the Council. It provides services for people requiring care, support and assistance living in the community. Essex Cares' transactions are consolidated fully within the Council's Group Accounts, which are set out on pages 126 to 140.</p> <p>The Council commissioned services from Essex Cares Ltd to the value of £35.217m in 2024/25 (2023/24: £40.038m).</p> <p>The Council provided financial, internal audit and other support services to Essex Cares Ltd during 2024/25; the value of these services in 2024/25 was £92,000 (2023/24: £85,400).</p> <p>The Council also provided cash management support to Essex Cares Ltd. The Council paid interest of £755,000 on the amounts it borrowed from Essex Cares Ltd during 2024/25, of which £54,000 was outstanding as at 31 March 2025 (2023/24: £636,100, all of which was outstanding at 31 March 2024).</p> <p>As noted on page 121, the late Cllr Ian Grundy held a position on the Essex Cares' Board of Directors until 16 July 2024.</p>
Essex Housing Development LLP	<p>The Council is a member and designated member of the Essex Housing Development LLP.</p> <p>It is a subsidiary of the Council for accounting purposes, meaning that the LLP's transactions are consolidated within the Council's Group Accounts, which are set out on pages 126 to 140.</p> <p>The Council provided financial and other support services to the Essex Housing Development LLP during 2024/25. The LLP also purchased staff services from the Council to enable it to offer its services. The value of these support and other services in 2024/25 was £1.649m, of which £1.273m was outstanding at 31 March 2025 (2023/24: £1.761m, of which £1.365m was outstanding at 31 March 2024).</p> <p>The Council also provided development and working capital loan funding to the LLP in 2024/25 of £19.127m (2023/24: £13.231m). The Council charged interest of £1.947m on the sums loaned, of which £55,000 was outstanding as at 31 March 2025 (2023/24: £1.209m, of which £348,000 was outstanding at 31 March 2024).</p>

40. Accounting for schools

All locally maintained schools are deemed to be entities controlled by the Council, which means their transactions, unspent resources and current assets and liabilities are consolidated into the Council's single entity accounts.

Statement of Accounts

The Council only recognises the Property, Plant and Equipment assets of its Community and Foundation Schools (other than those owned by religious bodies), and the playing fields for all categories of local maintained schools, in its Balance Sheet. It does not recognise the school building assets of the other categories of local maintained school, as there is no evidence that the rights of ownership for these buildings have been assigned either to the school governing bodies or to the Council, and it is therefore assumed that the Trustees have retained their substantive rights to take back the school property without causal action by the schools. However, the Trustees are, by Regulation, required to give a minimum of two years' notice of their intention to terminate a school's occupancy of a site, to allow the Council and/or school governing body time to make alternative arrangements for the pupils.

The number of locally maintained schools deemed to be controlled by the Council is as follows:

	Nursery schools	Primary Schools	Secondary schools	Special schools	Total
2023/24					
Community schools	2	104	-	5	111
Foundation schools	-	25	1	1	27
Foundation schools (C of E)	-	4	-	-	4
Voluntary controlled schools	-	34	-	-	34
Voluntary aided schools	-	37	3	-	40
Total	2	204	4	6	216
2024/25					
Community schools	2	100	-	4	106
Foundation schools	-	24	1	1	26
Foundation schools (C of E)	-	4	-	-	4
Voluntary controlled schools	-	33	-	-	33
Voluntary aided schools	-	36	3	-	39
Total	2	197	4	5	208

The financial relationship between the Council and the schools it maintains is set out in a 'Scheme for Financing Schools'. The Scheme is produced in line with statutory requirements and is subject to approval by members of the local Schools' Forum representing maintained schools. It deals with financial management issues, and sets out the approach to, and existence of, surplus and deficit balances in schools.

The Scheme allows schools to carry forward from one financial year to the next any shortfall in expenditure relative to the school's budget share for the year, plus/minus any balance brought forward from the previous year. The scheme also contains a provision which has the effect of carrying forward deficit balances but providing for deficits to be deducted from the following year's budget share. The scheme makes it clear that the Council cannot write off the deficit balance of any school. The Council can only give assistance towards elimination of a deficit balance from the Council's own schools budget (budget held centrally) where this has been agreed by the Secretary of State.

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Note 16 on the Dedicated Schools Grant (see page 70) shows the total of the Individual Schools budget, which is divided into a budget share for each maintained school.

41. Events after the Reporting Date

The Statement of Accounts was certified by the Director, Finance on **30 June 2025**. Events taking place after this date were not reflected in the financial statements or notes.

Statement of Accounts

Group Financial Statements

To provide a full picture of the Council's economic activities and financial position, the accounting statements of the Council, Essex Cares Ltd and Essex Housing Development LLP have been consolidated. The Group Accounts are presented in addition to the Council's 'single entity' financial statements and comprise:

- Group Comprehensive Income and Expenditure Statement
- Group Movement in Reserves Statement
- Group Balance Sheet
- Group Cash Flow Statement.

These statements (*the purposes of which are explained on page 25*), together with those explanatory notes that are considered necessary in addition to those accompanying the Council's 'single entity' accounts, and accounting policies, are set out in the following pages.

Group Comprehensive Income and Expenditure Statement

For the year ended 31 March 2025

2023/24					2024/25			
Gross expenditure £000	Government grants £000	Other Income £000	Net expenditure £000		Gross expenditure £000	Government grants £000	Other income £000	Net expenditure £000
				Children's Services, Adult Social Care, Public Health and Integration				
854,274	(225,434)	(183,941)	444,899	Adult Social Care, Public Health and Integration	939,639	(246,218)	(199,650)	493,771
238,088	(81,845)	(12,063)	144,180	Children's Services	258,433	(101,742)	(13,180)	143,511
92,487	(2,521)	(3,719)	86,247	Climate Czar, Environment, Waste Reduction & Recycling	97,254	(441)	(7,661)	89,152
10,604	(1,040)	(4,809)	4,755	Communities, Economic Growth and Prosperity	12,232	(3,025)	(4,169)	5,038
				Education Excellence, Lifelong Learning and Employability				
676,332	(645,523)	(34,492)	(3,683)	Dedicated Schools Budget	780,794	(754,361)	(34,424)	(7,991)
101,008	(25,383)	(32,013)	43,612	Non Dedicated Schools Budget	119,522	(26,630)	(24,334)	68,558
206,778	(5,842)	(32,664)	168,272	Highways, Infrastructure and Sustainable Transport	228,800	(10,903)	(30,882)	187,015
17,091	(1,842)	(6,054)	9,195	Housing, Planning and Regeneration	16,645	(2,354)	(4,789)	9,502
2,572	-	34	2,606	Leader	8,413	(516)	36	7,933
48,200	(2,433)	(15,998)	29,769	The Arts, Heritage and Culture	54,732	(3,527)	(16,825)	34,380
9,720	(1,664)	(286)	7,770	The Chancellor of Essex	11,315	(1,126)	(465)	9,724
6,296	(57)	(44)	6,195	Transformation	5,933	(56)	(4)	5,873
				Strategic Support Services				
910	-	-	910	Communities, Economic Growth and Prosperity	805	-	-	805
1,939	-	-	1,939	Leader	1,894	-	-	1,894
870	-	-	870	The Arts, Heritage and Culture	538	-	-	538
37,188	-	-	37,188	The Chancellor of Essex	37,457	-	-	37,457
81,983	-	-	81,983	Transformation	80,775	-	-	80,775
2,386,340	(993,584)	(326,049)	1,066,707	Cost of services - continuing operations	2,655,181	(1,150,899)	(336,347)	1,167,935
38,160	-	(8,038)	30,122	Other Operating Expenditure	70,466	-	(9,198)	61,268
176,375	-	(188,310)	(11,935)	Financing and Investment Income and Expenditure	170,226	-	(221,184)	(50,958)
-	(420,410)	(848,921)	(1,269,331)	Taxation and non specific grant income	-	(455,764)	(899,926)	(1,355,690)
2,600,875	(1,413,994)	(1,371,318)	(184,437)	Surplus on Provision of Services	2,895,873	(1,606,663)	(1,466,655)	(177,445)
				Amounts that will not be reclassified to the (Surplus) / Deficit on Provision of Services				
			11,119	(Surplus) / deficit arising on revaluation of non-current assets				(24,830)
			30,794	Re-measurements of the net defined benefits pension liability				66,743
			41,913	Amounts that will not be reclassified to the (Surplus) / Deficit on Provision of Services				41,913
			(142,524)	Total Comprehensive Income and Expenditure				(135,532)

Note: The service groupings shown above reflect the alignment of spending to Cabinet Members, according to their specific responsibilities for discharging the functions of the Cabinet during 2024/25; comparative figures for 2023/24 have been presented on a consistent basis.

Group Movement in Reserves Statement

For the years ended 31 March 2024 and 31 March 2025

	Usable Reserves							Total	Total	Analysis of Reserves	
	General Fund Balance Earmarked Reserves £000	General Reserves £000	Authority share of Profit and Loss Reserve of Subsidiary £000	Authority share of Pension Reserve of Subsidiary £000	Usable Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Reserves £000	Total Authority Reserves £000	Authority Share of Reserves of Subsidiary £000
Balance at 31 March 2023	(583,087)	(68,096)	(7,832)	(10,841)	(11,831)	(3,099)	(684,786)	(1,929,571)	(2,614,357)	(2,595,684)	(18,673)
Movement in Reserves during 2023/24											
Total Comprehensive Expenditure and Income	-	(181,525)	(2,912)	3,155	-	-	(181,282)	38,758	(142,524)	(142,767)	243
Adjustments between accounting basis and funding under regulations	-	142,708	-	-	4,153	740	147,601	(147,601)	-	-	-
Net (increase)/decrease before transfers to earmarked reserves	-	(38,817)	(2,912)	3,155	4,153	740	(33,681)	(108,843)	(142,524)	(142,767)	243
Transfers to Earmarked Reserves	(38,821)	38,821	-	-	-	-	-	-	-	-	-
(Increase) / decrease in 2023/24	(38,821)	4	(2,912)	3,155	4,153	740	(33,681)	(108,843)	(142,524)	(142,767)	243
Balance at 31 March 2024	(621,908)	(68,092)	(10,744)	(7,686)	(7,678)	(2,359)	(718,467)	(2,038,414)	(2,756,881)	(2,738,451)	(18,430)
Restatement of opening balances on transition to IFRS 16 Leases											
Revenue Finance Lease receivable - taken to earmarked reserves	(691)	-	-	-	-	-	(691)	(846)	(1,537)	(1,537)	-
Disposal of right of use assets	-	-	-	-	-	-	-	3,342	3,342	3,342	-
Revaluation of Right of Use assets	-	-	-	-	-	-	-	32,274	32,274	32,274	-
Recognition of donated right of use assets	-	-	-	-	-	-	-	(6,221)	(6,221)	(6,221)	-
Other adjustments	-	-	-	-	-	-	-	(1)	(1)	(1)	-
Adjusted Balance at 1 April 2024	(622,599)	(68,092)	(10,744)	(7,686)	(7,678)	(2,359)	(719,158)	(2,009,866)	(2,729,024)	(2,710,594)	(18,430)
Movement in Reserves during 2024/25											
Total Comprehensive Expenditure and Income	-	(178,270)	825	3,116	-	-	(174,329)	38,797	(135,532)	(139,473)	3,941
Adjustments between accounting basis and funding under regulations	-	165,149	-	-	2,095	(1,861)	165,383	(165,383)	-	-	-
Net (increase)/decrease before transfers to earmarked reserves	-	(13,121)	825	3,116	2,095	(1,861)	(8,946)	(126,586)	(135,532)	(139,473)	3,941
Transfers to Earmarked Reserves	(13,121)	13,121	-	-	-	-	-	-	-	-	-
(Increase) / decrease in 2024/25	(13,121)	-	825	3,116	2,095	(1,861)	(8,946)	(126,586)	(135,532)	(139,473)	3,941
Balance at 31 March 2025	(635,720)	(68,092)	(9,919)	(4,570)	(5,583)	(4,220)	(728,104)	(2,136,452)	(2,864,556)	(2,850,067)	(14,489)

Statement of Accounts

Group Balance Sheet as at 31 March 2025

31 March 2024	Note		31 March 2025
£000			£000
		Property, Plant and Equipment	
		Operational assets	
1,399,010		Land and buildings	1,288,803
9,772		Vehicles, plant and equipment	5,435
1,395,667		Infrastructure	1,434,108
4,619		Community assets	5,092
		Non operational assets	
309,551		Assets under construction	386,715
55,659		Surplus assets held pending disposal	51,146
3,174,278		Total Property, Plant and Equipment	3,171,299
14,766		Heritage assets	14,373
37,452		Investment property	36,016
361		Intangible assets	50
-		Right of use assets	135,107
82		Long term investments	27
11,752		Long term debtors	12,331
3,238,691		Long term assets	3,369,203
7,965	5	Inventories	12,087
241,450	6	Short term debtors	207,523
685,984		Cash and cash equivalents	726,298
11,676		Assets held for sale	13,867
1,980		Investment Properties held for sale	1,980
949,055		Current assets	961,755
(15,765)		Bank overdraft	(7,772)
(18,155)		Short-term borrowing	(33,357)
(347,125)	6	Creditors (current)	(369,724)
(92,325)		Revenue grant receipts in advance	(59,874)
(112,120)		Capital grant receipts in advance	(81,028)
(9,565)		Provisions (current)	(9,480)
(11,411)		Finance lease obligations (current)	(18,355)
(606,466)		Current liabilities	(579,590)
(220)		Creditors (non-current)	(1,169)
-		Revenue grant receipts in advance (long term)	(5,897)
(122,012)		Capital grant receipts in advance (non-current)	(175,177)
(27,592)		Provisions (non-current)	(32,401)
(562,826)		Long term borrowing	(529,219)
(66,353)		Finance lease obligations (non-current)	(102,718)
(8,872)		Deferred credits	(8,398)
(36,524)	7	Net Pensions liability	(31,833)
(824,399)		Long term liabilities	(886,812)
2,756,881		Net Assets	2,864,556

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Group Balance Sheet as at 31 March 2025

31 March 2024	Note		31 March 2025
£000			£000
		Usable reserves	
		General Fund Balance	
(621,908)		Earmarked reserves	(635,720)
(68,092)		General reserves	(68,092)
(10,744)		Profit and Loss reserve	(9,919)
(7,686)	7	Pension reserve	(4,570)
(7,678)		Usable capital receipts reserve	(5,583)
(2,359)		Capital grants unapplied account	(4,220)
(718,467)			(728,104)
		Unusable reserves	
(660,041)		Revaluation reserve	(634,582)
(1,434,062)		Capital Adjustments Account	(1,552,769)
9,083		Financial Instruments Adjustment Account	8,241
40,215	7	Pension reserve	34,421
(65)		Deferred capital receipts	(1,302)
(12,558)		Collection Fund Adjustment Account	(7,566)
19,014		Accumulating Compensated Absences Adjustment Account	17,105
(2,038,414)			(2,136,452)
(2,756,881)		Total Reserves	(2,864,556)

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Group Cash Flow Statement

For the year ended 31 March 2025

2023/24 £000	Notes		2024/25 £000
(134,042)	8	Operating activities	(73,760)
65,886	↓	Investing activities	(3,298)
21,438		Financing activities	28,751
(46,718)		Net increase in cash and cash equivalents	(48,307)
623,501		Cash and cash equivalents at 1 April	670,219
670,219		Cash and cash equivalents at 31 March	718,526

Note: Cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

Statement of Accounts

Notes to the Group Financial Statements

1. Group boundary

The Council has an interest in several entities, the most significant of which are Essex Cares Ltd and Essex Housing Development LLP.

Essex Cares Ltd was incorporated in October 2008 and was established by the Council to provide services for people living in the community who require care, support and assistance. Essex Cares Ltd is a company limited by shares. Essex County Council owns **100%** of the ordinary shares of the Essex Cares Ltd group, which are vested with the Council as a corporate shareholder.

The Essex Housing Development LLP was registered on 26 August 2020 with the intention of helping address a shortfall in general, specialist and affordable housing within Essex. Essex Housing Development is a Limited Liability Partnership with two members and two designated members. The Council is a member and designated member with a **99%** interest in the LLP; Seax Trading Ltd is a member and a designated member with a **1%** interest in the LLP. While registered on 26 August 2020, the LLP did not actively commence trading until February 2021.

Essex Cares Ltd and Essex Housing Development LLP are both subsidiaries of the Council for accounting purposes, and their results have been consolidated into the Group Accounts on a line-by-line basis using the acquisition accounting basis of consolidation.

None of the other entities in which the Council has an interest are considered material enough, either when considered individually or in aggregate, to merit consolidation into the Council's Group Accounts.

2. Accounting policies

In preparing the Group Accounts the Council has:

- Aligned the accounting policies of its subsidiaries with those of the Council and made consolidation adjustments where necessary.
- Consolidated the financial statements of the subsidiaries with those of the Council on a line-by-line basis.
- Eliminated any balances, transactions, income and expenses between the Council and its subsidiaries.

3. Group Expenditure and Funding Analysis

2023/24				2024/25		
Net expenditure chargeable to General Fund	Adjustments between the Funding and Accounting basis	Net expenditure in the Comprehensive Income and Expenditure Statement		Net expenditure chargeable to General Fund	Adjustments between the Funding and Accounting basis	Net expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
			Children's Services, Adult Social Care, Public Health and Integration			
445,419	(520)	444,899	Adult Social Care, Public Health and Integration	495,008	(1,237)	493,771
145,103	(923)	144,180	Children's Services	145,601	(2,090)	143,511
85,818	429	86,247	Climate Czar, Environment, Waste Reduction & Recycling	88,116	1,036	89,152
			Education Excellence, Lifelong Learning and Employability			
(2,881)	(802)	(3,683)	Dedicated Schools Budget	(1,959)	(6,032)	(7,991)
27,950	15,662	43,612	Non Dedicated Schools Budget	27,329	41,229	68,558
124,332	43,940	168,272	Highways, Infrastructure and Sustainable Transport	128,937	58,078	187,015
2,286	320	2,606	Leader	2,349	5,584	7,933
4,721	34	4,755	Communities, Economic Growth and Prosperity	5,209	(171)	5,038
10,568	(1,373)	9,195	Housing, Planning and Regeneration	9,814	(312)	9,502
25,897	3,872	29,769	The Arts, Heritage and Culture	29,315	5,065	34,380
10,411	(2,641)	7,770	The Chancellor of Essex	12,835	(3,111)	9,724
6,227	(32)	6,195	Transformation	6,029	(156)	5,873
			Strategic Support Services			
1,011	(101)	910	Communities, Economic Growth and Prosperity	1,053	(248)	805
1,976	(37)	1,939	Leader	1,972	(78)	1,894
882	(12)	870	The Arts, Heritage and Culture	555	(17)	538
38,266	(1,078)	37,188	The Chancellor of Essex	39,766	(2,309)	37,457
77,342	4,641	81,983	Transformation	79,887	888	80,775
1,005,328	61,379	1,066,707	Cost of services - continuing operations	1,071,816	96,119	1,167,935
(1,047,057)	(204,087)	(1,251,144)	Other income and expenditure not charged to services	(1,084,112)	(261,268)	(1,345,380)
(41,729)	(142,708)	(184,437)	Surplus on Provision of Services	(12,296)	(165,149)	(177,445)
			General Fund Balance and Profit and Loss Reserve			
(659,015)			Opening balance	(700,744)		
-			Restatement of opening balance on transition to IFRS 16 Leases	(691)		
(659,015)			Restated balance at 1 April	(701,435)		
(41,729)			Surplus on Provision of Services	(12,296)		
(700,744)			Balance as at 31 March	(713,731)		

Notes:

- The service groupings shown above reflect the alignment of spending to Cabinet Members, according to their specific responsibilities for discharging the functions of the Cabinet during 2024/25; comparative figures for 2023/24 have been presented on a consistent basis.
- The General Fund Balance comprises earmarked and general revenue reserves.
- An explanation of the impacts of adopting International Financial Reporting Standard 16 Leases (IFRS 16) is provided in note 2, which commences on page 47).

4. Note to the Group Expenditure and Funding Analysis

2023/24	Adjustments for capital purposes £000	Net change for Pension Adjustments £000	Other adjustments between funding and accounting £000	Other differences £000	Adjustments between the Funding and Accounting basis £000
Children's Services, Adult Social Care, Public Health and Integration					
Adult Social Care, Public Health and Integration	938	(1,268)	(190)	-	(520)
Children's Services	714	(1,168)	(469)	-	(923)
Climate Czar, Environment, Waste Reduction & Recycling	646	(150)	(36)	(31)	429
Communities, Economic Growth and Prosperity	118	(66)	(18)	-	34
Education Excellence, Lifelong Learning and Employability					
Dedicated Schools Budget	-	-	3,002	(3,804)	(802)
Non Dedicated Schools Budget	28,960	(5,242)	(170)	(7,886)	15,662
Highways, Infrastructure and Sustainable Transport	56,346	(199)	(76)	(12,131)	43,940
Housing, Planning and Regeneration	(1,076)	(165)	(132)	-	(1,373)
Leader	(1,686)	(70)	(60)	2,136	320
The Arts, Heritage and Culture	4,370	(468)	(30)	-	3,872
The Chancellor of Essex	917	(76)	(2)	(3,480)	(2,641)
Transformation	-	(51)	19	-	(32)
Strategic Support Services					
Communities, Economic Growth and Prosperity	-	(45)	(21)	(35)	(101)
Leader	-	(40)	3	-	(37)
The Arts, Heritage and Culture	-	(10)	(2)	-	(12)
The Chancellor of Essex	-	(829)	(249)	-	(1,078)
Transformation	5,900	(961)	(298)	-	4,641
Cost of services - continuing operations	96,147	(10,808)	1,271	(25,231)	61,379
Other income and expenditure not charged to services	(210,956)	(20,513)	2,151	25,231	(204,087)
Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(114,809)	(31,321)	3,422	-	(142,708)

Notes:

- The service groupings shown above reflect the alignment of spending to Cabinet Members, according to their specific responsibilities for discharging the functions of the Cabinet during 2024/25; comparative figures for 2023/24 have been presented on a consistent basis.

2024/25	Adjustments for capital purposes £000	Net change for Pension Adjustments £000	Other adjustments between funding and accounting £000	Other differences £000	Adjustments between the Funding and Accounting basis £000
Children's Services, Adult Social Care, Public Health and Integration					
Children's Services, Adult Social Care, Public Health and Integration	2,006	(3,226)	(3)	(14)	(1,237)
Children's Services	1,092	(3,239)	77	(20)	(2,090)
Climate Czar, Environment, Waste Reduction & Recycling	3,180	(426)	161	(1,879)	1,036
Communities, Economic Growth and Prosperity	5	(207)	31	-	(171)
Education Excellence, Lifelong Learning and Employability					
Dedicated Schools Budget	-	-	(2,228)	(3,804)	(6,032)
Non Dedicated Schools Budget	57,450	(9,663)	(2)	(6,556)	41,229
Highways, Infrastructure and Sustainable Transport	61,499	(566)	(27)	(2,828)	58,078
Housing, Planning and Regeneration	81	(384)	(9)	-	(312)
Leader	(1,901)	3,205	16	4,264	5,584
The Arts, Heritage and Culture	6,874	(1,744)	37	(102)	5,065
The Chancellor of Essex	(683)	(123)	(4)	(2,301)	(3,111)
Transformation	-	(138)	(18)	-	(156)
Strategic Support Services					
Communities, Economic Growth and Prosperity	-	(122)	(3)	(123)	(248)
Leader	-	(84)	6	-	(78)
The Arts, Heritage and Culture	-	(25)	8	-	(17)
The Chancellor of Essex	13	(2,340)	18	-	(2,309)
Transformation	3,376	(2,524)	36	-	888
Cost of services - continuing operations	132,992	(21,606)	(1,904)	(13,363)	96,119
Other income and expenditure not charged to services	(230,961)	(47,815)	4,145	13,363	(261,268)
Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(97,969)	(69,421)	2,241	-	(165,149)

Statement of Accounts

5. Inventories

	Council £000	Subsidiaries £000	Total £000
Balance as at 1 April 2023	746	4,684	5,430
Purchases	8	7,469	7,477
Donations	-	-	-
Recognised as an expense in the year	(6)	(4,195)	(4,201)
Written off balances	(741)	-	(741)
Balance as at 1 April 2024	7	7,958	7,965
Purchases	5	11,295	11,300
Donations	-	-	-
Recognised as an expense in the year	(5)	(7,173)	(7,178)
Written off balances	-	-	-
Balance as at 31 March 2025	7	12,080	12,087

6. Debtors and creditors

The debtors and creditors included within the Group Accounts exclude any amounts owed within the 'Group'.

7. Defined Benefit Pension Schemes

Note 33 of the Council's single entity accounts provides an explanation of the Council's participation in two pension schemes:

- Local Government Pension Scheme; and
- Award of discretionary post-retirement benefits upon early retirement in relation to the Teachers' Pension Scheme.

Essex Cares Ltd participates in the Local Government Pension Scheme as an admitted body.

The following paragraphs explain the Group transactions relating to retirement benefits, the Group assets and liabilities within the Local Government Pension Scheme and the basis for estimating those assets and liabilities and the change in the Group Pension Reserve.

The Council's transactions related to the award of discretionary post-retirement benefits upon early retirements in relation to the teachers' pension scheme (as detailed in note 33 of the Council's single entity accounts) are not reproduced here but are included within the Group Comprehensive Income and Expenditure Statement and the Balance Sheet.

Statement of Accounts

The following transactions have been made in the Group Comprehensive Income and Expenditure Statement during 2024/25 in relation to participation in the **Local Government Pension Scheme**.

2023/24				2024/25		
Council £000	Essex Cares £000	Group £000		Council £000	Essex Cares £000	Group £000
			Comprehensive Income and Expenditure Statement			
			Cost of Services			
59,390	637	60,027	Current service cost	52,980	544	53,524
361	-	361	Past service cost	2,438	69	2,507
(343)	(311)	(654)	Gain / loss on settlement	919	44	963
59,408	326	59,734		56,337	657	56,994
			Financing and Investment Income and Expenditure			
(23,344)	(2,028)	(25,372)	Net interest expense	(50,255)	(2,585)	(52,840)
2,134	63	2,197	Administrative costs	2,059	65	2,124
(21,210)	(1,965)	(23,175)		(48,196)	(2,520)	(50,716)
38,198	(1,639)	36,559	Total charge to the Surplus / Deficit on Provision of Services	8,141	(1,863)	6,278
			Re-measurement of the net pensions liability			
(229,659)	(7,116)	(236,775)	Return on scheme assets	5,831	(205)	5,626
			Actuarial (gains) / losses arising from changes in:			
(23,200)	(496)	(23,696)	Financial assumptions	(377,490)	(7,438)	(384,928)
(36,612)	(686)	(37,298)	Demographic assumptions	(6,986)	(123)	(7,109)
8,388	171	8,559	Experience (gain) / loss on defined benefit obligation	(7,672)	(152)	(7,824)
308,674	11,282	319,956	Change in effect of the asset ceiling	450,641	11,034	461,675
27,591	3,155	30,746	Total charged to Other Comprehensive Income and Expenditure	64,324	3,116	67,440
65,789	1,516	67,305	Total charged to the Comprehensive Income and Expenditure Statement	72,465	1,253	73,718
			Movement on the Authority's General Fund Balance			
(38,198)	-	(38,198)	Reversal of net charges made for retirement benefits in accordance with IAS 19	(8,141)	-	(8,141)
67,698	117	67,815	Actual amount charged against the General Fund Balance for pensions in the year	75,579	150	75,729
29,500	117	29,617		67,438	150	67,588

The amount included within the Group Balance Sheet in respect of its Local Government Pension Scheme defined benefit plan is:

2023/24				2024/25		
Council £000	Essex Cares £000	Total £000		Council £000	Essex Cares £000	Total £000
2,660,237	53,463	2,713,700	Present value of the defined benefit obligation	2,351,572	46,719	2,398,291
(3,423,741)	(106,239)	(3,529,980)	Fair value of plan assets	(3,568,831)	(109,426)	(3,678,257)
(763,504)	(52,776)	(816,280)	Sub total	(1,217,259)	(62,707)	(1,279,966)
787,449	49,085	836,534	Change in the effect of the asset ceiling	1,238,090	60,119	1,298,209
23,945	(3,691)	20,254	Net (asset) / liability arising from defined benefit obligations	20,831	(2,588)	18,243

Statement of Accounts

The following table provides a reconciliation of the present value of scheme liabilities:

2023/24				2024/25		
Council £000	Essex Cares £000	Group £000		Council £000	Essex Cares £000	Group £000
2,621,898	55,864	2,677,762	Balance as at 1 April	2,660,237	53,463	2,713,700
59,390	637	60,027	Current service cost	52,980	544	53,524
123,632	2,485	126,117	Interest Cost	129,184	2,570	131,754
21,634	172	21,806	Contributions by scheme participants	22,730	150	22,880
			Actuarial (gains) / losses arising from			
(36,612)	(686)	(37,298)	Changes in demographic assumptions	(6,986)	(123)	(7,109)
(23,200)	(496)	(23,696)	Changes in financial assumptions	(377,490)	(7,438)	(384,928)
-	171	171	Experience loss (gain) on defined benefit obligation	-	(152)	(152)
8,388	-	8,388	Other	(7,672)	-	(7,672)
361	-	361	Past service costs	2,438	69	2,507
(109,793)	(1,876)	(111,669)	Benefits paid	(117,506)	(2,416)	(119,922)
(5,461)	(2,808)	(8,269)	Liabilities extinguished on settlements	(6,343)	52	(6,291)
2,660,237	53,463	2,713,700	Balance as at 31 March	2,351,572	46,719	2,398,291

The following table provides a reconciliation of the fair value of scheme assets:

2023/24				2024/25		
Council £000	Essex Cares £000	Group £000		Council £000	Essex Cares £000	Group £000
3,074,819	98,757	3,173,576	Balance as at 1 April	3,423,741	106,239	3,529,980
146,976	4,513	151,489	Interest income	179,439	5,155	184,594
(2,134)	(63)	(2,197)	Administrative costs	(2,059)	(65)	(2,124)
			Remeasurement gain / (loss)			
229,659	7,116	236,775	Return on plan assets (excl. amount incl in net interest expense)	(5,831)	205	(5,626)
67,698	117	67,815	Contributions by Employer	75,579	150	75,729
21,634	172	21,806	Contributions by scheme participants	22,730	150	22,880
(109,793)	(1,876)	(111,669)	Benefits paid	(117,506)	(2,416)	(119,922)
(5,118)	(2,497)	(7,615)	Settlements	(7,262)	8	(7,254)
3,423,741	106,239	3,529,980	Balance as at 31 March	3,568,831	109,426	3,678,257

The Local Government Pension Scheme assets comprised:

31 March 2024			31 March 2025	
£000	%		£000	%
1,955,266	55.3%	Equities	2,019,545	54.8%
63,069	1.8%	Gilts	55,754	1.5%
243,652	6.9%	Property	296,906	8.1%
87,081	2.5%	Cash and cash equivalents	71,736	2.0%
536,682	15.2%	Alternative Assets	554,422	15.1%
644,230	18.3%	Other managed funds	679,894	18.5%
3,529,980	100.0%	Total assets	3,678,257	100.0%

Note 33.4 of the Council's 'single entity' accounts, which commences on page 111, sets out the significant assumptions used by the Actuary in its calculations for the Local Government Pension Scheme. The assumptions made in relation to Essex Cares Ltd are consistent with those made for the Council, except for the rate of increase in salaries where the rate for Essex Cares Ltd is estimated at **3.65%** (2023/24: 3.70%).

Statement of Accounts

The sensitivity analyses below have been determined based on reasonably possible changes of assumptions occurring at the end of the reporting period. It assumes for each change that the assumption analysed changes, while all other assumptions remain constant.

Local Government Pension Scheme	Effect of change in assumptions		
	£000	£000	£000
Adjustment to discount rate	+ 0.1%	0.0%	- 0.1%
Present value of total obligation	2,364,421	2,398,291	2,432,982
Projected Service Cost	42,739	44,394	46,108
Adjustment to long term salary increase	+ 0.1%	0.0%	- 0.1%
Present value of total obligation	2,400,346	2,398,291	2,396,253
Projected Service Cost	44,394	44,394	44,394
Adjustment to pension increases and deferred revaluation	+ 0.1%	0.0%	- 0.1%
Present value of total obligation	2,431,883	2,398,291	2,365,483
Projected Service Cost	46,178	44,394	42,671
Adjustment to life expectancy assumption	+ 1 year	None	- 1 year
Present value of total obligation	2,489,744	2,398,291	2,310,710
Projected Service Cost	46,079	44,394	42,754

Statement of Accounts

8. Cash Flow

The cash flows for operating, investing and financing activities include the following items:

2023/24 £000		2024/25 £000
	Cash flows from operating activities	
	Cash inflows	
(851,549)	Taxation	(904,918)
(1,239,857)	Grants	(1,374,025)
(372,383)	Sales of goods and rendering of services	(395,913)
(36,413)	Interest received	(35,437)
(1,189)	Dividends received	(1,868)
(2,501,391)		(2,712,161)
	Cash outflows	
576,922	Cash paid to and on behalf of employees	608,850
41,464	Interest paid	32,466
1,576,562	Cash paid to suppliers of goods and services	1,778,576
	Other payments for operating activities	
139,102	Employer's national insurance and pension contributions	149,291
22,641	Revenue expenditure funded from capital under statute	57,079
10,658	Other payments for operating activities	12,139
2,367,349		2,638,401
(134,042)	Net inflow of cash from operating activities	(73,760)
	Cash flows from investing activities	
	Cash inflows	
(394)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(7,010)
(10,000)	Proceeds from short and long term investments	-
	Other receipts from investing activities	
(198,795)	Capital grants received	(248,809)
(9,690)	Other capital cash received	(10,699)
(218,879)		(266,518)
	Cash outflows	
261,800	Purchase of property, plant and equipment, investment property and intangible assets	256,283
22,965	Other payments for investing activities	6,937
284,765		263,220
65,886	Net (inflow) / outflow of cash from investing activities	(3,298)
	Cash flows generated from financing activities	
	Cash inflows	
(2,900)	Cash receipts of short and long term borrowing	(582)
(2,903)	Other receipts from financing activities	(10,721)
(5,803)		(11,303)
	Cash outflows	
15,197	Cash payments for the reduction of liabilities related to Finance Leases (incl. PFI contracts)	22,102
12,044	Repayment of short and long term borrowing	17,952
27,241		40,054
21,438	Net outflow of cash from financing activities	28,751
(46,718)	Net increase in cash and cash equivalents	(48,307)

Statement of Accounts

Pension Fund Financial Statements

The Pension Fund financial statements summarise the financial transactions and net assets related to the provision of pensions and other benefits payable to former employees of the Council, Essex district, borough and unitary councils, and for other scheduled and admitted bodies.

The Essex Pension Fund financial statements comprise:

- **Fund Account** - summarises the financial transactions of the Pension Fund for the year.
- **Net Assets Statement** - summarises the net assets relating to the provision of pensions and other benefits payable to former employees of the Council and other admitted bodies.

The Pension Fund accounts are set out in the following pages, as detailed below.

Statement of Accounts

Pension Fund Accounts

Fund Account for the year ended 31 March 2025

2023/24 £000	Note		2024/25 £000
		Dealing with members and others directly involved in the Fund	
		Income	
		Contributions receivable	
(79,265)	9	Member contributions	(82,917)
(269,048)	9	Employers' contributions	(288,752)
(26,920)	9	Transfers in from other Pension Funds	(27,275)
(3,223)		Other income	(3,390)
(378,456)		Total income	(402,334)
		Expenditure	
		Benefits payable	
266,113	9	Pensions	291,617
48,530	9	Commutation of pensions & lump sum retirement benefits	53,478
9,071	9	Lump sum death benefits	7,253
29,269	9	Payments to and on account of Leavers	32,421
352,983		Total expenditure	384,769
(25,473)		Net (additions) / withdrawals from dealings with members	(17,565)
70,405	10	Management expenses	93,841
44,932		Net (additions) / withdrawals including Fund Management expenses	76,276
		Returns on investments	
(183,190)	11	Investment income	(254,611)
(1,103,709)	12	Profit and losses on disposal of investments and changes in the value of investments	(409,861)
1,436		Taxes on income	1,199
(1,285,463)		Net returns on investments	(663,273)
(1,240,531)		Net (increase) / decrease in the assets available for benefits during the year	(586,997)
(9,668,507)		Opening net assets as at 1 April	(10,909,038)
(10,909,038)		Closing net assets as at 31 March	(11,496,035)

Statement of Accounts

Pension Fund Accounts

Net Assets Statement as at 31 March 2025

31 March 2024 £000	Note		31 March 2025 £000
	12	Investments at market value	
		Investment assets	
		Pooled Investments	
1,986,594		Fixed income - ACCESS pooled fixed income funds	2,123,914
2,973,501		Equities - ACCESS unit life assurance policies	3,097,123
2,223,271		Equities - ACCESS pooled global equity funds	2,340,257
364,786		Equities - ACCESS Emerging Markets equity funds	378,163
194,485		Index linked securities - ACCESS fund	174,167
167,600		Property unit trusts	222,672
21		Equities - market quoted	20
583,739		Property	704,824
475,935		Private equity	493,273
1,064,220		Infrastructure	1,127,301
365,386		Timber	341,499
225,342		Private debt	263,151
234,468		Cash/deposits	194,245
7,677		Other investment balances	1,296
10,867,025			11,461,905
		Investment liabilities	
(2,222)		Other investment balances	(8,894)
(2,222)			(8,894)
10,864,803		Total net investments	11,453,011
		Long term debtors	
539	14	Contributions due from employers	501
		Current assets and liabilities	
		Current Assets	
24,525		Cash	28,329
29,815		Contributions due from employers and other current assets	30,473
10,919,682			11,512,314
		Current liabilities	
(10,644)		Unpaid benefits and other current liabilities	(10,979)
-		Temporary Borrowing	(5,300)
10,909,038		Net assets of the scheme available to fund benefits at the end of the reporting period	11,496,035

The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed at Note 3.

Statement of Accounts

Notes to the Pension Fund Financial Statements

1. Background

1.1 General description of the Fund

Under the Local Government Pension Scheme (LGPS) (Administration) Regulations 2008, Essex County Council is required to maintain a pension fund.

The Essex Pension Fund ("the Fund") is part of the Local Government Pension Scheme and is administered by Essex County Council ("the Administering Authority") which is the reporting entity for this pension fund.

Established by the Local Government Superannuation Regulation 1974 the scheme is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

- Local Government Pension Scheme (LGPS) Regulations 2013 (as amended);
- LGPS (Transitional Provisions, Savings and Amendment) Regulation 2014 (as amended); and
- LGPS (Management and Investment of Funds) Regulations 2016.

The Fund is a contributory defined benefit pension scheme to provide pensions and other benefits for its Essex County Council employees and those other scheduled bodies within its area. It is also empowered to admit the employees of certain other bodies, town and parish councils, educational establishments, contractors providing services transferred from scheduled bodies and community interest bodies. A complete list of the employers participating in the Fund is contained in the Pension Fund Annual Report and Accounts. The Fund does not provide pensions for teachers, for whom separate arrangements exist. Uniformed police and fire staff are also subject to separate pension arrangements.

The Council has delegated its pension functions to the Essex Pension Fund Strategy Board (PSB) and Investment Steering Committee (ISC). Responsibility for the administration and financial management of the Fund was delegated to the Section 151 Officer, along with the Director for Essex Pension Fund.

Statement of Accounts

Independent investment managers have been appointed to manage the investments of the Fund. The Fund also invests in private equity, infrastructure and timber through the use of limited partnerships. The ISC oversees the management of these investments and meets regularly with the investment managers to monitor their performance against agreed benchmarks. The ISC in turn reports to the Essex Pension Fund Strategy Board. The Fund's Investment Strategy Statement, is contained in the Pension Fund Annual Report and Accounts and can be found on the Pension Fund website (www.essexpensionfund.co.uk).

Regional Asset Pools

In response to the Government's guidance and criteria on pooling investments issued in 2015, the Essex Pension Fund are working collaboratively with ten other like-minded LGPS Funds under the name of ACCESS (A Collaboration of Central, Eastern and Southern Shires).

In 2018 a joint procurement was undertaken by ACCESS for a passive provider with UBS Asset Management appointed as the preferred provider. In addition, in March 2018 Waystone (formerly Link Solutions Limited (Link)) was appointed to act as operator of the ACCESS's Authorised Contractual Scheme (ACS).

The Fund had transitioned **£9.905bn** into the Access Pool as at 31 March 2025 (31 March 2025: £9.083bn). **£4.843bn** was managed by Waystone, the Pool Operator, with no new investment in the 2024/25 financial year (there were new and transitioned assets in 2023/24 totalling £874m). The remaining **£5.062bn** was under ACCESS Pool governance and managed by ACCESS's passive provider, property, infrastructure and timber managers.

It is anticipated that during 2025/26 further investment will be made into illiquid solutions when available. For more details, please refer to the Essex Pension Fund website www.essexpensionfund.co.uk.

1.2 Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme, or make their own personal arrangements outside the scheme.

Organisations participating in the Essex Pension Fund include:

- Scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the Fund.
- Admitted bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

Statement of Accounts

There are **810** active employer organisations within Essex Pension Fund including the County Council itself. Membership details are set out below:

31 March 2024		31 March 2025
58,853	Contributors	58,288
73,395	Deferred pensioners	71,583
52,142	Pensioners	54,519
184,390	Total	184,390

1.3 Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the fund in accordance with the LGPS Regulations 2013 and range from **5.5% to 12.5%** of pensionable pay for the financial year ending 31 March 2025. Employees can also opt to pay a reduced contribution. This is commonly referred to as the '50/50' option. At any time an active member can opt to pay half of their normal contribution. This option results in the pension built up during this time being reduced by half. Employee contributions are matched by employers' contributions which are set based on triennial actuarial funding valuations. The last such valuation was at **31 March 2022**. Details can be found on the website www.essexpensionfund.co.uk.

1.4 Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service.

From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is updated annually in line with inflation.

There are a range of other benefits provided under the scheme including early retirement, disability pensions and death benefits. For more details, please refer to the Essex Pension Fund website www.essexpensionfund.co.uk.

2. Basis of preparation

The financial statements have been prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 issued by CIPFA, which is based upon International Financial Reporting Standards (IFRS) as amended for UK public sector. The accounts have been prepared on a going concern basis.

Statement of Accounts

In carrying out its assessment that this basis is appropriate, made to 30 June 2025, management of the Pension Fund have considered the additional qualitative and quantitative key requirements:

The basis for preparation is supported by legislation for local authorities, and the Code requirements on the basis of the continuation of services.

The Fund is cashflow positive meaning that the contributions received from the employers and members of the scheme exceed the benefits amount paid out. All employers within the Fund are paying contributions as per the rates and adjustment certificate.

The improved funding position at the March 2022 Valuation has resulted in stable contributions being set. Some Employers will be paying only primary contribution rates from 1 April 2024 which could impact the income from contributions over the next 3 years. The Fund has forecast a positive cashflow of **£61.7m** for 2025/26.

As at 31 March 2025, the Fund had a positive funding level, as per Note 3.3.

The Pension Fund has not utilised any borrowing during the 2024/25 financial year or within the 2025/26 year to date.

The Pension Fund has a strategic allocation of **45%** to equities and **18%** to bonds, which are assets that could be liquidated to pay benefits should the need arise. **£6.137bn** of assets would be able to be realised in 7 days.

On this basis, the Pension Fund has a reasonable expectation that it will have adequate resources to continue in operational existence to 31 March 2026 following the date of the auditor's report, and it will be able to meet its liabilities as they fall due for payment. For this reason, alongside the statutory guidance, the Fund continues to adopt the going concern basis in preparing these financial statements.

The financial statements summarise the Fund's transactions for the financial year ended 31 March 2025 and its position as at 31 March 2025. They report the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year, nor do they take into account the actuarial present value of promised retirement benefits. However, a statement calculating the Fund's actuarial present value of promised retirement benefits (IAS26) as at 31 March 2025 using IAS19 methodology is included in the notes to the accounts and can be found in Note 3. The actuarial position of the scheme as at 31 March 2022 is dealt with in Section 7 of the Pension Fund Annual Report and Accounts.

3. Actuarial valuation

The contributions payable for 2023/24 and 2024/25 were determined by the 2022 Valuations.

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3.1 Actuarial Valuation 2022

In line with the Local Government Pension Regulations 2013 the Fund's Actuary undertakes a funding valuation every three years for the purpose of setting the employer contribution rates for the forthcoming triennial period.

An Actuarial Valuation of the Essex Pension Fund was carried out as at 31 March 2022 to determine the contribution rates with effect from 1 April 2023 to 31 March 2026. The results of the valuation are contained within the Statement by the Consulting Actuary in the Pension Fund Report and Accounts.

Actuarial Approach

Market conditions and the underlying investment performance of the Fund's assets will have a direct impact on the funding position.

The Actuary's approach adopted at the 2022 Actuarial Valuation included the following features:

- financial assumptions such as inflation and the discount rate are based on smoothed market indicators from around the valuation date, specifically over the six-month period from 1 January 2022 to 30 June 2022. The discount rate is based on the expected investment return from the Fund's assets.
- the market value of assets at 31 March 2022 is then adjusted to also be smoothed over the same six-month period so that a consistent comparison can be made with the liabilities.
- the smoothed assets also include a 15% volatility reserve deduction which may be used in the instance for future adverse experience to help achieve stability.

The Valuation was carried out using the projected unit actuarial method. Full details of the actuarial assumptions are contained within the full Valuation Report that is available from www.essexpensionfund.co.uk, but the main financial assumptions used for assessing the Funding Target and the common contribution rate were as follows:

Assumptions	Financial assumptions	
	2019	2022
Rate of return	4.5%	4.3%
Rate of discount	4.5%	4.3%
Short-term pay increase	N/A	N/A
Long-term pay increase	3.6%	3.9%
Rate of increase to pensions in payment	2.6%	2.9%
Pension increases on Guaranteed Minimum Pension	Funds will pay limited increases for members that have reached SPA by 6 April 2016, and full increases for others.	

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The assumed life expectancy from age 65 is as follows:

31 March 2019 Years		31 March 2022 Years
	Retiring today	
21.7	Males	21.0
23.7	Females	23.5
	Retiring in 20 years	
23.1	Males	22.3
25.1	Females	24.9

The assets were assessed at market value.

On the basis of the assumptions adopted, the Valuation revealed that the value of the Fund's assets of **£8.100bn** represented **102%** of the Funding Target liabilities of **£7.920bn** at the valuation date. This was based on a smoothing adjustment of 98.8% applied to the market value of the assets and a stability reserve of 15%.

The valuation also showed that an average primary contribution rate of **22%** of Pensionable Pay per annum was required from employers (**20%** as at 31 March 2019). The primary rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

In practice, each individual employer's position is assessed separately, and the contributions required are set out in the Actuary's statement. In addition to the certified contributions, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

The next triennial actuarial valuation of the Fund is currently due as at 31 March 2026. Based on the results of this valuation, the contributions payable by the individual employers will be revised with effect from 1 April 2026.

Funding Strategy

The Funding Strategy adopted in assessing the contributions for each individual employer is in accordance with the Funding Strategy Statement (FSS). Different approaches adopted in implementing contribution increases and deficit recovery periods are as determined through the FSS consultation process.

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The funding objectives of the Fund are:

- to prudently set levels of employer contributions that aim to achieve a fully funded position in the timescales determined in the Funding Strategy Statement.
- to recognise in drawing up its Funding Strategy, the desirability of employer contribution rates that are as stable as possible.
- to manage employers' liabilities effectively, having due consideration of each employer's strength of covenant, by the adoption of employer specific funding objectives.
- to maintain liquidity in order to ensure benefits can be met as and when they fall due over the lifetime of the Fund.
- to adopt appropriate measures and approaches to reduce the risk, as far as possible, to the Fund, other employers and ultimately the taxpayer from an employer defaulting on its pension obligations to minimise unrecoverable debt on termination of employer participation.
- to have consistency between the investment strategy and funding strategy; and to maximise returns within reasonable risk parameters.

3.2 IAS 19 Actuarial present value of promised retirement benefits

Many of the Fund's employers comply with the accounting disclosure requirements of either IAS 19 or FRS 102. These accounting standards specify the approach taken when calculating liabilities for disclosure in an employer's annual accounts – they do not determine the employer contribution. Employer contributions are determined via the Actuarial Valuation (as described in note 3 above).

3.3 IAS 26 – Total Fund: Actuarial present value of promised retirement benefits

Separate to the Actuarial Valuation, IAS 26 requires the present value of the Fund's promised retirement benefits to be disclosed. For this purpose the actuarial assumptions and methodology used should be based on IAS 19 rather than the assumptions and methodology used in the Actuarial Valuation for funding purposes.

In order to assess the present value of the Fund's obligation on this basis, the Actuary, allowing for the different financial assumptions required under IAS 19 has used a roll forward approach in valuing the Fund's liabilities which were last calculated at the triennial actuarial valuation as at 31 March 2022.

The latest version of the core model CMI_2023 places no weight on the exceptional mortality experienced during 2020 and 2021 as a result of the Covid pandemic but places some reliance on mortality data that has been observed since. Specifically, a weighting of 15% is applied to mortality in the 2022- and 2023-years' data. The impact of updating the model is expected to

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be a slight reduction in life expectancies for all employers, largely reflecting the heavier than average mortality that was experienced during 2022 and 2023.

The duration of the Fund's liabilities is the weighted average time to pay each future expected cashflow for each member. This is based on the data from the last actuarial valuation. The Fund's liability duration as at 31 March 2025 is **16 years** which in turn means a discount rate of **5.85%** per annum (4.90% as at 31 March 2024). Liabilities are valued using a discount rate based on corporate bond yields.

An estimate of the Fund's future cashflows is made using notional cashflows based on the estimated duration above. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point).

In order to assess the value of the benefit obligations, the actuary has updated the actuarial assumptions (see below) from those used for funding purposes.

31 March 2024 £000		31 March 2025 £000
(8,126,042)	Present value of the defined benefit obligation	(7,210,678)
10,885,289	Fair value of the Fund assets (bid value) *	11,491,959
2,759,247	Net (liability) / asset	4,281,281

* Based on IAS 26 report (unaudited)

Please note, the liabilities above are calculated on an IAS 19 basis and therefore will differ from the results of the 2022 triennial funding valuation (note 3.1).

The key financial assumptions used are:

31 March 2024 %		31 March 2025 %
2.90	Pension increases	2.90
3.90	Salary increases	3.90
4.90	Discount rate	5.85

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The key demographic assumptions used (life expectations from age 65) are as follows:

31 March 2024	Life expectancy from age 65	31 March 2025
<i>Years</i>		<i>Years</i>
	Retiring today	
20.8	Males	20.7
23.3	Females	23.3
	Retiring in 20 years	
22.0	Males	22.0
24.7	Females	24.7

McCloud/Sargeant ruling

An allowance was made for the potential impact of the McCloud & Sargeant judgement in the results provided to the Fund at the last accounting date as stated above and is already included in the starting position. This allowance is therefore incorporated in the roll forward approach and is remeasured at the accounting date along with the normal LGPS liabilities.

4. Accounting policies

4.1 Fund Account – revenue recognition

4.1.1 Contribution income

Normal contributions (also referred to as Primary Contributions), both from the members and from the employer, are accounted for on an accruals basis as follows:

- Employee contribution rates are set in accordance with LGPS regulations using common percentage rates for all schemes which arise according to pensionable pay.
- Employer contributions are set at the percentage rate recommended by the Fund Actuary in the payroll period to which it relates.

Employer deficit funding contributions (also referred to as Secondary Contributions) are accounted for on the due dates on which they are payable under the schedule of contributions set by the Fund Actuary or on receipt if earlier than the due date.

Employers' augmentation contributions and financial strain contributions are accounted for in the period in which the liability arises. Any amounts due in the year but unpaid are classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

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4.1.2 Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Scheme Regulations (see note 9 which commences on page 161).

Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis and included in Transfers in.

Bulk (group) transfers are accounted for on an accruals' basis in accordance with the terms of the transfer agreement.

4.1.3 Investment Income

- **Dividend income**

Dividend income is recognised in the Fund Account on the date the shares are quoted ex-dividend. Any amounts not received by 31 March are disclosed in the Net Assets Statement as other investment balances due. Investment income also includes withholding tax where this cannot be recovered.

- **Interest income**

Interest income is recognised in the Fund Account on an accruals basis, using the effective interest rate of the financial instrument as at the date of acquisition or origination.

- **Income from other investments**

Income from other investments is accounted for on an accruals' basis. Any amount not received by the end of the financial year is disclosed in the Net Assets Statement under other investment balances.

- **Distributions from pooled funds**

Distributions from pooled funds are recognised at the date of issue. Any amounts not received by the end of the reporting period is disclosed in the Net Assets Statement as a current financial asset.

- **Property related income**

Property related income consists primarily of rental income. Rental income from operating leases on properties owned by the Fund is recognised on a straight line basis over the term of the lease.

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Any lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Contingent rents based on the future amount of a factor that changes other than with the passage of time, such as turnover rents, are only recognised when contractually due.

- **Change in market value of investments**

The change in market value of investments during the year is recognised as income and comprises all realised and unrealised profits and losses during the year.

4.2 Fund Account – Expense items

4.2.1 Benefits payable

Under the regulations, retirees can receive a lump sum retirement grant in addition to their annual pension. Pensions and lump sum retirement grants are accounted for from the date of retirement. When a member chooses to take a greater retirement grant in return for a reduced pension, these lump sums are accounted for on an accruals' basis from the date that the option is exercised. Any amounts due but not paid are disclosed in the Net Assets Statement as current liabilities, provided that payment has been approved.

Other benefits are accounted for on the date that members leave the Fund, or upon death.

4.2.2 Management expenses

The Fund discloses its pension fund management expenses where possible, in accordance with the CIPFA guidance 'Accounting for Local Government Pension Scheme Management Expenses 2016'.

- **Administrative expenses**

All administrative expenses are accounted for on an accruals' basis. All staff costs of the administration part of the function are charged direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

- **Oversight and governance**

All oversight and governance expenses are accounted for on an accruals' basis. All staff costs associated with governance and oversight are charged direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

- **Investment management expenses**

All investment management expenses are accounted for on an accruals' basis.

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Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. For the investment managers who manage the main asset classes of the Fund these are broadly based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change. With the investment managers who manage the alternative assets the fees are generally calculated on a commitment basis.

Some of the Fund's investments are via pooled vehicles. In the majority of cases the investment manager deducts its management fees directly i.e. the Fund are not invoiced for these costs. The gross up of management fees are offset through the change in market value of these investments.

Where an investment manager's fee invoice has not been received by the Balance Sheet date, an estimate based upon the market value of their mandate as at the end of the year is used for inclusion in the Fund Account. In 2024/25, **£1.191m** of fees is based on such estimates (2023/24: £1.376m). A creditor has been raised and the actual invoice amount is shown within current liabilities.

The costs of the Pension Fund investment function are charged direct to the Fund along with any direct running costs. Transaction costs and custody fees are included within investment management expenses.

The cost of obtaining investment advice from external consultants is included in governance and oversight.

4.3 Net Assets Statement

4.3.1 Financial Assets

Financial assets are included in the Net Assets Statement on a fair value basis (with the exception of cash and debtors, which have been dealt with on an amortised cost basis), as at the financial year end date of 31 March. The financial asset is recognised in the Net Asset Statement on the date the fund becomes party to the contractual acquisition of the asset. From this date, any gains or losses arising from changes in fair value of the asset are recognised in the Fund Account.

The values of investments shown in the Net Assets Statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13 (see note 12). For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted where possible, the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG / Investment Association, 2016). Each type of investment in consultation with the Fund's Investment Managers have been assessed and a single level has been applied, based on their overall characteristics.

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4.3.2 Valuation of investments

The value of investments as shown in the Net Assets Statement is determined as outlined in the following paragraphs.

- **Market quoted investments**

In the majority of cases, market quoted equity investments for which there is a readily available market price is determined by the bid market price ruling on the final day of the accounting period.

- **Unquoted investments**

The fair value of investments for which market quotations are not readily available are determined as follows:

Unquoted private equity

For unquoted equity and private equity limited partnerships, investments are valued based on the Fund's share of the net assets in the private equity fund or limited partnership using the latest financial statements published by the respective fund managers. In 2024/25, the majority of these investments have been valued as at 31 December 2024 so the estimated balance has been reflected.

Other unquoted investments

Investments in unquoted property, private debt, timber and infrastructure pooled funds are valued at the net asset value or a single price advised by the fund managers and are based on industry guidelines and standards set by the constituent documents of the pool or the management agreement. These investments are based on 31 December 2024 valuations.

- **Unit trusts and managed funds**

Unit trusts and managed funds are valued at bid prices provided by the relevant fund managers, which reflect the market value of the underlying investments.

In the case of pooled investment vehicles that are accumulation funds, change in market value also includes income, which is reinvested in the Fund, net of applicable withholding tax.

- **Fixed interest investments**

Fixed interest investments in the Fund's investment portfolio are recorded at net market value, based on their current yield (i.e. excludes interest earned but not paid over at the Fund year-end, which is included separately within accrued investment income and disclosed within note 12).

- **Direct Property investments**

Direct property investments have been valued on a fair value basis as at 31 March 2025, by Knight Frank, Chartered Surveyors in accordance with the current edition of the Royal Institute of Chartered Surveyors' (RICS) Valuation – Global Standards, which incorporate the International Valuation Standards and the RICS UK National Supplement. The valuer's opinion of market value and existing use value was primarily derived using comparable

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recent market transactions on arm's-length terms, where available, and appropriate valuation techniques (the Investment Method), such as the use of estimated future yields and rental values.

- **Valuations relating to Russia/ Belarus and Ukraine investments**

Please note that the Investment valuations as at 31 March 2025 have taken into account the current conflict in Ukraine. Prior to the beginning of the conflict the Fund had minimal direct exposure to investments in Russia/Belarus and Ukraine. The value of these investments was **£8,000** as at 31 March 2024 (**0.0001%** of the Fund's value). The value of these investments reflected in the accounts as at 31 March 2025 was **£7,000** (**0.0001%** of the Fund's value).

4.3.3 Dividends, Interest and Foreign Currencies

Dividend, interest, purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End of year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

4.3.4 Cash and cash equivalents

Cash comprises of cash in hand and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

4.3.5 Financial liabilities

A financial liability is recognised in the net asset statement on the date the fund becomes legally responsible for that liability. The fund recognises financial liabilities relating to investment trading at fair value and any gains or losses arising from changes in the fair value of the liability between contract date, the year-end date and the eventual settlement date are recognised in the fund account as part of the change in value of investments.

Other financial liabilities classed as amortised cost are carried in the net asset statement at the value of the outstanding principal at 31 March each year. Any interest due not yet paid is accounted for on an accruals basis and included in administration costs.

4.3.6 Additional Voluntary Contribution

The Essex Pension Fund provides an additional voluntary contribution (AVC) scheme for its members, the assets of which are invested separately from those of the pension fund. AVCs are not included in the accounts in accordance with Section 4(1)(b) of the Local Government Pension Scheme (Management and Investment of funds) Regulations 2016 but are disclosed for information in note 13.

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The AVC providers to the Fund are The Equitable Life Assurance Society, Prudential and Standard Life.

The AVC providers secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in these arrangements each receive an annual statement confirming the amounts held in their account and the movements in the year.

The Fund relies on individual contributors to check that deductions made on their behalf are accurately reflected in the statements provided by the AVC providers.

5. Critical judgements in applying accounting policies

In applying the accounting policies set out within note 4, the Fund has had to make certain judgements about complex transactions or those involving uncertainty about future events. No critical judgments have been made in the Fund's Accounts.

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

The Fund Accounts contain estimated figures that are based on assumptions made about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the net assets statement at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits <i>Note: Results are taken from the 2024 Actuary IAS 26 Report</i>	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. A firm of consulting actuaries is engaged to provide the fund	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £108m . A 0.1% increase in the Pensions and deferred revaluations would result in an increase in the pension liability of £104m . A 0.1% increase in the long-term rate of salary increase would increase the value of liabilities by approximately £7m .

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Item	Uncertainties	Effect if actual results differ from assumptions
	with expert advice about the assumptions to be applied.	<p>Increasing the life expectancy assumptions by 1 year would increase the liability by approximately £241m.</p> <p>Please note that because the liability associated with the actuarial present value of promised retirement benefits is not recognised in the Fund's financial statements, the changes in assumptions referred to above have not impact on the amounts recognised in the Net Asset Statement.</p>
Property	<p>Direct property</p> <p>Property valuation is performed by independent external valuers, in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards. Valuation techniques are used to determine the carrying amount of directly held freehold and leasehold property. Where possible these valuation techniques are based on observable data, but where this is not possible management uses the best available data. Changes in the valuation assumptions used, together with significant changes in rental growth, vacancy levels, changes in market process, changes in volume of sales and purchases or the discount rate could affect the fair value of property.</p>	<p>The effect of variations in the factors supporting the valuation could result in an increase or decrease in the value of directly held property by +/- 10% an increase or decrease of £46.908m, on current value of £469.075m (notes 17.1 and 17.4).</p>

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Item	Uncertainties	Effect if actual results differ from assumptions
Property	<p>Pooled property funds and global property</p> <p>Valuation techniques are used to determine the carrying amount of pooled property funds and global property. Where possible management uses the best available data. Uncertainties including changes in rental growth, covenant strength for existing tenancies, discount rate could affect the fair value of the property investments.</p>	<p>The effect of variations in the factors supporting the valuation could result in an increase or decrease in the value of:</p> <ul style="list-style-type: none"> • pooled property funds by +/- 10% an increase or decrease of £17.459m, on current value of £174.588m (notes 17.1 and 17.4). • global property unit trusts by +/- 15.2% an increase or decrease by £7.309m, on current value of £48.084m (notes 17.1 and 17.4). • global held property by +/- 15.2% an increase or decrease of £35.834m, on current value of £235.749m (notes 17.1 and 17.4).
Private equity, Infrastructure, Timber and Private debt	<p>There is a degree of estimation involved in the valuation of these assets. Uncertainties including changes in market activity, credit risks, expected cash flows, discount rates used can impact valuations.</p>	<p>The total private equity, infrastructure, timber and private debt investments in the financial statements are £2.225bn. There is a risk that this investment may be under or overstated in the accounts, totalling an increase / decrease of £186.555m (notes 17.1 and 17.4).</p>

7. Events after the reporting date

These are events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period), and
- those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

There have been no adjusting or non-adjusting events taking place between 31 March 2025 and **30 June 2025**.

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The Statement of Accounts was certified by the Director, Finance on **30 June 2025**. Events taking place after this date were not reflected in the financial statements or notes.

8. Accounting standards issued but not yet adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 requires the disclosure of information relating to the expected impact of changes that will be required by a new standard that has been introduced but not yet adopted, and applies to the adoption of the following disclosures as amended in the 2025/26 code:

- **IAS 21 The effect of changes in Foreign Exchange Rate** – issued in August 2023.
- **IFRS 17 Insurance Contracts** – issued in May 2017.
- **Changes to the measurement of non-investment assets** – which include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets.

The Code of Practice requires implementation of the above disclosures from 1 April 2025. These charges are not considered to have a material effect on 2024/25 Essex Pension Fund accounts.

9. Membership activities

9.1 Pension benefits payable

2023/24				2024/25		
Pensions £000	Commutation of pensions and lump sums £000	Lump sum death benefits £000		Pensions £000	Commutation of pensions and lump sums £000	Lump sum death benefits £000
89,112	12,004	2,752	Administering Authority	96,269	13,360	1,446
149,413	31,562	6,010	Scheduled Bodies	165,274	34,139	4,991
15,709	2,567	24	Community Admission Bodies	16,810	3,293	141
10,766	1,863	233	Transferee Admission Bodies	11,994	2,441	470
1,113	534	52	Resolution Bodies	1,270	245	205
266,113	48,530	9,071	Total	291,617	53,478	7,253

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9.2 Contributions receivable

Contributions receivable from employers are set out below.

9.2.1 By category

2023/24 £000		2024/25 £000
79,265	Employee's normal contributions	82,917
	Employers' contributions	
255,630	Normal contributions	273,698
8,903	Deficit recovery contributions	7,824
4,515	Augmentation contributions	7,230
269,048	Employers' contributions	288,752
348,313	Total	371,669

For the purposes of the above table, the terminology used in the Actuarial Report included in the Pension Fund Annual Report and Accounts has been changed to:

- Employer normal contributions – primary contributions
- Deficit contribution – secondary contributions
- Employer augmentation relates to payments for the cost of early retirements.

9.2.2 By type

2023/24			2024/25	
Member £000	Employer £000		Member £000	Employer £000
21,750	65,206	Administering Authority	22,749	72,879
54,549	196,271	Scheduled Bodies	57,304	207,331
1,511	2,542	Community Admission Bodies	1,478	3,221
994	3,178	Transferee Admission Bodies	879	3,338
461	1,851	Resolution Bodies	507	1,983
79,265	269,048	Total	82,917	288,752

9.3 Payments to and on account of leavers

2023/24 £000		2024/25 £000
1,566	Refunds of contributions	1,757
27,703	Transfers out - individual transfers	30,664
29,269	Total	32,421

In 2024/25 and 2023/24, no bulk transfers were made.

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10. Management expenses

10.1 By type

2023/24 £000		2024/25 £000
4,368	Administration costs	4,785
63,862	Investment management expenses	87,189
1,977	Oversight and governance	1,867
198	Other *	-
70,405	Total	93,841

* Other relates to the write off of a Deferred Debt Arrangement. Please see Note 14.2 for further details.

ACCESS ongoing costs were **£224,000** for 2024/25 (2023/24: £146,000). These costs are shown under oversight and governance costs line of the above note.

In 2024/25, amounts payable to the external auditor were **£115,000** of which **£5,000** was rechargeable and relates to additional fees for work undertaken to provide assurance for scheduled bodies on IAS 19 disclosures (2023/24: £99,000 and £13,000 respectively).

10.2 Investment management expenses

2023/24	Management fees £000	Performance related fees £000	Transaction costs £000	Total £000
Pooled Investments				
Fixed Income - ACCESS pooled fixed income funds	4,955	-	-	4,955
Equities - ACCESS unit life assurance policies	1,411	-	-	1,411
Equities - ACCESS pooled global equity funds	8,060	-	-	8,060
Equities - ACCESS Emerging Markets equity funds	1,075	-	-	1,075
Equities - Emerging Markets ETF	-	-	46	46
Index linked securities	8	-	-	8
Property unit trusts	1,122	-	-	1,122
Equities - market quoted	-	-	-	-
Property	3,103	-	-	3,103
Global property	5,572	(5,332)	-	240
Private equity	7,672	3,577	1	11,250
Infrastructure	13,435	8,676	-	22,111
Timber	3,410	-	-	3,410
Private Debt	3,306	3,392	-	6,698
Other investment management costs	365	-	-	365
	53,494	10,313	47	63,854
Custody fees				8
Total				63,862

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2024/25	Management fees £000	Performance related fees £000	Transaction costs £000	Total £000
Pooled Investments				
Fixed Income - ACCESS pooled fixed income funds	5,719	-	-	5,719
Equities - ACCESS unit life assurance policies	1,550	-	-	1,550
Equities - ACCESS pooled global equity funds	8,660	-	-	8,660
Equities - ACCESS Emerging Markets equity funds	1,773	-	-	1,773
Equities - Emerging Markets ETF	-	-	-	-
Index linked securities	15	-	-	15
Global Property unit trusts	1,256	-	-	1,256
Property unit trusts	1,085	-	-	1,085
Equities - market quoted	-	-	-	-
Property	2,942	-	-	2,942
Global property	7,227	1,223	-	8,450
Private equity	8,106	3,458	-	11,564
Infrastructure	17,278	15,510	-	32,788
Timber	6,460	(709)	-	5,751
Private Debt	3,411	1,753	-	5,164
Other investment management costs	405	-	-	405
	65,887	21,235	-	87,122
Custody fees				67
Total				87,189

Custody fees are made up of fees paid to the Fund's Global Custodian, Northern Trust and other out of pocket custody expenses. These were **£65,000** and **£2,000** in 2024/25 respectively (2023/24: £64,000 and £1,000), offset in 2024/25 by a custody fee rebate of **£0** (2023/24: £57,000).

11. Investment Income

11.1 By Type

2023/24 £000		2024/25 £000
3,208	Dividends from equity	7,946
36,042	Dividends from equity pooled funds	30,761
3,323	Private Equity income	5,037
29,897	Infrastructure / timberland income	45,737
16,553	Direct Lending/Private Debt income	23,456
50,340	Income from fixed income pooled funds	109,207
5,765	Income from pooled property investments	5,460
19,948	Net rent from property	13,445
13,413	Interest from cash deposits	9,480
2,509	Other	1,128
180,998	Total investment income showing net property rent	251,657
	Add back:	
2,192	Property operating expenses	2,954
183,190	Total investment income showing gross property rent	254,611

In line with best practice guidelines, the note that accompanies investment income requires the Fund to show rent from property net of other property income and operating property expenses. However, rent from property which is included under 'investment income' in the Fund Account is shown on a gross basis.

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11.2 Investment property net rental

2023/24 £000		2024/25 £000
21,955	Rental Income from investment property	16,399
185	Other Property income	-
(2,192)	Direct operating expenses arising from investment property	(2,954)
19,948	Total	13,445

Please note, no contingent rents have been included in the Fund Accounts as income for the year.

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12. Investments

12.1 Value of investments held by fund managers

The value of investments held by each fund manager on 31 March was as follows:

31 March 2024			31 March 2025	
£m	%		£m	%
		Investments managed inside the ACCESS Pool		
708	6.5	Waystone - Long Term Global Growth Fund	750	6.5
688	6.3	Waystone - Global Dividend Fund	775	6.8
828	7.6	Waystone - Global Equity Fund	816	7.1
177	1.6	Waystone - Emerging Markets Equity (Columbia Threadneedle)	186	1.6
187	1.7	Waystone - Emerging Markets Equity (Robeco)	192	1.7
894	8.2	Waystone - Alpha Opportunities Fund	975	8.5
584	5.4	Waystone - Janus Henderson	625	5.5
509	4.7	Waystone - Fidelity	524	4.6
3,168	29.2	UBS Asset Management	3,272	28.5
647	6.0	CBRE	746	6.5
359	3.3	IFM Investors	376	3.3
334	3.1	JP Morgan Asset Management	327	2.9
-	-	Stafford Timberland Limited	341	3.0
9,083	83.6		9,905	86.5
		Investments managed outside of the ACCESS Pool		
83	0.8	Alcentra Ltd	62	0.5
-	-	Aviva Investors	-	-
-	-	Stewart Investors	-	-
538	4.9	Hamilton Lane	503	4.4
1	-	Marathon Asset Management Ltd	1	-
371	3.4	Partners Group Management II S.à r.l (Infrastructure)	424	3.7
194	1.8	Partners Group Management II S.à r.l (Global Property)	236	2.1
143	1.3	Permira	201	1.7
365	3.4	Stafford Timberland Limited	-	-
87	0.8	Other *	121	1.1
1,782	16.4		1,548	13.5
10,865	100.0		11,453	100.0

* The balance of **£121m** held under Other as at 31 March 2025 (£87m as at 31 March 2024) was operational cash being held on a temporary basis by the Fund.

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12.2 Investments by asset type

The tables below provide an analysis of investment assets by type and show the movements in the market value of the investments, including profits and losses realised on the sales of investments:

2023/24	Value at 1 April 2023 £000	2023/24 Movement					Value at 31 March 2024 £000
		Purchases £000	Net Transfers £000	Sale Proceeds £000	Change in Market Value £000	Cash Movement £000	
Pooled investments							
Fixed Income - ACCESS pooled fixed income funds	1,324,048	660,340	-	(116,449)	118,655	-	1,986,594
Equities - Unit life assurance policies	2,562,441	-	-	(200,001)	611,061	-	2,973,501
Equities - ACCESS pooled global equity funds	2,175,693	33,900	-	(308,060)	321,738	-	2,223,271
Equities - ACCESS Emerging Markets equity funds	-	342,143	-	(1,075)	23,718	-	364,786
Equities - Emerging Markets ETF	346,963	-	-	(340,797)	(6,166)	-	-
Index linked securities	141,401	60,000	-	-	(6,916)	-	194,485
Property unit trusts	185,726	-	-	(11,598)	(6,528)	-	167,600
Other managed funds	-	-	-	-	-	-	-
	6,736,272	1,096,383	-	(977,980)	1,055,562	-	7,910,237
Equities - market quoted	21	-	-	(4)	4	-	21
Property	606,134	13,032	-	(4,340)	(31,087)	-	583,739
Private equity	487,572	53,080	(3,182)	(70,784)	9,249	-	475,935
Infrastructure	996,279	74,742	-	(67,896)	61,095	-	1,064,220
Timber	341,308	63,572	-	(46,095)	6,601	-	365,386
Private Debt	192,639	60,511	-	(32,502)	4,694	-	225,342
Cash							
Cash deposits held at the custodian/other							
Sterling	158,028	-	-	-	-	(13,377)	144,651
Foreign currency	105,310	-	-	2,408	(2,409)	(15,492)	89,817
	263,338	-	-	2,408	(2,409)	(28,869)	234,468
	9,623,563	1,361,320	(3,182)	(1,197,193)	1,103,709	(28,869)	10,859,348
Derivative forward foreign currency contracts	-	-	-	-	-	-	-
	9,623,563	1,361,320	(3,182)	(1,197,193)	1,103,709	(28,869)	10,859,348
Other investment balances							
Assets							
Amounts receivable for sales of investments	-						-
Investment income due	6,099						7,677
Amounts receivable in respect of the GLF sales	-						-
Liabilities							
Amounts payable for purchase of investments	-						-
Investment withholding tax payable	-						(1,491)
Amounts payable in respect of the GLF purchases	(173)						(731)
	9,629,489						10,864,803

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2024/25	Value at	2024/25 Movement					Value at
	1 April 2024	Purchases	Net Transfers	Sale Proceeds	Change in Market Value	Cash Movement	31 March 2025
	£000	£000	£000	£000	£000	£000	£000
Pooled investments							
Fixed interest securities	-	-	-	-	-	-	-
Fixed Income - ACCESS pooled fixed income funds	1,986,594	109,207	-	(5,718)	33,831	-	2,123,914
Equities - Unit life assurance policies	2,973,501	345	-	(120,000)	243,277	-	3,097,123
Equities - ACCESS pooled global equity funds	2,223,271	30,762	-	(8,660)	94,884	-	2,340,257
Equities - ACCESS Emerging Markets equity funds	364,786	7,945	-	(1,773)	7,205	-	378,163
Equities - Emerging Markets ETF	-	-	-	-	-	-	-
Index linked securities	194,485	-	-	-	(20,318)	-	174,167
Property unit trusts	167,600	48,056	-	(1,520)	8,536	-	222,672
Other managed funds	-	-	-	-	-	-	-
	7,910,237	196,315	-	(137,671)	367,415	-	8,336,296
Equities - market quoted	21	-	-	(137)	136	-	20
Property	583,739	133,170	-	(16,620)	4,535	-	704,824
Private equity	475,935	64,788	-	(50,383)	2,933	-	493,273
Infrastructure	1,064,220	58,139	-	(66,146)	71,088	-	1,127,301
Timber	365,386	29,820	-	(21,679)	(32,028)	-	341,499
Private Debt	225,342	59,638	-	(20,262)	(1,567)	-	263,151
Cash							
Cash deposits held at the custodian/other							
Sterling	144,651	-	-	-	-	11,592	156,243
Foreign currency	89,817	-	-	2,651	(2,651)	(51,815)	38,002
	234,468	-	-	2,651	(2,651)	(40,223)	194,245
	10,859,348	541,870	-	(310,247)	409,861	(40,223)	11,460,609
Derivative forward foreign currency contracts	-	-	-	-	-	-	-
	10,859,348	541,870	-	(310,247)	409,861	(40,223)	11,460,609
Other investment balances							
Assets							
Amounts receivable for sales of investments	-	-	-	-	-	-	-
Investment income due	7,677	-	-	-	-	-	1,296
Amounts receivable in respect of the GLF sales	-	-	-	-	-	-	-
Liabilities							
Amounts payable for purchase of investments	-	-	-	-	-	-	-
Investment withholding tax payable	(1,491)	-	-	-	-	-	-
Amounts payable in respect of the GLF purchases	(731)	-	-	-	-	-	(102)
Direct Properties Liabilities	-	-	-	-	-	-	(8,792)
	10,864,803						11,453,011

The change in market value includes all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments since 1 April.

12.3 Pooled investments representing 5% or more of net assets

The Fund holds the following investments in unit trusts/pooled vehicles which are in excess of 5% of the value of the Fund:

31 March 2024			31 March 2025	
£000	%		£000	%
		UBS Asset Management Life Global Equity		
1,934,606	17.8%	Sustainable Transition Fund	2,022,073	17.7%
		UBS Asset Management Life All World		
1,038,895	9.5%	Equity Tracker hedged	1,075,050	9.4%
		Waystone - Alpha		
893,671	8.2%	Opportunitites Fund	975,113	8.5%
827,492	7.6%	Waystone Global Equity Fund	815,914	7.1%
687,639	6.3%	Waystone Global Dividend Fund	774,839	6.8%
708,140	6.5%	Waystone LTGG Fund	749,504	6.5%
583,601	5.4%	Waystone - Multi Credit Fund	624,853	5.4%

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12.4 Property Holdings

12.4.1 Rent receivable from operating lease

The table below shows the contractual amount of rental income due to the Fund as at 31 March:

2023/24 £000		2024/25 £000
20,414	Within one year	24,650
63,006	Between one and five years	99,896
80,950	Beyond five years	157,803
164,370	Total	282,349

12.4.2 Movement in the fair value of investment properties

The movements in the fair value of investment properties as at 31 March:

	Freehold £000	Leasehold £000	Total £000
Fair value at 1 April 2023	355,420	59,900	415,320
Additions	1,036	115	1,151
Disposals	(4,100)	-	(4,100)
Net gain/loss on fair value	(16,281)	(6,465)	(22,746)
Fair value at 31 March 2024	336,075	53,550	389,625
Additions	87,571	-	87,571
Disposals	-	(8,171)	(8,171)
Net gain/loss on fair value	3,204	(3,154)	50
Fair value at 31 March 2025	426,850	42,225	469,075

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13. Additional Voluntary Contributions (AVC) Investments

A summary of the information provided by Equitable Life, Prudential and Standard Life to the Fund is shown in the tables below.

13.1 Reconciliation of movements in AVC investments

2023/24 £000		2024/25 £000
10,442	Value of AVC fund at beginning of year	11,169
-	Restatement of opening balances	765
10,442	Adjusted value of AVC fund at beginning of year	11,934
1,699	Employees contributions	1,863
153	Investment income and change in market value	195
(1,125)	Benefits paid and transfers out	(289)
11,169	Total	13,703

13.2 Analysis of AVC investments by Provider

2023/24 £000		2024/25 £000
45	Utmost (formerly Equitable Life)	41
7,873	Prudential *	10,056
3,251	Standard Life	3,606
11,169	Total	13,703

* The Prudential are unable to meet LGPS timelines for final accounts and are only able to provide funds under management totals, for the 24/25 accounts the total fund balance is used for employee contributions only. The opening balances for 24/25 have been updated to reflect the final position for 23/24 received early 2025.

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14. Current assets and liabilities

14.1 Analysis of current assets

31 March 2024 £000		31 March 2025 £000
	Cash Balances	
(234)	Cash at bank	197
24,759	Cash on short term deposits within 3 months	28,132
24,525		28,329
	Debtors and payments in advance	
6,110	Contributions due – employees	6,485
22,182	Contributions due – employers	22,482
1,523	Sundry debtors	1,506
29,815		30,473
54,340	Total	58,802

14.2 Analysis of long-term debtors

31 March 2024 £000		31 March 2025 £000
-	Other employer contributions due	-
539	Reimbursement of lifetime allowances	501
539	Total	501

Introduced in 2016, the lifetime allowance limits the amount of pension that can be paid by an individual pensioner without incurring an extra tax charge. Responsibility falls to the pensioner, however, the Fund offers the facility to pay all or part of the tax upfront, on the individual's behalf, and gets reimbursed by additional pension deductions over time. A long-term debtor of **£501,000** has been raised in 2024/25 in this regard (2023/24: £539,000).

14.3 Analysis of current liabilities

31 March 2024 £000		31 March 2025 £000
	Unpaid benefits and other current liabilities	
(886)	Contributions due – employers	(667)
(2,267)	Investment manager fees payable	(2,826)
(7,261)	Benefits payable	(7,304)
(230)	Other	(182)
(10,644)	Total	(10,979)

14.4 Contingent liabilities and contractual commitments

As at 31 March 2025, the Fund had a commitment to contribute a further **£1.315bn** to its existing partnership investments, including private equity, infrastructure, private debt, timber

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and direct lending (31 March 2024: £1.322bn). The amounts called by these funds are irregular in both size and timing over a period of between five to ten years from the date of each original commitment.

15. Related party transactions

The Fund is required to disclose material transactions with bodies or individuals that have the potential to control or influence the Fund, or to be controlled or influenced by the Fund. The intention in making this disclosure is to make explicit the extent to which the Fund might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to negotiate freely with the Fund.

15.1 Administration of the Fund

The Essex Pension Fund is administered by Essex County Council.

The Council incurred gross costs of **£4.730m** in 2024/25 of which **£362,000** was outstanding at 31 March 2025 (2023/24: £4.416m, of which £373,000 was outstanding at 31 March 2024) in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses. The Council is also the single largest employer of members of the Fund and contributed **£72.879m** to the Fund in 2024/25 (2023/24: £65.206m). No significant amounts were owing to and due to be paid from the Fund in the year.

The Fund has in place a separate bank account arrangement with the County Council. Surplus cash is invested by the County Council's treasury management team on the sterling money markets, in accordance with the Essex Pension Fund treasury management policy and strategy as agreed by the Essex Pension Fund Investment Steering Committee 28 February 2024. This service is provided to the Fund at a cost of **£29,000** in 2024/25 (2023/24: £29,000).

During the year to 31 March 2025, the Pension Fund had an average investment balance of **£30.700m** (2023/24: £26.660m) earning **£1.291m** interest (2023/24: £988,000).

15.2 Governance

Under IAS 24 'Related Party Disclosures' it is a requirement that material transactions with related parties, not disclosed elsewhere, should be included in a note to the financial statements. During the year, each member of the Essex Pension Board and Investment Steering Committee are required to declare their interests at each meeting. None of the Essex Pension Board Members, Investment Steering Committee Members or Senior Officers undertook any material transactions with the Essex Pension Fund. There were no material contributions due from the employer bodies at the end of the year that remained outstanding after the due date for payment.

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15.3 Members of the LGPS

Essex County Council administers the LGPS for its own employees and numerous other bodies. Under legislation introduced in 2003/04, Councillors were also entitled to join the Pension Fund. However, under legislation introduced from 1 April 2015, the entitlement for Councillors to join the Pension Fund was removed. After the local County elections of May 2017 all active Councillors' memberships changed to deferred. Those Members of the Essex Pension Board and Investment Steering Committee who, during 2024/25, were also members of the LGPS are listed below.

Representative of scheme members

- B. Pereira

Representative of scheme employers

- Cllr P. Collins (from May 2024)

County Councillors

- Cllr S. Barker
- Cllr M. Mackrory

From 1 April 2015 pension funds were required to establish a local Pensions Board under section 5 of the Public Service Pensions Act 2013 and Local Government Pension Scheme Regulations 2013. Members of this Board, (Essex Pension Fund Advisory Board) who, during 2024/25, were also members of the LGPS are listed below:

Representative of scheme employers

- J. Durrant

Representative of scheme members

- A. Coburn
- C. Downes
- D. Hurst
- C. Calder (from June 2024)
- L. Williamson (until 31 May 2024)

The employees of Essex County Council who held key positions in the financial management of the Essex Pension Fund during 2024/25 and were also members of the Fund were the Section 151 Officer, the Director for Essex Pension Fund and four Head of Essex Pension Fund roles.

During 2024/25 approximately 2% of the Section 151 Officer's time was spent on the Pension Fund, with the other officers spending 100% of their time in this way.

The short-term benefits (pay) associated with the time spent by these staff working on the Fund and the current service cost i.e. the increase in the value of the Fund's future pension liabilities arising out of the employees on-going membership of the Fund are shown below:

2023/24 £000		2024/25 £000
427	Short term benefits	456
86	Current service costs	109
513	Total	565

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16. Agency Services

The Essex Pension Fund pays discretionary awards to former employees of both current and former employers' of the Fund. The amounts paid are not included within the Fund Account but are provided as a service and are fully reclaimed from the employer bodies.

The sums are disclosed below:

2023/24 £000		2024/25 £000
1,340	Administering Authority	1,349
4,951	Scheduled Bodies	5,024
97	Community Admission Bodies	98
3	Resolution Bodies	3
22	Former employers	23
6,413	Total	6,497

17. Fair value – Basis of valuation

17.1 Fair value hierarchy

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values.

- **Level 1** – Assets and liabilities at Level 1 are those whose fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Assets classified as Level 1 comprise of equities, quoted fixed securities, quoted index linked securities and unit trusts. Listed investments are shown at bid prices. The bid value of the investments is based on bid market quotation of the relevant stock exchange.
- **Level 2** – Assets and liabilities at Level 2 are those where quoted market prices are not available, for example where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.
- **Level 3** – Assets and liabilities classified as Level 3 are those where at least one input that could have significant effect on the instrument's valuation is not based on observable market data.

Such instruments would include unquoted equity investments which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The value of the investment in private equity is based on valuations provided by the general partners to the private equity funds in which the Essex Pension Fund has invested.

These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IRRS and US

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GAAP. Valuations are usually undertaken annually at the end of December, with unaudited valuations provided by the general partner as at 31 March.

The valuations of infrastructure and timber are based on net asset value provided by the fund manager.

The table below sets the valuation basis used. All assets have been valued using fair value techniques based on the characteristics of each instrument, with the overall objective of maximising the use of market based information:

Fund Manager	Asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key Sensitivities affecting the Valuation
Stewart Investors/ Marathon Asset Management Ltd	Market Quoted Equities	Level 1	Published Bid Market Price.	N/A	N/A
Waystone	Pooled emerging markets equities funds	Level 1	Net Asset Value / Bid Market Price.	N/A	N/A
Waystone	Pooled global equities funds	Level 1	Net Asset Value / Bid Market Price.	N/A	N/A
UBS Asset Management	Equities / Indexed Linked Life Assurance Policies	Level 2	Average of broker prices.	Price of recent transactions for identical instrument.	Significant change in economic circumstances or time lapse since the transaction took place.
Waystone	Fixed income	Level 2	The prices are published reflecting the NAV at each dealing point but are not exchange traded.	Price of recent transactions for identical instrument.	Significant change in economic circumstances or time lapse since the transaction took place.
Stewart Investors / Marathon Asset Management Ltd	Forward Foreign Exchange Derivatives	Level 2	Market exchange rates at the year end.	Price of recent transactions for identical instrument.	Risk of an exchange rate changing between the transaction date and the subsequent settlement date volatility of the exchange rates during the hedge period.

Fund Manager	Asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key Sensitivities affecting the Valuation
CBRE	Direct property	Level 3	Direct Property independently valued by Knight Frank LLP in accordance with the current editions of Royal Institute of Chartered Surveyors' (RICS) Valuation - Global Standards, which incorporate the International Valuations Standards, and the RICS UK National Supplement. Valuation derived from using comparable recent market transactions on arm's length terms, where available, and other appropriate techniques such as the use of rental yields and rental values.	Pricing inputs are unobservable and include situations where there is little market activity. Estimated rental growth, covenant strength for existing tenancies, Discount rate, land / building valuation surveys.	The following sensitivities have been identified. Asset values can range between (+10%/-10%), comprising significant changes in yield movement (+5/-5%) and estimated rental value movement (+5%/-5%) have been identified as key sensitivities.
CBRE	Global Property	Level 3	Assets are based on valuations received from the Managers which are determined in accordance with the last known NAV and adjusted for subsequent capital calls and distributions and other relevant information provided.	Pricing inputs are unobservable and include situations where there is little market activity. Estimated rental growth, covenant strength for existing tenancies,	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations, as could more general changes to market process and volume of sales and purchases. Assets values can range between (+15.2% / -15.2%).
Partners Group Management II S a r.l	Global property fund	Level 3	Assets are based on valuations received from the Managers which are determined in accordance with the last known NAV and adjusted for subsequent capital calls and distributions and other relevant information provided.	Pricing inputs are unobservable and include situations where there is little market activity. Estimated rental growth, covenant strength for existing tenancies, Discount rate, land/building valuation surveys.	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations, as could more general changes to market process and volume of sales and purchases. Assets values can range between (+15.2% / -15.2%).

Fund Manager	Asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key Sensitivities affecting the Valuation
CBRE	Property unit trusts	Level 3	Assets are based on valuations received from the Managers which are determined in accordance with the last known NAV and adjustment for subsequent capital calls and distributions and other relevant information provided by the real estate fund.	Pricing inputs are unobservable and include situations where there is little market activity. Estimated rental growth, covenant strength for existing tenancies, Discount rate, Land / building valuation surveys.	The following sensitivities have been identified. Asset values can range between (+10/-10%), comprising significant changes in yield movement (+5%/-5%) and estimated rental value movement (+5%/-5%) have been identified as key sensitivities.
Hamilton Lane	Private Equity	Level 3	Investments in private equity funds are valued based on the Fund's share of the net assets, using the latest financial statements published by the respective fund managers in accordance with the appropriate industry guidelines. Limited partnerships are valued at Fair value based on the net asset value ascertained from periodic valuations provided by those controlling the partnership. The net assets value of the funds are determined using the valuation techniques such as discounted cash flows, earning multiples etc, and these use the inputs detailed in the next two columns.	Management's cash flow projections, estimates of growth expectations and profitability, profit margin expectations, gross domestic product, inflation, interest rates, discount rates, adjustments to current prices for similar assets, valuation techniques.	Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Funds reporting date by changes to gross domestic product, inflation, interest rates, and discount rates. Asset values can range between (+15%/-15%).

Fund Manager	Asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key Sensitivities affecting the Valuation
Partners Group Management II S.à r.l	Infrastructure	Level 3	Investments in the funds are valued based on the Fund's share of the net assets. Audited valuations are carried out annually on the investments. The net assets value of the funds are determined using the valuation techniques such as discounted cash flows, earning multiples etc, and these use the inputs detailed in the next two columns.	Management's cash flow projections, estimates of growth expectations and profitability, profit margin expectations, gross domestic product, inflation, interest rates, discount rates, tax rates, Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and adjustments to current prices for similar assets, valuation techniques.	Valuations can be affected by material events occurring between the date of the financial statements provided and the Pension Funds reporting date by changes to expected cash flows, fair value adjustments, discount factors used, EBITDA and recent transaction prices. Asset values can range between (+14.5% /- 14.5%).
JP Morgan Asset Management	Infrastructure	Level 3	Investments are valued based on the Fund's share of the net assets. Audited valuations are carried out annually on the investments. The net assets value of the funds are determined using the valuation techniques such as discounted cash flows, earning multiples etc, and these use the inputs detailed in the next two columns.	Management's cash flow projections, estimates of growth expectations and profitability, profit margin expectations, gross domestic product, inflation, interest rates, discount rates, tax rates, Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and adjustments to current prices for similar assets, valuation techniques.	Valuations can be affected by material events occurring between the date of the financial statements provided and the Pension Funds reporting date by changes to expected cash flows and fair value adjustments, changes in interest rates, inflation, discount rate, price weaknesses. As a result, asset values can range between (+0.57% /-0.57%).
IFM Investors	Infrastructure	Level 3	The investments are valued based on the Fund's share of the net assets. Audited valuations are carried out annually on the investments The net assets value of the funds are determined using the valuation techniques such as discounted cash flows, earning multiples etc, and these use the inputs detailed in the next two columns.	Management's cash flow projections, estimates of growth expectations and profitability, profit margin expectations, gross domestic product, inflation, interest rates, discount rates, tax rates, Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and adjustments to current prices for similar assets, valuation techniques.	Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Fund's reporting date. Key sensitivities identified are changes in gross domestic product, base rates, inflation and discount rates. Asset values can range between (+5.5%/-5.5%).

Fund Manager	Asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key Sensitivities affecting the Valuation
Stafford Timberlands Limited	Timber	Level 3	The investments are valued based on the Fund's share of the net assets value. The net assets value are determined using accepted valuation techniques and standards that include discounted cashflow and multiple earnings.	Management's cash flow projections, estimates of growth expectations and profitability, profit margin expectations, discount rates, Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA), adjustments to current prices for similar assets, valuation techniques.	Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Fund's reporting date by changes to expected cash flows earning multiple and discount rates used in the discounted cash flow analysis. Asset values can range between (+5.1%/-5.1%).
Permira	Private Debt	Level 3	Net Asset Value Market approach using comparable trade multiples. They include comparison to recent arm's length transactions, reference to other instruments that are sustainably the same, discounted cash flow analysis, option adjusted spread models and, if applicable, enterprise valuation.	These techniques may include a number of assumptions relating to variables such as management cash flow projections, credit risk, interest rates, EBITDA, direct lending loans values, discount rates, marketability.	Material events occurring between the date of the financial statements provided and the Pension Funds reporting date by changes to expected cash flows, EBITDA multiple, and discount rates used (e.g. discounts offered for lack of marketability). Asset values can change between (+1.0%/-1.0%).
Alcentra Limited	Private Debt	Level 3	Net Asset Value Market approach using comparable trade multiples. They include comparison to recent arm's length transactions, reference to other instruments that are sustainably the same, discounted cash flow analysis, option adjusted spread models and, if applicable, enterprise valuation.	These techniques may include a number of assumptions relating to variables such as management cash flow projections, credit risk, interest rates, EBITDA, direct lending loans values, discount rates, marketability.	Material events occurring between the date of the financial statements provided and the Pension Funds reporting date by changes to expected cash flows, EBITDA multiple, and discount rates used (e.g. discounts offered for lack of marketability). Asset values can change between (+7.6%/-7.6%).

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The following table provides an analysis of the financial assets and liabilities of the pension fund grouped into Level 1 to 3 based on the level at which the fair value is observable.

Values as at 31 March 2024				Values as at 31 March 2025		
Level 1 Quoted market prices £000	Level 2 Using observable inputs £000	Level 3 Significant unobservable inputs £000		Level 1 Quoted market prices £000	Level 2 Using observable inputs £000	Level 3 Significant unobservable inputs £000
			Financial assets			
2,595,755	5,154,580	2,058,870	Fair value through profit and loss	2,719,736	5,395,204	2,181,445
2,595,755	5,154,580	2,058,870		2,719,736	5,395,204	2,181,445
			Non financial assets			
-	-	823,352	Fair value through profit and loss	-	-	971,275
			Financial liabilities			
(2,222)	-	-	Fair value through profit and loss	(8,894)	-	-
(2,222)	-	-		(8,894)	-	-
2,593,533	5,154,580	2,882,222	Total net assets per level	2,710,842	5,395,204	3,152,720
		10,630,335	Total Net Assets			11,258,766

17.2 Transfers between hierarchy levels

No reclassifications were made as at 31 March 2024 or as at 31 March 2025.

17.3 Reconciliation of fair value measurements within Level 3

2024/25	Value at 1 April 2024 £000	2024/25 Movement					Value at 31 March 2025 £000
		Purchases £000	Net Transfers £000	Sale Proceeds £000	Unrealised profit/ loss £000	Realised profit/ loss £000	
Properties							
UK properties (freehold)	336,075	87,571	-	-	3,204	-	426,850
UK properties (leasehold)	53,550	-	-	(8,171)	(3,025)	(129)	42,225
Global Property	194,114	45,599	-	(8,449)	4,485	-	235,749
Global Property unit trusts	-	48,056	-	-	28	-	48,084
Property unit trusts	167,600	-	-	(1,520)	8,300	208	174,588
Private equity							
UK unquoted	2,359	2,431	-	-	840	-	5,630
Overseas unquoted	473,576	62,357	-	(50,383)	(3,293)	5,386	487,643
Infrastructure							
UK unquoted	1	-	-	(125)	(1)	125	-
Overseas unquoted	1,064,219	58,139	-	(66,021)	58,621	12,343	1,127,301
Timber (Overseas unquoted)	365,386	29,820	-	(21,679)	(31,740)	(288)	341,499
Private Debt							
UK unquoted	-	-	-	-	-	-	-
Overseas unquoted	225,342	59,638	-	(20,262)	9,992	(11,559)	263,151
	2,882,222	393,611	-	(176,610)	47,411	6,086	3,152,720

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17.4 Sensitivity of assets valued at Level 3

In consultation with its institutional consultants, Hymans Robertson and the Fund's investment managers, an analysis of historical data and expected return movements during the accounting periods in question was undertaken. The fund has determined that the valuation methods described in note 17.1 are likely to be accurate to within the following ranges and has set out below the consequent potential impact on the closing value of investments held as at 31 March 2025.

Value at 1 April 2024 £000	Assessed valuation range (+/-)	Value on increase £000	Value on decrease £000		Value at 1 April 2025 £000	Assessed valuation range (+/-)	Value on increase £000	Value on decrease £000
389,625	10.0%	428,588	350,663	Freehold and leasehold properties	469,075	10.0%	515,983	422,168
194,114	15.6%	224,396	163,832	Global property	235,749	15.2%	271,583	199,915
-	-	-	-	- Global Property unit trusts	48,084	15.2%	55,393	40,775
167,600	10.0%	184,360	150,840	Property unit trusts	174,588	10.0%	192,047	157,129
475,935	15.0%	547,325	404,545	Private equity	493,273	15.0%	567,264	419,282
1,064,220	9.0%	1,160,000	968,440	Infrastructure	1,127,301	7.6%	1,212,976	1,041,626
365,386	4.2%	380,732	350,040	Timber	341,499	5.1%	358,915	324,083
225,342	4.1%	234,581	216,103	Private debt	263,151	3.6%	272,624	253,678
2,882,222		3,159,982	2,604,463	Total	3,152,720		3,446,785	2,858,656

The assessed valuation ranges shown in the above table were provided by the relevant fund managers, with the exception of:

- Global property and Private debt – In the absence of information from the fund managers, valuation range was based on percentages supplied by Hymans Robertson.
- Infrastructure – The valuation range us a weighted average of the information provided by two of the three individual Infrastructure managers (and Hymans Robertson) and their base strategic allocations.

Further information on the assessed valuation ranges can be found in note 17.1.

18. Financial Instruments

Accounting policies describe how different asset classes of financial instrument are measured and how income and expenditure, including fair value gains and losses, are recognised.

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18.1 Classification of financial instruments

The following table analyses the carrying amounts of financial assets and liabilities by category and Net Assets Statement headings.

Statutory debtors and creditors are excluded from the financial instrument note and only contractual debtors and creditors are shown.

The debtor figure of **£30.974m** as at 31 March 2025 (31 March 2024: £30.354m) excludes statutory debtors of **£30.417m** (31 March 2024: £29.777m).

The creditor figure of **£10.978m** as at 31 March 2025 (31 March 2024: £10.644m) excludes statutory creditors of **£7.970m** (31 March 2024: £8.147m).

In addition, assets held by the Fund on a direct basis for example direct property and infrastructure has also been excluded for the below note as they are not financial instruments.

31 March 2024			Asset type	31 March 2025		
Fair value through profit and loss £000	Assets at Amortised cost £000	Liabilities at amortised cost £000		Fair value through profit and loss £000	Assets at Amortised cost £000	Liabilities at amortised cost £000
			Financial assets			
			Pooled Investments			
1,986,594			Fixed Income - ACCESS pooled fixed income funds	2,123,914		
2,973,501	-	-	Equities - Unit life assurance policies	3,097,123	-	-
2,223,271			Equities - ACCESS pooled global equity funds	2,340,257	-	-
364,786			Equities - ACCESS emerging markets equity funds	378,163		
194,485	-	-	Index linked securities	174,167	-	-
167,600	-	-	Property unit trusts	222,672	-	-
21	-	-	Equities - market quoted	20		
475,935	-	-	Private equity	493,273	-	-
824,607	-	-	Infrastructure	860,850	-	-
365,386	-	-	Timber	341,499	-	-
225,342	-	-	Private debt	263,151	-	-
-	-	-	Derivative contracts	-	-	-
-	258,993	-	Cash deposits	-	222,574	-
7,677	-	-	Other investment balances	1,296	-	-
-	577	-	Debtors	-	557	-
9,809,205	259,570	-		10,296,385	223,131	-
			Financial liabilities			
-	-	-	Derivative contracts	-	-	-
(2,222)	-	-	Other investments balances	(8,894)	-	-
-	-	(2,497)	Creditors	-	-	(8,308)
(2,222)	-	(2,497)		(8,894)	-	(8,308)
9,806,983	259,570	(2,497)	Balance at the end of the year	10,287,491	223,131	(8,308)
		10,064,056	Total			10,502,314

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18.2 Net gains and losses on financial instruments

Assets held by the Fund on a direct basis for example direct property and direct infrastructure has also been excluded from the below note.

The net gains and losses differ from the Fund Account by gains and losses of assets held directly. The gains and losses of these assets were **£35.669m** loss as at 31 March 2025 (31 March 2024: £5.405m loss).

Gain / Loss 2023/24 £000		Gain / Loss 2024/25 £000
	Financial assets	
1,111,522	Fair value through profit and loss	376,843
(2,408)	Amortised cost - unrealised gains	(2,651)
1,109,114	Total	374,192

19. Nature and extent of risks arising

19.1 Risk and risk management

The Fund's primary long-term risk is that the Fund assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole of the Fund's investments. The Fund achieves this through asset diversification to reduce its exposure to a variety of financial risks: market risk; other price risk; currency risk; interest rate risk and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Fund manages these investment risks as part of its overall pension fund risk management programme.

Responsibility for the Fund's overall risk management strategy rests with the Essex Pension Fund Strategy Board (PSB). Risk management policies are established to identify and analyse the risks faced by the Fund's pensions operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

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19.2 Market risk

Market risk is the possibility that financial loss might occur as a result of fluctuations in equity and commodity prices, interest rates and foreign exchange. The level of risk exposure depends on market conditions, expectation of future price and yield movements and the asset mix.

Market risk is inherent in the investments that the Fund makes. To mitigate market risk the investments are made in a diversified pool of asset classes and investment approaches to ensure a risk adjusted balance between categories. The Fund takes formal advice from its institutional investment consultant, Hymans Robertson LLP, along with the Fund's independent adviser and the portfolio is split between a number of managers and investment strategies with different benchmarks and performance targets. Full details can be found in the Investment Strategy Statement which is available from the website www.essexpensionfund.co.uk. Investment risk and strategy are regularly reviewed by the Investment Steering Committee (ISC).

19.3 Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk) whether those changes are caused by factors specific to the individual instrument, its issuer or factors affecting all such instruments in the market.

The Fund is exposed to share and derivative price risk. This arises from investments held by the Fund for which the future price is uncertain. All investments present a risk of loss of capital. The level of volatility will vary by asset class and also over time. The Fund has some diversification in the asset classes in which it invests, which seeks to reduce the correlation of price movements between different asset types, while employing specialist investment managers to best deploy capital in line with the Fund's overall strategy.

19.4 Other price risk sensitivity analysis

In consultation with its institutional consultants, Hymans Robertson LLP, an analysis of historical data and expected return movements during the accounting periods in question was undertaken. The table below shows the potential price movements deemed possible for the accounting period 2025/26 and 2024/25.

The percentages shown in the following table are broadly consistent with a movement of one standard deviation in the value of the Fund's assets and assumes that all other variables in particular foreign exchange rates and interest rates remain unchanged.

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Had the market price of the Fund investments increased/ (decreased) in line with the percentage assumptions the change in the net assets available to pay benefits would have been as follows:

31st March 2024	Percentage change	Value increase	Value decrease	Asset type	31st March 2025	Percentage change	Value increase	Value decrease
£000	%	£000	£000		£000	%	£000	£000
258,993	0.3%	259,770	258,216	Cash and equivalents	222,574	0.3%	223,242	221,906
-	-	-	-	Investment portfolio assets	-	-	-	-
-	6.8%	-	-	UK fixed interest securities	-	6.8%	-	-
1,402,993	6.6%	1,495,591	1,310,395	UK ACCESS pooled funds fixed income funds	1,499,061	6.2%	1,592,003	1,406,119
583,601	6.6%	622,119	545,083	Overseas ACCESS pooled funds fixed income funds	624,853	6.2%	663,594	586,112
13	16.0%	15	11	UK equities	13	16.3%	15	11
364,794	16.7%	425,715	303,873	Overseas equities/ACCESS EM equities funds	378,170	18.6%	448,510	307,830
2,973,501	16.7%	3,470,076	2,476,926	Global equities insurance policies	3,097,123	18.6%	3,673,188	2,521,058
2,223,271	16.7%	2,594,557	1,851,985	ACCESS pooled global equity funds	2,340,257	18.6%	2,775,545	1,904,969
194,485	7.1%	208,293	180,677	UK index linked life assurance policies	174,167	6.7%	185,836	162,498
167,600	15.6%	193,746	141,454	UK Property unit trusts	174,588	15.2%	201,125	148,051
-	-	-	-	Overseas property unit trusts	48,084	15.2%	55,393	40,775
475,935	31.2%	624,427	327,443	Private equity	493,273	26.6%	624,484	362,062
824,607	9.1%	899,646	749,568	Infrastructure	860,850	8.8%	936,605	785,095
365,386	13.6%	415,078	315,694	Timber	341,499	14.5%	391,016	291,982
225,342	8.8%	245,172	205,512	Private Debt	263,151	7.6%	283,150	243,152
-	9.1%	-	-	Other managed funds	-	8.8%	-	-
-	-	-	-	Net derivative assets	-	-	-	-
10,060,521		11,454,205	8,666,837	Total assets available to pay benefits	10,517,663		12,053,706	8,981,620

19.5 Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risk, which represent the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk primarily impacts on the valuation of the Funds' bond holdings and, to a lesser degree, the return it receives on cash held. The Fund has four bond mandates: a passive bond mandate with UBS Asset Management and three bond mandates with Waystone. In addition, the Fund has an investment in two private debt mandates.

The Fund's direct exposure to interest rate movements is shown below. The underlying assets are shown at their fair value.

Asset value as at 31 March 2024 £000	Asset type	Asset value as at 31 March 2025 £000
234,468	Cash and cash equivalents	194,245
24,525	Cash balances	28,329
1,986,594	Fixed income funds	2,123,914
194,485	Index-linked securities	174,167
225,342	Private debt	263,151
2,665,414	Total assets	2,783,806

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19.6 Interest rate risk sensitivity analysis

Interest rates have remained constant but this is not always the case and can vary. As a result, any variation in interest rates affects the level of income achievable and the value of the net assets of the Fund to pay benefits. The Fund's institutional consultants, Hymans Robertson, have undertaken a sensitivity analysis and advised that it is reasonable in today's climate that a movement increase/(decrease) of not more than 1% on a year to year basis is possible based on past experience.

The table below shows the effect in the year on the net assets available to pay benefits of an increase/(decrease) of 1% change in interest rates assuming all other factors remain unchanged.

Asset value as at 31 March 2024 £000	Impact of 1% increase £000	Impact of 1% decrease £000	Asset type	Asset value as at 31 March 2025 £000	Impact of 1% increase £000	Impact of 1% decrease £000
1,986,594	1,966,728	2,006,460	Fixed income funds	2,123,914	2,102,675	2,145,153
225,342	223,089	227,595	Private debt	263,151	260,519	265,783
2,211,936	2,189,817	2,234,055	Total change in assets available	2,387,065	2,363,194	2,410,936

The above analysis demonstrates that a 1% change in interest rates will only impact the fair value of fixed interest and private debt.

A 1% movement of interest rates on cash and index linked securities would not impact the fair value and would have a negligible effect on interest received.

19.7 Currency risk

Currency risk is the extent to which the fair value of future cash flows of a financial asset/liability will fluctuate due to changes in exchange rates. The Fund is exposed to currency risk on all assets that are denominated in any currency other than sterling its reporting currency. To reduce the volatility associated with fluctuating currency rates (currency risk) the Fund invests in hedged global index funds via its passive provider UBS Asset Management.

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The following table summarises the Fund's currency exposure as at 31 March 2024 and 31 March 2025:

31 March 2024 £000	Asset type	31 March 2025 £000
364,794	Overseas equities/ACCESS EM equities funds	378,170
583,601	Overseas ACCESS fixed income funds	624,853
2,973,501	Global unit life assurance policies	3,097,123
2,223,271	ACCESS pooled global equity funds	2,340,257
194,114	Global property	283,833
473,576	Overseas private equity	487,643
1,064,219	Overseas infrastructure	1,127,301
365,386	Overseas timber	341,499
225,342	Overseas private debt	263,151
89,817	Foreign currency	38,002
8,557,621	Total assets	8,981,832

19.8 Currency risk sensitivity analysis

In consultation with the Fund's institutional consultant, Hymans Robertson the Fund considers the likely volatility associated with exchange rate movements to be in the region of **9.1%** (2023/24: 9.3%) (approximately one standard deviation) assuming other factors remain constant.

The table below shows the effect of a **9.1%** (2023/24: 9.3 %) strengthening/weakening of the pound against the investments the Fund holds in various other currencies. The increase/ (decrease) on the net assets of the Fund are as follows:

Asset value as at 31 March 2024 £000	Change in year in the net assets to pay benefits		Asset type	Asset value as at 31 March 2025 £000	Change in year in the net assets to pay benefits	
	9% £000	-9.3% £000			+9.1% £000	-9.1% £000
364,794	398,720	330,868	Overseas equities/ACCESS EM equities funds	378,170	412,583	343,757
583,601	637,876	529,326	Overseas ACCESS fixed income funds	624,853	681,715	567,991
2,973,501	3,250,037	2,696,965	Global unit life assurance policies	3,097,123	3,378,961	2,815,285
2,223,271	2,430,035	2,016,507	ACCESS pooled global equity funds	2,340,257	2,553,220	2,127,294
194,114	212,167	176,061	Global property	283,833	309,662	258,004
473,576	517,619	429,533	Overseas private equity	487,643	532,019	443,267
1,064,219	1,163,191	965,247	Overseas infrastructure	1,127,301	1,229,885	1,024,717
365,386	399,367	331,405	Overseas timber	341,499	372,575	310,423
225,342	246,299	204,385	Overseas private debt	263,151	287,098	239,204
89,817	98,170	81,464	Foreign currency	38,002	41,460	34,544
8,557,621	9,353,481	7,761,761	Total change in assets available	8,981,832	9,799,178	8,164,486

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19.9 Credit Risk

Credit risk is the possibility that the counterparty to a transaction or a financial instrument might fail in its obligation to pay amounts due to the Pension Fund resulting in a financial loss. The market value of investments reflects an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities.

The Fund is exposed to credit risk in all its operational activities through forward currency contracts, derivative positions (futures) where applicable and treasury management activities. However, the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

19.9.1 Commercial

Commercial credit risk also arises with those organisations that pay monies over to the Fund (debtors) as part of the administration function, principally contributions from employers and transfers in from other registered pension schemes.

Except in certain bulk transfer cases, the Fund does not apply service credits in respect of transfers in until cash settlement is made.

Monthly receipt of contributions is closely monitored by the Employer team. In addition, member records are updated throughout the year with any new information provided to them. At the end of the financial year employers are required to provide an annual return which is used to reconcile both member information and the contributions paid over in the year by both the employee and the employer.

The Funding Strategy Statement requires safeguards to be in place on all new admission agreements to protect the Fund from an employer default, including through a guarantee from a tax backed scheme employer for any new body. An analysis of debtor balances at 31 March 2025 is provided in note 14.

19.9.2 Bonds

Credit risk will also be considered by the Fund's bond managers in their portfolio construction. A bond is a saleable debt instrument issued by a corporation, government or other entity, the instrument may be purchased direct from the issuer or in the secondary market.

In addition to the passive manager, UBS Asset Management, the Fund had three active bond managers during 2024/25, M&G, Janus Henderson, and Fidelity (from January 2024).

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M&G manage pooled assets against a SONIA plus benchmark, Janus Henderson manage pooled assets against SONIA and Fidelity manage pooled assets against ICE BofA Euro-Sterling Index.

At 31 March 2025, the average credit quality of the M&G bond mandate was **A** rated (A- rated as at 31 March 2024). The portfolio had suffered ten defaults since inception, one within the financial year ended 31 March 2025 and one within the financial year end 31 March 2024.

At 31 March 2025, the average credit quality of the Janus Henderson bond mandate was **BB+** rated (BB rated as at 31 March 2024). The portfolio had suffered one default since inception, none within the financial year ended 31 March 2025 and one within the financial year ended 31 March 2024.

The portfolio managed by Fidelity as at 31 March 2025 had an average credit quality of **BBB+** (BBB+ rated as at 31 March 2024). The portfolio had suffered no defaults since inception.

19.9.3 Custody

Northern Trust are the global custodian with responsibility for safeguarding the assets of the Fund. As at 31 March 2025 Northern Trust had **\$16.9 trillion** of assets under custody (31 March 2024: \$16.5 trillion) and had a credit rating of **AA-** (31 March 2024: AA-). Monthly reconciliations are performed between the underlying records of the custodian and all investment managers and partnerships of the Fund.

19.10 Cash held on deposit and current accounts

Cash managed internally – The Fund has operated a separate bank account since 1 April 2010 with Lloyds Bank plc, which is also banker to the Administering Authority. The Bank holds an **A+** (A+ as at 31 March 2024) long-term credit rating with Standard and Poor. Cash is invested with Lloyds and is placed with institutions on the Administering Authority's approved counter-party list. The management of cash is carried out by the Treasury Management function of the Administering Authority in accordance with the treasury management policy and strategy approved by the ISC. The ISC have approved the management of cash in accordance with the policies and practices followed by the Administering Authority for its own investments as outlined in the CIPFA Code of Practice for Treasury Management in the Public Services. The Authority sets detailed credit criteria having taken independent advice and has maximum exposure limits to any single institution. Details of such are shown in the following tables.

At 31 March 2025 **£28.329m** (31 March 2024: £24.525m) was under management by the Administering Authority's Treasury Management Team. Over the last five financial years the Pension Fund has no experience of default or uncollectible deposits.

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Cash managed externally – The majority of the cash held by the Fund’s custodian, the Northern Trust, is swept overnight to one of two AAA rated money market funds. As at 31 March 2025, the total balance held in the Sterling and US dollar AAA money market funds was **£183.589m** with a smaller balance of **£10.656m** held in the custodian current account (31 March 2024: £162.383m and £72.085m respectively). The use of a money market fund provides an underlying diversification of counter-party and avoids exposure to a single institutional Balance Sheet, in this case the custodian.

The table below provides a breakdown of where the Pension Fund cash is managed:

31 March 2024			31 March 2025	
Rating	£000		Rating	£000
		Cash managed externally		
		Cash held on deposit (GLF)		
AAA	77,424	BNP Paribas Investment Partners	AAA	58,762
AAA	84,959	Northern Trust	AAA	124,827
		Cash held in Current Account		
AA-	72,085	Northern Trust	AA-	10,656
	234,468	Total cash managed externally		194,245
		Cash managed internally		
		Cash held on deposit		
AAA	-	Blackrock	AAA	7,611
AA		Essex County Council	AA	
A+	5,225	HSBC	A+	-
AAA	9,287	LGIM	AAA	10,035
A	5,009	Santander UK	A	5,008
AA-	5,227	Svenska Handelsbanken	AA-	5,468
		Cash held in Current Account		
A+	(223)	Lloyds Bank plc	A+	207
	24,525	Total cash managed internally		28,329
	258,993	Total		222,574

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The following table summarises the maximum exposure to credit risk of the cash held with Northern Trust and other financial institutions. This is now reflected in the Pension Fund financial statements.

31 March 2024		31 March 2025	Maximum limit per Financial Institution	Historical risk of default	Estimated maximum exposure to default and uncollectability
		£000	£000	%	£000
	Cash managed externally				
	Deposit with bank and other financial institutions				
162,383	AAA Rated	183,589	120,000	0.04%	73
72,085	AA Rated	10,656	-	0.02%	2
234,468	Total cash managed externally	194,245			75
	Cash managed internally				
	Deposit with bank and other financial institutions				
9,287	AAA Rated	17,646	10,000	0.04%	7
5,227	AA Rated	5,468	7,500	0.02%	1
10,011	A Rated	5,215	5,000	0.05%	3
24,525	Total cash managed internally	28,329			11
258,993	Total cash	222,574			86

While the Fund has a cash limit of **£120m** for each financial institution managed externally within the Treasury Management Strategy, there is a facility to exceed the limit on a temporary basis while redeploying assets.

19.11 Liquidity Risk

Liquidity risk is the possibility that the Fund might not have adequate cash resources available to meet its financial commitments as they fall due.

The ISC reviews its strategy on a yearly basis and where necessary takes steps to ensure that the Fund has adequate readily realisable resources to meet its financial commitments. The majority of the Fund's investments are quoted on major stock markets and are in readily realisable form. The Fund also has an allocation to alternative investments, which are relatively illiquid.

Following the 2023 Investment Strategy review, it continued to confirm that there was further scope to reduce the reliance on equity risk within the investment strategy. While modelling showed the Fund could switch up to another 10% away from 'growth assets' to bonds the ISC agreed to continue with a phased approach to its strategic allocation. The ISC has allowed flexibility within the Investment Strategy, and to respond to market conditions going forward, agreed that allocation targets would be expressed as ranges and that then next phase would target reducing the equity allocation to 40-45%. The Fund is relatively immature with almost as many contributors as pensioners, dependants and deferred pensioners. In consequence the Fund has a neutral cash flow and is able to pay benefits from contributions and income received. As the Fund is not in the position of a forced seller, i.e. it does not need to sell assets

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in order to pay benefits, it is considered appropriate to hold such illiquid investments to increase diversification, minimise risk and improve long-term investment performance.

The Fund as at 31 March 2025 had immediate access to its pension fund cash holdings held internally and externally of **£222.574m** (31 March 2024: £258.993m). These monies are primarily invested on an overnight basis on the money market.

Officers of the Fund prepare periodic cash flow forecasts to understand and manage the timing of the Fund's cash flows. The Investment Strategy Statement outlines the appropriate strategic level of cash balances that the Fund can hold. More detail can be found in the Pension Fund Annual Report and Accounts.

20. Further information

The Council publishes a separate Pension Fund Annual Report and Accounts. Copies may be obtained from the website www.essexpensionfund.co.uk or by contacting:

Director for Essex Pension Fund
County Hall
Chelmsford CM1 1QH
Telephone 03330 138501
E-mail fund.manager@essex.gov.uk

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Glossary of Terms

Term	Explanation
Accruals	Sums included in the accounts to cover income or expenditure attributable to an accounting period for goods received or work done, but for which payment has not been received / made, by the end of that accounting period.
Actuarial gains and losses	Changes in the net pensions' liability that arise because events have not coincided with assumptions made at the last actuarial valuation, or because the actuarial assumptions have been updated.
Actuarial valuation	A type of appraisal which requires making economic and demographic assumptions in order to estimate future liabilities.
Actuary	A suitably qualified independent consultant employed to advise the Council upon the financial position of either the Pension Fund or the Council's insurance arrangements.
Accumulating Absences	Accumulating absences, such as annual leave and other time in lieu, are typically earned by employees as they provide services and can be carried forward and used in future periods if the current period entitlement is not used in full.
Additional voluntary contributions	Additional voluntary contributions (AVC's) are an option available to individuals to secure additional pension benefits by making regular payments in addition to those payable on basic earnings.
Amortised cost	A way of measuring financial instruments that ignores changes in fair value. Defined as the amount at which a financial instrument is measured when it is first brought onto the Balance Sheet.
Amortised financial assets	Investments for which any gains and losses in fair value are not accounted for until the investment matures or is sold.
Amortisation	Amortisation is the writing down of costs to the Comprehensive Income and Expenditure Statement over several years.
Appropriations	Appropriations are the transfer of resources into and from the various reserves maintained by the Council.
Available for sale financial assets	Financial assets that have a quoted market price and/or do not have fixed or determinable payments.
BACS	The Bankers' Automated Clearing System (BACS) is one of the most common ways of sending and receiving payments in the UK. A BACS payment usually takes three working days to go through from initiation to settlement.
Billing authority	City, district and borough councils are responsible for the billing and collection of Council Tax and Non-Domestic Rates (NDR).
Capital Adjustment Account	This account represents: <ul style="list-style-type: none"> ▪ Amounts set aside from revenue resources to repay debt. ▪ The financing of capital payments from capital receipts and revenue reserves; and ▪ The consolidation of gains arising from the revaluation of Property, Plant and Equipment prior to 1 April 2007.
Capital expenditure	Expenditure on the acquisition of Property, Plant and Equipment (with some exceptions) that will be of use or benefit to the Council in providing its services for more than one year.

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Term	Explanation
Capital financing costs	Costs associated with the financing of Property, Plant and Equipment, comprising interest and principal repayments.
Capital financing requirement	This is a measure of the Council's underlying need to borrow for capital financing purposes.
CIPFA	The Chartered Institute of Public Finance and Accountancy (CIPFA) is the main professional body for accountants working in the public service.
Collection Fund	Account maintained by billing authorities for the collection and distribution of Council Tax and Non-Domestic Rates.
Community Assets	Assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and monuments.
Community Schools	Locally maintained schools that are owned and run by the Council. The Council employs the staff, owns the land and buildings and decides upon the schools' admission criteria.
Council Tax	A local tax set by local authorities to finance their revenue expenditure. The level set by a Council will be dependent on the level by which its budgeted expenditure exceeds income from other sources (for example, grants awarded by central government).
Credit losses	A measure of how much the Council would lose if the amounts owed to it by debtors and borrowers are not repaid. Defined as the shortfall between all the cash flows that are due contractually to the Council and those that it expects to receive.
Creditors	Amounts due, but not yet paid, for work, goods received or services received during the financial year.
Current service cost	The increase in pension liabilities because of service earned during the year.
Current value	A measurement reflecting the economic environment prevailing for the service or function the asset is supporting at the reporting date. Current value measurement bases include 'Existing Use Value', 'Depreciated Replacement Cost' and 'Fair Value'.
Debtors	Amounts due, but not yet received, for work done or services supplied, during the financial year.
Defined benefit pension scheme	A defined benefit pension scheme is any scheme other than a defined contribution scheme. Usually the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).
Defined contribution pension scheme	A pension or other retirement benefit scheme into which an employer pays regular contributions and will have no legal or constructive obligation to pay further contributions if the scheme does not have enough assets to pay all employee benefits relating to employee service in the current or prior periods.
Depreciated Replacement Cost	A method of valuation which provides a measure of the current cost of replacing an asset with a modern equivalent asset, less deductions for all physical deterioration and all relevant forms of obsolescence and optimisation. It involves imagining what the current asset would need to be substituted with to deliver the same level and quality of service currently being delivered.
Depreciation	Depreciation is a measure of the wearing out, consumption or other reduction in the useful economic life of a fixed asset, whether arising from use, passing of time or obsolescence through technical or other changes.

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Term	Explanation
Discount	Arises from prematurely repaying a loan where the prevailing interest rate is above the rate of interest payable on the loan being repaid - the Council is compensated for the interest rate differential, which is referred to as a 'discount' arising from early settlement of the loan.
Discretionary benefits	Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under the Council's discretionary powers.
Effective interest rate	The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the net carrying amount of the financial asset. It is used to calculate the amortised cost of an asset or liability.
Employee benefits	Employee benefits include wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees.
Existing Use Value	A valuation method that estimates the amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, and disregards potential alternative uses for the asset.
Expected credit losses	The credit losses that the Council estimates will arise from the amounts that it is currently owed. Expected credit losses are calculated by measuring the losses that would arise from different default scenarios and calculates a weighted average loss based on the probability of each scenario taking place.
Fair value	The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
Fair value through profit and loss	Defined as financial assets that do not qualify for measurement at amortised cost.
Fees and charges	Charges made for a variety of services to the public.
Finance leases	Finance leases transfer all, or the majority of, the risks and rewards of ownership of a fixed asset to the lessee. Consequently, the fixed asset is included within the Balance Sheet of the lessee, even though the lessor retains legal title of the asset (also see 'Leasing' and 'Operating Leases').
Financial instruments	Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. Examples include the borrowing or lending of money and the making of investments.
Foundation Schools	Locally maintained schools that are state-funded by the Council. These schools are run by their governing body. The governing bodies employ the staff, determine the school admission policies and own the school land and buildings.
Heritage Assets	Tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.
IAS	International Accounting Standards.
IFRS	International Financial Reporting Standards. These are accounting standards by which the Council prepares its accounts.
Inventories	Assets acquired or produced for resale or to be consumed or distributed in the provision of services.
Investment properties	Properties held solely to earn rentals and/or for capital appreciation purposes. This definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

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Term	Explanation
Investments	<p>A long-term investment is intended to be held for use on a continuing basis in the activities of the Council. Investments are so classified only where an intention to hold the investment for the long-term (greater than one year) can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.</p> <p>Investments, other than those related to the Pension Fund that do not meet the above criteria, are classified as current assets.</p>
Lease	An arrangement for securing the use of capital assets without legal title (ownership). There are two main types of leasing arrangements – namely finance leases and operating leases.
Lease liabilities	The amounts recognised in the Balance Sheet for the payments the Council is due to make as lessee under lease arrangements.
Lease receivables	The amounts recognised in the Balance Sheet for the payments the Council is due to receive as lessor under finance leases.
Lease term	The non-cancellable period for which a lessee has the right to use an underlying asset. It includes periods covered by an extension option (if the lessee is reasonably certain to exercise the option) and by a termination option (if the lessee is reasonably certain not to exercise the option).
Leases for nil consideration	Leases under which no consideration is given by the lessee to the lessor for the right to use the leased asset.
Lessee	The party in a lease arrangement who secures the use of an asset over an agreed period of time in exchange for payment but does not secure legal title to the asset.
Lessee's incremental borrowing rate	The rate of interest that a lessee would have to pay to borrow the funds necessary to purchase an asset comparable to the one that it is leasing, assessed over a similar term and with similar security.
Lessor	The party in a lease arrangement who retains legal title of an asset but lets out that asset to another party in exchange for rental payments.
Loans and receivables	Assets that have fixed or determinable payments but are not quoted in an active market.
Non-Domestic Rates	These rates are how local businesses contribute to the cost of providing local authority services. Non-Domestic Rates are collected by the billing authorities and are distributed in accordance with government regulations.
Net interest on the net defined benefit liability	The change during the period in the net pension liability that arises from the passage of time. It includes interest income on plan assets and interest costs on the pension liability. It is calculated by applying the discount rate used to measure the net pension obligation at the beginning of the period to the net pension liability at the beginning of the period – considering any changes in the net pension liability during the period as a result of contribution and benefit payments.
Non-current assets held for sale	Property, Plant and Equipment assets that the Council is formally committed to sell and is actively marketing them in their current condition, and where sale is expected within the next 12 months.
Operating lease	<p>Operating leases are agreements for the rental of assets where the rewards and risks of ownership of the asset remain with the leasing company.</p> <p>The annual rentals are charged directly to the Income and Expenditure Account (also see Leasing and Finance Leases).</p>
Past service cost	The increase in pension liabilities arising from a current year pension scheme amendment or a curtailment, whose effect relates to years of service earned in earlier years.

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Term	Explanation
Pooled Budget	A type of partnership arrangement whereby NHS organisations and local authorities contribute an agreed level of resource into a single pot (the 'pooled budget') that is then used to commission or deliver health and social care services.
Precept	The amount the County Council requires the city, borough and district councils to pay from the Council Tax they have collected (on behalf of all authorities that set Council Tax) to meet the cost of County Council services.
Premium	Arises from prematurely repaying a loan where the prevailing interest rate is below the rate of interest payable on the loan being repaid. The differential between the two rates is paid to the lender, in the form of a 'premium' arising from early settlement of the loan.
Private Finance Initiative (PFI)	A long-term contractual public private partnership under which the private sector takes on the risks associated with the delivery of public services in exchange for payments tied to agreed standards of performance.
Property, Plant and Equipment	Assets that have physical substance and are held for use in the provision or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one financial year.
Provisions	An amount set aside to provide for a liability that is likely to be incurred as a result of a past event, prior to the Balance Sheet date, but where the exact amount and the date on which it will arise is uncertain.
Public Private Partnership (PPP)	An arrangement where the private sector partner agrees to provide a service to a public sector organisation.
Public Works Loan Board	The PWLB is a government agency that provides longer-term loans to local authorities, at interest rates marginally above the Government's own borrowing rate.
Remuneration	Remuneration includes all amounts paid to or receivable by a person, including sums due by way of expense allowances (so far as these are chargeable to tax) and the estimated money value of any other benefits received by an employee otherwise than in cash.
Return on plan assets	Interest, dividends and other income derived from the Local Government Pension Scheme's assets (excluding amounts included in net interest on the net defined benefit liability), together with realised and unrealised gains or losses on those assets, less costs of managing the assets and any taxes payable.
Reserves	The Council's accumulated surplus income in excess of expenditure, which can be used to finance future spending and is available to meet unforeseen financial events. Earmarked reserves are amounts set aside for a specific purpose in one financial year and can be carried forward to meet expenditure in future years.
Responsible Financial Officer	The officer statutorily responsible for the proper administration of the Council's financial affairs.
Revenue provision for repayment of debt	The minimum amount which must be charged, by Regulation, to the revenue account each year for repaying external loans.
Revenue Support Grant	This is the central government financial support towards the general expenditure of local authorities.

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Term	Explanation
Retirement benefits	All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable. This is because these are not given in exchange for services rendered by employees.
RICS	The Royal Institution of Chartered Surveyors (RICS) is the professional body for qualifications and standards in land, property, infrastructure and construction.
Right of use asset	An asset representing the lessee's right to use the leased asset for the lease term.
Salary	Salary represents the amounts received under contract of employment for services rendered, other than bonuses, allowances, benefits in kind or compensation payments.
Scheme liabilities	The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured using the 'projected unit method' reflects the benefits that the employer is committed to provide for service up to the valuation date.
Section 151 Officer	The officer statutorily responsible for the proper administration of the Council's financial affairs.
Settlement	An irrevocable action that relieves the employer (or the defined benefit scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement.
Specific government grant	These represent central government financial support towards local authority services, which the Government wishes to target.
Surplus properties	Properties not being used to deliver services but which do not meet the criteria to be classified as either investment properties or non-current assets held for sale.
Termination benefits	Termination benefits are payable either because of an employer's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits. They are often lump-sum payments, but also include enhancement of retirement benefits; and salary until the end of a specified notice period if the employee renders no further service that provides economic benefits to the entity.
Voluntary aided schools	In these schools, all the running costs and most of the building costs are funded by central government via the Council. The remaining building costs are met by the religious body that owns the school land and buildings. The governing body, comprising most governors appointed by the religious body, employs the school staff and sets the school's admission arrangements in consultation with the Council.
Voluntary controlled schools	These schools are state funded via the Council. A religious body has some formal influence in running the school, including appointing a proportion of the school governors, and owns the school land and buildings. The Council employs the school staff though, and has primary responsibility for the school's admission arrangements.

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Executive Summary

This statement summarises the outcome of Essex County Council's (ECC) review of the effectiveness of governance arrangements that have been in place during 2024/25.

We have been advised on the outcome of the result of the review and consider that the arrangements provide **satisfactory assurance** and continue to be regarded as fit for purpose and operating effectively in accordance with the governance framework and support the achievement of the authority's outcomes. We are committed to monitoring the implementation of the action plan and to proactively managing the governance implications and risks of the projects and challenges the authority will see in 2025/26 in order to ensure that governance will remain resilient and fit for purpose.



Cllr Kevin Bentley
(Leader of the Council)



Nicole Wood
(Chief Executive)

Our assessment of effectiveness

ECC is responsible for ensuring that there is a sound system of governance which incorporates the system of internal control. The local [code of governance](#) is underpinned by the seven principles of good governance set out in the CIPFA/SOLACE publication 'Delivering Good Governance in Local Government: Framework 2016':

- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rules of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social and environmental benefits.
- Determining the interventions necessary to optimize the achievement of the intended outcomes.
- Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

The local code of governance comprises a collection of systems, policies, procedures, rules, processes, behaviours and values by which ECC is controlled and governed. The is monitored via a spreadsheet and was reviewed in detail in March 2025 in line with current CIPFA guidance and the [code of governance](#) external webpage was refreshed at the same time.

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The effectiveness of key elements of the governance framework are assessed throughout the year by the Audit, Governance and Standards Committee, Internal Audit and other Officers and Members as required. The review of effectiveness is informed by the work of Senior Officers who have responsibility for the development and maintenance of the governance environment, the Head of Assurance's annual report, Service Assurance Statements (completed by all Executive Directors) and from comments received from external auditors and other review agencies and inspectorates. The review was also informed by the 2024 publication and self-assessment tool from the LGA: [Improvement and assurance framework: Self-assessment tool](#).

The review demonstrates that the arrangements provide **satisfactory** assurance and continue to be regarded as fit for purpose in accordance with the governance framework and to support the authority's delivery of planned outcomes and meet its responsibilities for value for money/best value.

Arrangements are in place and operate effectively, to support and deliver each of the 7 principles of good governance. Detailed findings are outlined under headings 1 – 20:

1. Developing codes of conduct which define standards of behaviour for members and staff, and policies dealing with whistleblowing and conflicts of interest and that these codes and policies are communicated effectively.

All ECC employees and Members must conduct themselves in accordance with the terms of the [Officer Code of Conduct](#) and Member Code of Conduct (part 5 of the [Constitution](#)).

The Council adopted the Local Government Association model code of conduct in 2022, following the recommendations of the Committee on Standards in Public Life. Members attend training on this at induction and are regularly offered refresher training sessions.

The [Audit, Governance and Standards Committee](#) advises the Council on the Local Code of Conduct for Members and promotes high standards of conduct by Members. The Committee's terms of reference are set out in the [Constitution](#). Records of the Committee's meetings and decisions are available online. There were 5 standards complaints made about councillors during 2024/25. The monitoring officer makes an annual report on complaints to the Committee, this is published annually in June.

ECC corporate governance e-learning training includes modules called 'How We Behave' and 'Good Decision Making' which cover the Code of Conduct and other expectations for employees. Completion rates for all governance e-learning modules for officers are monitored by senior officers. On 6 May 2025, 82% of employees had completed all seven modules within the last two years. ECC Members are offered this content via interactive sessions as part of induction and periodically throughout the term of office.

The Council's Policy is that all Members are asked to undergo a Disclosure and Barring Service (DBS) check when elected. Following the May 2021 elections and all subsequent by elections all

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ECC Members were DBS checked. An update will be carried out between May and July 2025, given that the 2025 elections have been postponed.

ECC has arrangements in place for employees, consultants or contractors to raise any concerns they have in the workplace. The Whistle-Blowing Policy is available on the intranet and provides advice and guidance about informal and formal ways to raise concerns relating to possible wrongdoing. An Internal Audit review of the Council's whistleblowing arrangements received an overall assurance opinion of "limited assurance" in May 2025 and actions to address this are in progress and completion will be monitored by senior officers.

An external company called Ethics point provides an independent and confidential route for any whistle-blowing allegations from staff and contractors. Any referrals through this route are rigorously investigated through a set process. These arrangements are also covered in the Anti-Fraud and Corruption corporate governance e-learning.

ECC has a strong Counter Fraud Team that supports investigations into allegations and instigates appropriate recovery action where necessary. In 2023/24 the team helped set up a fraud forum with Essex Police and other investigating bodies in Essex. This shares best practice and help to build networks amongst fraud investigators.

All employees must declare any interests in line with the Declaration of Interests Policy, all employees are asked to complete this once a year or whenever their situation changes, on 6 May 2025 84% of employees had completed a declaration since November 2024.

Members are required to register details of Disclosable Pecuniary Interests and Other Registrable interests defined by the Code of Member Conduct, which is the LGA Model Code of Conduct. Declarations are required to be completed within 28 days of becoming a member (or being re-elected or reappointed) in the Authority's Register of Members' Interests. This is set out in section 24.16 of the Constitution. There is an online form to aid efficient reporting of member interests. All registers are published on the Council's website, under the individual [Councillor's profile](#). Members are asked to review their declarations at least annually.

2. Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.

The Monitoring Officer is the Director, Legal and Assurance, and is responsible for ensuring lawfulness in decision making. The Section 151 Officer is the Executive Director for Finance and is responsible for financial administration and maintaining the control environment and financial probity and prudence in decision making. Both roles are defined within Part 2 of the [Constitution](#).

The Chief Audit Executive is responsible for providing assurance on internal controls and ensuring that there are adequate mechanisms in place for the investigation and reporting of fraud. The Chief Audit Executive is the Head of Assurance.

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Each Executive Director is required to complete and formally sign off a Service Assurance Statement (SAS) accompanied by a plan setting out actions to be taken to strengthen any areas of weakness identified. The SAS covers key lines of enquiry on governance arrangements including service planning, budget, people, information, partnerships, risk, business continuity, equalities and health and safety. This gives an overall picture of assurance across the authority.

These Statements were completed in April 2025, collated and analysed. The organisation's 2024/25 Service Assurance Statements returned a **satisfactory** overall assessment. Where necessary improvements have been identified and the relevant directors are responsible for securing remedial action in these areas. Many of the actions listed relate to a specific part of a service rather than being a service-wide issue and that many of them related to enhancing existing arrangements. It can be difficult to summarise an overall position for a function as a whole, as there will always be examples of robust internal control and weaker control environments within/across services. The Organisational Leadership Team have also been engaged in the process to support monitoring and compliance.

All reports prepared for Cabinet require legal advice to be sought prior to their submission, and all reports to Cabinet or Cabinet Members must incorporate comments from both the Section 151 Officer and Monitoring Officer before they are submitted for consideration. The reports are also considered at a Cabinet Agenda Setting Meeting before the public meeting.

The scheme of delegations to Officers, to committees and to Cabinet Members helps ensure that decisions are not *ultra vires* whilst allowing ECC to exercise its powers in an agile way.

The Council seeks to comply with both the specific requirements of legislation and the general responsibilities placed on us by the common law and public law, bringing the key principles of good administrative law into processes and decision making.

3. Documenting a commitment to openness and acting in the public interest

ECC's [Publication scheme](#) details the different classes of information which ECC routinely makes available and the '[request information](#)' webpage provides guidance for the public about what information is available to them and how they can access it, including via Freedom of Information (FOI), Environmental Information and Subject Access Requests. ECC publishes responses to FOI requests which can be found on the [request information search function](#) online.

The [ECC website](#) is accessible to a wide audience, with relevant and regularly updated news articles online. ECC's [Accessibility Statement](#) can be found online.

Copies of the agendas, documents, minutes and decisions of all Committees, Cabinet and Council are available promptly online and an interactive online calendar of future meetings enables public attendance where appropriate. From 2022/23 ECC streamed meetings live on YouTube, they can be viewed on the [ECC Democracy YouTube channel](#), prior to this audio only was available. Under a policy adopted by the Chairman in January 2025 we will edit or remove recordings if they present a legal risk to the council.

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ECC publishes data under the [Government's Transparency Code](#) including [Council spending](#), [Council contracts](#) and [senior salaries](#).

The vision for Essex called the [Future of Essex](#) (see section 5), was developed with partners and outlines how ECC commits to work in the public interest. ECC's commitment to transparency, as detailed above, enables the public to assess this and they can then use the [complaints policy](#) and the consultation process to feedback their views.

The Council's Organisational Strategy, '[Everyone's Essex](#)' was adopted in 2021 following a public consultation.

4. Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

The [Communications and Marketing Strategy](#) outlines how ECC communicates with all sections of the community, employees and stakeholders.

A [budget consultation](#) was undertaken before setting the budget for 2024/25. It was open to the public and promoted through social media, print media, business, voluntary and charity sector networks.

All communications are branded to ensure that they are easily recognised, and the information can be translated into different languages and alternative formats as required.

The [constitution](#) allows public speaking on items on the agenda of Cabinet, Scrutiny Committees and Development and Regulatory Committee and for public questions to be asked at Full Council. ECC's social media feeds have encouraged people to listen to public meetings as they are simultaneously broadcast online. At many meetings members of the public can ask a question and expect their elected representatives to respond. Within the last few years there has been a steady increase in the number and frequency of questions from members of the public. During the pandemic members of the public were able to ask questions on a remote basis and this facility has been retained as meetings have returned to being 'in person'.

The [Petitions Policy](#) is available online. In 2024/25 ECC received 28 petitions.

ECC proactively engages with the community in order to seek out their views, actively listen to them and support them to respond. There are a range of ways in which people can be involved in shaping decisions. These are inclusive and meet individual needs. This includes a [residents panel](#), statutory consultations, surveys which can be completed online or paper questionnaires plus telephone and accessible format options, focus groups, face to face interviews, ethnographic work, workshops and consultation/discussion events.

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A group of officers hold an oversight role for all consultations that ECC is currently undertaking or planning to undertake. This seeks to ensure that the Consultation that is presented to the public engages with the target communities and seeks a full set of responses which can be used to inform the Council's decision making. All consultations are signed off by cabinet members prior to release.

The consultation portal [‘Consultations in Essex’ also known as Citizen Space](#) is used by ECC for both public and internal consultations. This provides easy access to consultations for most of the population – alternative provisions are made for each consultation to reflect the needs of any individual groups who may be unable to share their views online. The contact details of the consultation owners are given so that anyone with a question can contact the owner. Our platform also provides a mechanism for communicating the outcomes of consultations and for demonstrating how these have had influence through the decision-making process – there is for example, a ‘We Asked, You Said, We Did’ section so that citizens can view information about what happened because of their input.

ECC also engages and gathers views and perspectives from groups with specific experiences. This is a valuable input to service design and planning. Examples include ‘Collaborate Essex’ – a new model through which ECC engages with individuals representing those with experience of different types of disability; the ‘Young Essex Assembly’ through which we engage with young people across the county; and the ‘Children in Care Council’ through which we can access insight, views and perspectives from those children and young people with lived experience of the care system. Building on this, across the population, ECC has invested in the development of the [Essex Residents’ Panel](#) which currently includes 3,000+ residents who are prepared to take part in research and engagement activities and to give their views on the issues affecting their communities. The panel provides an opportunity for on-going dialogue and provides insight into ongoing council projects throughout the calendar year.

5. Developing and communicating a vision which specifies intended outcomes for citizens and service users and is used as a basis for planning.

A Vision for Essex called [Future of Essex](#) is available online. The Essex Vision was co-created alongside partners in 2017 and sets out ambitions for the County until 2035. It comprises a set of ambitions which can only be delivered through effective, joined-up partnership. ECC is clear that ‘whole system thinking’ is the key to improving public services, reducing costs to taxpayers and getting the best outcomes for residents.

6. Translating the vision into courses of action for the authority, its partnerships and collaborations

[Everyone’s Essex, our plan for levelling up the County 2021-25](#) can be found online, this articulates ECC’s strategic aims and priorities and integrates the authority’s Equality objectives, ensuring fair access to services. All of ECC’s plans and strategies are published on the website here [Plans and strategies | Essex County Council](#).

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ECC's [2024/25 Plan and Budget](#) was endorsed at Full Council on 13 February 2024.

The [Essex Joint health and wellbeing strategy](#) 2022-26 was considered and endorsed by the Essex Health and Well-being Board on 18 May 2022.

Further detail in terms of partnerships and collaborations can be found in section 20.

7. Reviewing the effectiveness of the decision-making framework, including delegation arrangements, decision-making in partnerships, information provided to decision makers and robustness of data quality

Article 5 of the [Constitution](#) defines the responsibilities for decision making and the principles in accordance with which decisions must be made.

The Research and Citizen Insight Team provides ECC with the evidence it needs to inform decisions affecting commissioning and operational service delivery, such as population analysis, demand forecasting and needs assessments, as well as enabling the organisation to manage performance, engage with citizens and service users and maintain key business intelligence systems. All reports are reviewed and signed off by the S151 Officer and the Monitoring Officer to ensure the financial impact of any decision is properly recognised before that decision is taken, and the Council's decisions are lawful.

All agendas, minutes and decisions taken by Cabinet Members are available to the public through ECC's [website](#). The online committee management system which ensures easily accessible and good quality information is always available about decisions and Member meetings, this also ensures that the committee process is efficiently managed.

Reports to Cabinet are considered at an informal Cabinet Agenda Setting Meeting before the formal Cabinet meeting. This allows Members of the Cabinet and the Corporate Leadership Team to review the quality of reports and ensure they are easy for the public to understand before they are formally submitted to a Cabinet meeting.

The Overview and Scrutiny Committees play a key role to inform and challenge decisions carried out within each service. Each Overview and Scrutiny Committee has its own terms of reference and these are set out in the [Constitution](#). All relevant papers can be found on ECC's [Committee Management Information System](#). An annual report on scrutiny activity goes to Council at the Annual Meeting each year.

ECC's intranet pages provide Officers and councillors with access to information about decision making, including an easy to use decision tree on how to make formal decisions. The Corporate Governance E-learning also covers decision making (see section 13).

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In 2024/25 311 decisions requiring an Equalities Comprehensive Impact Assessment were published and of these 302 had one completed.

ECC has robust Data Quality Policy in place, it is part of the Information Policy Booklet which was last reviewed in July 2024.

8. Measuring the performance of services and related projects and ensuring that they are delivered in accordance with defined outcomes and that they represent the best use of resources and value for money

The [performance framework](#) was refreshed in 2021/22 to align with the council's ambitions as outlined in Everyone's Essex and was agreed by Full Council in October 2021. This framework includes measures at the contextual, strategic measures and operational level.

In March 2024 ECC published [Everyone's Essex: Delivering for our extraordinary county](#) a report which details progress against the [Everyone's Essex, our plan for levelling up the County 2021-25](#)

In February 2025 ECC published the [Levelling up impact report](#) detailing what has been achieved in the three years of the programme.

The [Corporate Policy and Scrutiny Committee](#) has an oversight role and the Corporate Performance Report was published and considered by the committee quarterly, providing an independent and robust challenge to delivery of ECC's objectives and holding Cabinet to account for delivery.

The [Procurement Strategy](#) and procedures provide a framework of best practice for all procurement activities and commissioning decisions which support ECC in achieving value for money and delivering on corporate objectives. It also outlines our approach to social value and ethical procurement considerations.

The external auditors annual reports for [2021/22](#), [2022/23](#) and [2023/24](#) did not identify any significant weaknesses in respect of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Essex County Council was ranked third out of 149 councils for achieving the most value for residents per pound spent in the IMPOWER league table.

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9. Defining and documenting the roles and responsibilities of members and management, with clear protocols for effective communication in respect of the authority and partnership arrangements

The law and [Constitution](#) clearly defines the responsibilities of key member and officer roles.

Part 3 of the [Constitution](#) sets out how authority is delegated to Cabinet Members and Officers. Chief Officers are in turn responsible for authorising delegations to their Officers. All delegations are updated when roles or structures change.

The protocol on member/officer relations contained within Part 5 of the [Constitution](#) further defines the day-to-day roles and responsibilities of Officers and Members.

The Council has [Financial Regulations](#) which provide a framework to identify financial responsibilities and the financial limits assigned to individual Officers. These also outline the responsibilities in relation to partnerships and commissioning arrangements. The Financial Regulations are kept under regular review, with the last update approved at Full Council on 13 February 2025.

10. Ensuring that financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (April 2016), where they do not, explain why and how they deliver the same impact

Financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (April 2016). For much of the financial year 2024/25 the Chief Financial Officer was the Executive Director for Corporate Services. The Director, Finance was the deputy S151 officer. After 13 February 2025 the Director, Finance became the S151 officer.

11. Ensuring effective arrangements are in place for the discharge of the monitoring officer function

For 2024/25 the Monitoring Officer was the Director, Legal and Assurance and both the Head of Legal and the Head of Democracy and Transparency were the deputy Monitoring Officers. The Council is reviewing compliance with the [CIPFA/SOLACE/LLG Code for statutory officers](#).

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12. Ensuring effective arrangements are in place for the discharge of the head of the paid service function

For the year 2024/25 the Head of the Paid Service was the Chief Executive. On 13 February 2025 Full Council appointed a new Chief Executive.

13. Providing induction and identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training

The Member Development Steering Group takes ownership of Members' development and is responsible for shaping the Member Development Strategy and Programme. ECC has held Member Development Charter Plus status since November 2014, this was formally reaccredited in January 2022 and a mid-point review held in January 2024 confirmed ECC continued to meet Charter Plus Standards.

Members were offered a comprehensive Induction after the May 2021 Election and there are regular briefing and development sessions throughout their term of office. Further details can be found in the [Member Development annual report](#) which was considered at a meeting of the Full Council in May 2025.

ECC has adopted a set of Learning Standards for officers and uses MyLearning - a learning platform where officers can access new development opportunities and resources, strengthen skills and share learning, knowledge and skills with colleagues. A wide range of support is available. This includes:

- a large suite of online training and tools to support learning on demand
- dedicated learning events and campaigns throughout the year
- 'LearnFest' our flagship annual celebration of learning across ECC.
- apprenticeships ranging from entry level to post graduate (L2 to L7) for both new and existing colleagues, regardless of age or experience (as of June 2025, ECC has 470 live apprenticeships and fully utilises the apprenticeship levy)
- support and guidance to access professional qualifications
- support from subject matter experts
- the opportunity to share expertise to up-skill colleagues
- supporting the development of skills, talent and retention in functions
- executive coaching
- coaching and mentoring
- Leadership development
- Management development - clarifying what it means to be a manager at the council and providing resources to enable all our managers to meet those expectations
- Onboarding - learning resources and information to guide the new joiner's first months and support their line managers to provide the right experience

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- Organisational capabilities - learning resources to support the development of critical capabilities for the council, for example change management and continuous improvement

ECC has a Wellbeing Strategy in place to ensure employees are effectively supported.

14. Reviewing the effectiveness of the framework for identifying and managing risks and for performance and demonstrating clear accountability.

Comments on the effectiveness of the Council's risk arrangements are included in the Head of Assurance Annual Report which is presented to the Audit, Governance and Standards Committee in June 2025. The council's risk management arrangements were fully examined and assessed in March 2023 as part of the three yearly Risk Maturity Assessment which showed that all our risk management activities are categorised as 'Working and embedded' or 'Working' (using the ALARM maturity model) with a positive direction of travel.

ECC has a corporate risk management system that records both strategic and service risks and the assigned owners. The system provides automated prompts to risk owners for updates to recorded risks.

A Strategic Risk Report is now received twice yearly by the Audit, Governance and Standards Committee. They review risk management activity and the councils risk management profile.

The Corporate Leadership Team review the Strategic Risk Register every six months and consider current and emerging risks and issues and determine appropriate action. The Strategic Risk Register is also reviewed by Operational Leadership Team and Political Leadership Team.

15. Ensuring effective counter fraud and anti-corruption arrangements are developed and maintained in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014).

ECC has a dedicated Counter Fraud Team within the Assurance Service. The Counter Fraud Team have undertaken proactive prevention and detection work, including participation in the National Fraud Initiative (NFI), data matching exercises with other Essex authorities and internal data matching exercises. The team also deliver directed fraud awareness training in addition to the mandatory Corporate Governance e-learning modules which includes Anti-Fraud and Corruption and Anti-Bribery and Money Laundering.

An external company called Ethicspoint provides an independent and confidential route for any whistle-blowing allegations from staff and contractors. Any referrals through this route are considered through a set process.

A total of **409** fraud referrals have been received and investigated by the Counter Fraud Team during 2024/25.

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The Audit, Governance and Standards Committee received quarterly updates in respect of counter fraud activity and a summary is included in the Head of Assurance Annual Report.

The Council's counter fraud arrangements have been assessed against the FFCL Checklist and the organisation has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

16. Ensuring an effective scrutiny function is in place.

Essex County Council has four policy and scrutiny committees. In addition, Joint Health Overview and Scrutiny Committees (JHOSC), are established as required to look at cross-cutting matters with neighbouring authorities. Details relating to all the scrutiny committees, including current and previous Joint Health Scrutiny Committees can be found [online](#).

Three of the policy and scrutiny committees are chaired by the majority party. The Corporate Policy and Scrutiny Committee is chaired by the Leader of the largest opposition group. Each of the Committees has two vice-chairmen - one opposition member and one administration member.

The Chairmen of the four committees (and the Chairman of the Audit, Governance and Standards Committee) meet as the Scrutiny Board on a roughly 6-weekly basis, to oversee the coordination of scrutiny activity, consider its development strategically and share best practice.

There is close working between committee Chairmen, Vice-Chairmen and their cabinet counterparts, with meetings scheduled on request to discuss key areas of work and direction. Scrutiny Members are involved in influencing policy development (pre-decision scrutiny) as well as post decision scrutiny.

In 2024/25 scrutiny in ECC was supported by Officers within Democratic Services and the Head of Democracy and Transparency was the Statutory Scrutiny Officer.

More detail on the work of Scrutiny can be found in the [2024/25 Scrutiny Annual Report](#), reported at Full Council in May 2025.

17. Ensuring that assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and, where they do not, explain why and how they deliver the same impact

The role of the Chief Audit Executive was fulfilled by the Head of Assurance during 2024/25. The Head of Assurance also has responsibilities for other operational services including Health and Safety, Risk Management, Insurance, Counter Fraud, Emergency Planning and Resilience. The arrangements for ensuring independence were outlined in the [Audit Charter](#) which was

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reviewed, updated and presented to the Audit, Governance and Standards Committee in March 2025.

Assurance arrangements for 2024/25 conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit. The [Global Internal Audit Standards \(GIAS\)](#), as interpreted by the [Application Note plus the Code of Practice on the Governance of Internal Audit](#) provide clear standards for internal audit which ECC complies with. ECC undertakes an annual self-assessment against the standards and had an external review carried out by an independent assessor in 2023 which demonstrated compliance in all material aspects (Note: assessment was against the UK Public Sector Internal Audit Standards (PSIAS), which was the relevant standards at the time).

18. Undertaking the core functions of an audit committee, as identified in Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2013).

The [Audit, Governance and Standards Committee](#) has undertaken the key functions required of it by the Chartered Institute of Public Finance and Accountancy's (CIPFA) guidance on the role of audit committees. The Audit, Governance and Standards Committee's role and purpose is set out in Articles of the [Constitution](#).

The Committee continues to have a close working relationship with the internal and external auditors and has played an active role in relation to counter-fraud, as stated above.

The Committee met formally eight times during the 2024/25 financial year, in public. Their work has included receiving internal audit and counter fraud progress reports, including detail of all Limited Assurance reviews from the Head of Assurance and the extent to which remedial recommendations have been implemented. Further detail can be found in the committee's annual report. During 2022/23 the Committee conducted an effectiveness review, in line with CIPFA guidance, with the outcomes being reported with the March 2023 agenda, a further review is scheduled for 2025.

All recommendations arising from internal audit activity are tracked with monthly automated emails sent to owners of recommendations to request status updates via a web-based system. Summary reports on outstanding recommendations are presented to Audit, Governance and Standards Committee. This provides good accountability and visibility of Internal Audit recommendations.

All reviews resulting in a 'No Assurance' or 'Limited Assurance' opinion are also subject to a follow-up audit review and the Audit, Governance and Standards Committee considers inviting relevant officers to Committee to give an overview of the issues raised and actions agreed to remedy them.

The Council has adopted all the recommendations of the 2020 Redmond Review.

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19. Ensuring that the authority provides timely support, information and responses to external auditors and properly considers audit findings and recommendations.

The Director of Finance, Chief Accountant and the Chief Audit Executive meet with the external auditors on a regular basis to discuss audit activity and ensure that appropriate support is being provided.

20. Incorporating good governance arrangements in respect of partnerships and other joint working and ensuring that they are reflected across the authority's overall governance structures

Partnership working is key to how we work at Essex County Council. To deliver on our organisation strategy "[Everyone's Essex: our plan for levelling up the county 2021 to 2025](#)". This strategy sets out the need to work with partners to join up services where it makes sense to do so, and share data, learning and expertise to continue to deliver excellent services, reduce costs to taxpayers, get the best outcomes for residents, communities and businesses, help tackle long standing public service challenges.

In 2024/25, Essex County Council conducted a comprehensive partnership review to assess the governance arrangements across the wider system within the county. This review aimed to ensure that the existing governance structures were still relevant and effective in meeting the evolving needs of the community and the strategic objectives of the council. The review highlighted changing priorities and the relevance of some of the boards in the Essex system, particularly since Greater Essex was included in the Devolution Priority programme. Partnerships such as Essex Partners have been a stalwart of joint strategic work in the past, for example on its work in relation to homelessness. However, partnerships such as these but will be reassessed given the work the wider system is undertaking in relation to Local Government Reorganisation to ensure we have the best partnership structures in Essex moving forward.

Essex Partners still leads the Leading Greater Essex Programme, which is an in-depth leadership development programme looks to transform organisational leaders into system leaders, equipping them with the skills to operate confidently and effectively across organisational boundaries. Additionally, the Essex Anchors network, which is chaired by the Chief Executives of the South Essex ICB, shares practice and encourages collaboration between organisations to ensure a more integrated approach to achieving common goals.

The Essex Leaders and Chief Executives Board (ELCE) serves as an essential forum where leaders from Essex Councils, fire, and the police convene to determine the strategic direction for key matters affecting Greater Essex. This board ensures that strategic decisions are made collaboratively. Alongside ELCE, the Essex Chief Executive Forum (ECEf) provides a dedicated space for chief executives to fulfil their Leaders ambitions, engaging in strategic discussions, system-wide debates, and collaborative action on key priority issues of importance. Governance arrangements for both ELCE and ECEf are shared between local councils, ensuring that decision-making processes are transparent, accountable, and inclusive.

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The Essex Health & Wellbeing Board is a statutory committee of Essex County Council which promotes public health across the county. Its primary objective is to enable residents to lead healthy lives, thereby extending life expectancy and minimising disparities in health outcomes between different areas. The Board achieves this by delivering, supporting, and influencing a wide range of health initiatives within the complex local system. It addresses the wider determinants of health, such as social, economic, and environmental factors, which significantly impact overall wellbeing.

Safer Essex is responsible for community safety across Essex, Southend, and Thurrock by strategically coordinating the partnership response to safety issues and initiatives. Safer Essex provides strategic direction and oversight, setting priorities, developing action plans, and monitoring progress to ensure effective and collaborative efforts. The group meets every eight weeks, bringing together local councils, emergency services, voluntary organisations, and community groups to address crime prevention, anti-social behaviour, emergency preparedness, and public health and safety.

The Health and Care Act 2022 established Integrated Care Boards (ICBs) on a statutory footing from the 1 July 2022 with Essex County Council being a member of three (ICBs). These are the geographical footprints on which the NHS plans and commissions services. The three systems for Essex are:

- Hertfordshire and West Essex (covering the districts of Epping Forest, Harlow and Uttlesford)
- Mid and South Essex (covering the district/borough/city councils of Basildon, Braintree, Brentwood, Castle Point, Chelmsford, Maldon, Rochford, and the unitary authorities of Southend and Thurrock)
- Suffolk and North-East Essex (covering the borough/districts of Colchester and Tendring)

Each ICS has two main boards:

- Integrated Care Board (ICB): The governing board of a statutory NHS organisation responsible for developing a plan for meeting the health needs of the population, managing the NHS budget, and arranging for the provision of health services in the Integrated Care System area. Essex County Council has a senior officer representative on each of the three ICBs.
- Integrated Care Partnership (ICP): A statutory committee jointly formed between the NHS ICB and all upper-tier local authorities that fall within the ICSs area (councils with responsibility for children's and adult social care and public health). The ICP is responsible for producing an Integrated Care Strategy on how to meet the health and wellbeing needs of the population in the Integrated Care System area. Essex County Council is represented on each ICP by nominated senior officers and Cabinet Members. The Chair of the Essex Health and Wellbeing Board is a member of all three ICPs.

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Each NHS integrated care board (ICB) has an independent Chair, who's role is to chair the board meetings, to help local systems develop their visions and strategies, and to informally hold organisations to account for their commitment and collaborative working within their geographical systems. Each ICB also has a single accountable officer who oversees governance and leadership of the integrated care system.

The chairing arrangements for the partnership committees (ICPs) differ in each system:

- Hertfordshire and West Essex: the Leader of Hertfordshire County Council) chairs the ICP, with the Chair of the NHS Integrated Care Board and Chair of the Essex Health and Wellbeing Board as vice-chair
- Mid and South Essex: the chair of the Mid and South Essex Integrated Care Board is Chair, with the chairs of the Essex, Southend and Thurrock health and wellbeing boards serving as vice-chairs
- Suffolk and North-East Essex: the ICP is chaired in rotation by three co-chairs (Chair of Suffolk and North-East ICB plus the Chairs of the Essex and Suffolk health and wellbeing boards)

Each ICS has also established local partnerships or alliances that bring together local government, primary, secondary and acute health services, and the voluntary and community sector at a place level, with a local managing director in place to convene partners. These are:

For Hertfordshire and West Essex

- One Health and Care Partnership (West Essex)

For Mid and South Essex

- Mid Essex Live Well Partnership
- South-East Essex Alliance (covering Castle Point, Rochford and Southend)
- Basildon and Brentwood Alliance
- Thurrock Alliance.

For Suffolk and North-East Essex

- North-East Essex Health and Wellbeing Alliance

The Essex Health and Wellbeing Board updated its membership to reflect changes to NHS organisations and structures and each ICS is a member of, and reports to, the Essex Health and Wellbeing Board.

The Essex Health Overview Policy and Scrutiny Committee (HOSC) receives regular updates from the three ICS's and also has established joint working with neighbouring HOSCs when an issue has crossed local authority boundaries.

As part of the Better Care Fund (BCF), ECC has established pooled funds with each ICB in Essex. The Essex BCF is "owned" by the Essex Health and Wellbeing Board (HWB) on behalf of ECC and

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the ICBs. The BCF is also approved by Cabinet and the individual ICBs. A section s75 agreement is agreed with our ICBs as part of the BCF governance process.

In March 2025 NHS England mandated that all Integrated Care Boards (ICBs) reduce their running costs by 50 per cent as part of a broader financial reset across the NHS and the Department of Health and Social Care (DHSC). As part of this ICB boundaries across the east of England are expected to change, with it currently looking like there will be a Greater Essex ICB. Alongside this DHSC and NHSE have published a blueprint for the model ICB that will see roles and functions change over the coming months and years. We will continue to work closely with ICB colleagues to ensure the smooth operation of activities under current governance, and to support the transition to the new arrangements.

The Essex Wellbeing Service (EWS) went live in April 2022, it is an alliance of partners working together to deliver a range of health and wellbeing support. This includes lifestyle services, such as NHS health checks, stop smoking services, and weight management courses, as well as community support to help people make positive social connections, including ECC's volunteering programme and befriending service.

In 2021 ECC joined the Association of South Essex Local Authorities which seeks to implement joint decision making over some initiatives for economic regeneration in South Essex - Brentwood, Basildon, Castle Point, Rochford and Southend and Thurrock.

The County Council has established a Joint planning committee with Tendring and Colchester to oversee the planning of the Tendring/Colchester Borders joint committee.

Governance updates 2024/25

Use of unregulated placements

In 2023/24 there were again a number of occasions when the Council has placed young people in unregistered settings. This was made unlawful by the Care Planning, Placement and Case Review (England) (Amendment) Regulations 2021. Unfortunately, it continues to be the case that it is sometimes impossible to find a registered placement willing to care for some children and young people. This is a national placement sufficiency issue. Although any such arrangement is a breach of the regulations, there are no specific consequences. The Council seeks to minimise the use of unregistered arrangements but cannot always avoid them and when it does so the Director of Children's Services puts in place arrangements to regularly monitor the welfare of the child by the Director of Local Delivery or another senior officer. The Council is therefore satisfied that risk to the young person is mitigated as far as is possible and that a move to a registered placement takes place at the earliest opportunity.

ECC is not the only authority with this difficulty and the High Court has confirmed that the Court has inherent jurisdiction to oversee unregistered placements (*Tameside MBC v AM* (2021)). This is a good example of the courts taking a pragmatic approach to a legislative provision with which it can be impossible to comply.

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We continue to seek registered placements and an increase in overall placement sufficiency, through internal development and new approaches to commissioning and procurement, however this is complex and costly activity. We continue to see rising costs of registered placements; particularly in the residential sector. Placement sufficiency pressures are a national issue and require strategic leadership to resolve.

Corporate Peer Challenge

A Corporate Peer Challenge was planned for 8 July 2024, but was postponed due to the general election and has not been rescheduled.

Information Governance

During 2024/25 there were 17 matters which were referred to the Information Commissioner's office. Nine of these instances related to our processing of Subject Access Requests, of these six were upheld. There were a further three which related to data protection breaches, two of which were upheld and one which has yet to close. Four related to requests for information under the Freedom of Information Act 2000 (FOIA), of these, two were withdrawn and two are yet to close. There was one relating to a request for environmental information under the Environmental Information Regulations 2004 (EIR) which was withdrawn. Compared to last year we had a 20% reduction in FOIA/EIR matters being referred to the ICO. Overall, there was an increase of matters being referred to the ICO in 2024/25 compared with 2023/24.

The Council has not recorded any major security incidents in 2024/25. The total number of incidents this year has decreased significantly. A large proportion of this improvement can be attributed to the way lost and stolen devices are managed to prevent information disclosure incidents from occurring if a device were to be lost or stolen. Additionally, our colleagues in the Security Operations Centre (SOC) are better equipped and have the expertise to manage and mitigate all cyber threats.

There was an 11% decrease in incidents which included those related to personal data, many of these were classed as minor or near misses, such as emails being incorrectly sent to the wrong internal email address and being recalled without being read.

Performance in responding to statutory requests under FOI (96%) and EIR (98%) has exceeded the ECC corporate target (90%). Our EIR compliance has seen a 1% improvement from last year. We received 44 requests for an Internal Review, with 16 being either fully or partially upheld. This is an increase compared to the 41 Internal Reviews that were received in 2023/24.

Performance in responding to statutory requests to access information under the Data Protection Act (SAR) fell below the corporate target (80%) during 2024/25 with an annual average compliance of 58%. The number of requests has significantly increased this year by 25%. We are reacting to this by undertaking a range of activities to improve our compliance. These include procuring an AI powered redaction tool, using flexible resource to increase capacity within the Transparency Team, improving our

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web pages, introducing online applications, using modern communications technologies rather than email to speed up processes and undertaking a review of all other related processes. We hope that the identified activities will improve our performance over the coming months.

There was a 42% reduction in all other individual rights requests received in 2024/25. All of these were completed within the statutory timeframe.

Our staff completion rate of our Information Governance eLearning has slightly decreased by 2% to 85% this year. Refresher training has been scheduled for those who are due to retake this training, Further awareness and communication are being undertaken to improve this, additionally we are exploring alternatives ways to access and undertake training to support our staff throughout the year.

All our information policies have been updated and reviewed throughout the year. We ensure that changes to our policies and further guidance are communicated effectively throughout the year. We have created an AI Data policy, which explains to our staff what important considerations they must make when using AI technologies, we have also updated our Privacy Notices webpage to include further information around the use of Essex residents' data with AI.

We test our staff regularly using monthly mock phishing exercises. The results have shown that 90.4% of the staff tested did not provide any login credentials (e.g. logins or passwords) in response to the email received. The remaining 9.6% of staff received a request to complete training regarding phishing emails and have been retested to ensure compliance and understanding in this area. These figures are considered to be in line with other similar bodies.

Our response to the Data Security and Protection Toolkit was successfully submitted in June 2024, all mandatory standards were met. This year's toolkit is on track for another successful submission in June 2025.

CIPFA Financial Management (FM) Code – review and action plan

ECC completed its fourth self-assessment against the FM Code in 2024/25. The outcome is ECC continues to fully meet all of the 68 areas of assessment.

Although ECC meets all of the requirements of the FM code, to support continuous improvement in delivering against the FM Code an action plan has been in place. The action plan had four points to be delivered in the medium term, across the themes of Sustainability, Transparency, Accountability and Assurance. Following the latest assessment, the point on Accountability has now been completed, with the remaining three points still in progress.

The FM Code assessment will be used as part of the evidence base for the annual internal audit review of budgetary control and the medium-term resource strategy, which is reported to the Audit, Governance and Standards Committee.

Monitoring of the action plan is undertaken by the Head of Strategic Finance & Insight on a twice-yearly basis and reported to the Finance Management Team (including the Director of Finance) and the Cabinet

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Member with responsibility for Finance. The assessment of the authority against the FM Code, and development of the action plan will be completed on an annual basis as part of the financial management process.

Local Government and Social Care Ombudsman (LGSCO)

Between 1 April 2024 to 31 March 2025, the LGSCO dealt with 385 complaints. Of these, 71 were not for the to investigate or not ready for them to investigate. They assessed and closed 121 complaints and investigated 193 complaints. Of these 183 were upheld. There was a 100% compliance rate with recommendations.

Further detail about upheld cases is provided in Annex 1.

Health and Safety

During the financial year 2024/25 there were no improvement notices served on the Council.

In January 2019 a member of staff was knocked unconscious by a pupil at a community special school. ECC provided written submissions to the HSE in February 2021 and on 20 December 2021 asked for a review of the Fees For Intervention (FFI). The HSE concluded their review of the case in July 2022 and found that no further action was required. For this case the FFI totals £27,179.70 and ECC is still in a formal dispute with HSE over the FFI. The HSE have still not confirmed the date for the review.

ECC Owned Companies

ECC has interests in and is involved in companies for many different reasons. For example, to trade services for profit or to set up a joint decision-making forum with partners. The Council has adopted company guidance which sets out requirements about creating new companies or joining a new company. In 2024 ECC's Shareholder Board was reconstituted as a [sub-committee of Cabinet](#), this oversees relationships with ECC companies, delivery of each ECC company's business plan, performance, financial issues, investments and governance arrangements. The new arrangements were designed to facilitate greater Member oversight of ECC Companies and enable more time for in-depth work to ensure any related risks are managed. The new process is in line with national best practice guidance and fulfils an ECC internal audit recommendation relating to company governance arrangements.

In 2022 ECC took a decision to cease trading of Essex Legal Services Limited. This was as a result of a significant increase in the cost of insurance experienced by all legal services provider and because a change in the attitude of the regulator means that virtually all the work which was in practice undertaken by the company can be done by ECC itself. The Company will remain in existence for a number of years in accordance with Solicitors Regulatory Authority Requirements.

Owing to an administrative failure in the waste service, Exwaste Limited was struck off from the Companies Register after failing to submit its annual accounts. This company is dormant in any event. An application is being made to restore it to the register.

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In 2023 an Internal Audit Report of ECC owned companies reported a 'satisfactory' assurance rating.

All ECC Companies are listed in Annex 2.

Essex Housing Development LLP

The Council entered into multiple transactions with Essex Housing Developments LLP, which it owns, 99% directly and 1% by Seax Trading Limited which it also owns. A number of these transactions were for the disposal of land at less than market value for reasons set out in the individual reports. Broadly, the LLP sets out to develop the land in a way that meets the need for accommodation and builds to a high standard. Councillors consider size of the undervalue and the reasons for it. All disposals were in accordance with general consents issued by the Secretary of State under the Local Government Act 1972. It should be noted that ECC is the ultimate owner of the LLP and surpluses resulting from development accrue to ECC. A review of arrangements was undertaken during 2024/25 and an action plan was developed. This action plan itself needs to be reviewed to take account of the potential abolition of the council on 31 March 2028.

Capital Expenditure

The Council has successfully delivered an ambitious capital programme. However in recent years ECC has successfully bid to government for grant funding to deliver more larger schemes. At present we have around £500m of grant funding to deliver specific projects

- Harlow Sustainable Transport Package and new bridges over the river Stort.
- A133 to A120 Link Road near the proposed Tendring/Colchester Borders Garden Community
- Colchester Rapid Transit Scheme
- Beaulieu Park Station
- Chelmsford North Eastern Bypass

These schemes all involve significant construction and land acquisition costs as well as payments to statutory undertakers and rail operators. They are inherently risky schemes and subject to cost escalations and delivery risk. These schemes have been regularly reported to Councillors and decisions have been taken at key gateway points based on reports.

There were two limited assurance audits reported to the Audit, Governance and Standards Committee in 2023/24 on Beaulieu Park Station and the Chelmsford North Eastern Bypass. There was significant progress made to address the audit recommendations during 2024/25 and this was reported to the Audit, Governance and Standards Committee.

Social media and related payments

In February 2024 Full Council referred a matter to the Audit, Governance and Standards Committee regarding payments in the Strengthening Communities Team in Public Health, mainly for social media

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expenditure during the pandemic. Whilst most of the payments in scope were made in 2020 and 2021, some payments were made in 2023/24. Concerns were raised in 2021 and there was a response at the time. The Council had already published a significant amount of [data](#) on this topic following a number of information requests. The Committee met to consider this in April and July 2024 and published a [final report](#) with recommendations. Those recommendations have been substantially implemented with a report considered by Audit Committee in June 2025.

SEND

Following a series of sessions on the local SEND (special educational needs and disabilities) system, the [People and Families Scrutiny Committee](#) established a Task and Finish Group which held five meetings with key stakeholders. The group produced a detailed report which was published [here](#). It contained nine recommendations, which were endorsed by the full committee. Work is underway to implement the actions and integrate the findings into the committee's ongoing programme.

Significant investment has been made to improve compliance with assessment time limits but this continues to present a challenge.

Head of Assurance Opinion

The Head of Assurance's overall audit opinion on the internal control environment (framework of governance, risk management and internal control) is one of **Satisfactory Assurance** which means that although there are some weaknesses which may put individual system/process/service objectives at risk of achievement, there is an overall satisfactory system of internal control, appropriately designed to meet the Council's objectives, and controls are generally being applied consistently.

The Head of Assurance Annual Report which provides a summary of the activity used to support this opinion is published in June 2025.

External Audit

Following a significant delay in the external audits undertaken by the Council's external auditor BDO LLP, the Audit, Governance and Standards Committee was able to approve the accounts for the 2021/22 financial year in September 2024 and for the 2022/23 financial year in October 2024. BDO issued an unqualified opinion on both sets of accounts.

In response to widespread delays in the external audits of local authorities' accounts, the government introduced into legislation a series of statutory backstop dates by which local authority audits must be completed. The statutory backstop date for the external audit of local authorities' accounts for 2023/24 was 28 February 2025.

External auditors were expected to complete as much audit work as possible for 2023/24 but, where the audit work was incomplete at the backstop date, the government required auditors to issue qualified (modified or disclaimed) audit opinions.

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The Council's appointed external auditor for 2023/24 is Ernst and Young LLP. While Ernst and Young were able to complete their audit of the accounts of the Essex Pension Fund for 2023/24 and review the Council's arrangements in 2023/24 to secure value for money in the use of resources, Ernst and Young did not carry out an audit of the Council's financial statements for this financial year.

Ernst and Young issued an unmodified opinion on the financial statements of the Essex Pension Fund and reported that they had no matters of concern to raise in relation to the Council's arrangements to secure value for money. However, because Ernst and Young did not carry out an audit of the Council's financial statements for 2023/24, they could not provide any assurance over any individual balances or classes of transaction, and so issued a disclaimer of opinion.

The disclaimed audit opinion was issued solely because Ernst and Young did not conduct an audit of the Council's accounts and accounting records for 2023/24. It was through no fault of Essex County Council that Ernst and Young were unable to perform an external audit of the Council's financial statements for 2023/24.

For 2024/25 the external auditors remain Ernst and Young.

How we have improved our governance arrangements in 2024/25

All actions identified in the 2023/24 Annual Governance Statement action plan have been adequately addressed, with implementation being reviewed by the Monitoring Officer and reported to the Constitutional Working Group. Areas where actions are ongoing have been updated in the 2024/25 action plan.

Progress against the action plan arising from the Audit, Governance and Standards Committees review of social media payments (see above) was reported to the public committee in June 2025.

Where our governance needs to improve

The 2024/25 review has identified no significant gaps in governance arrangements and core arrangements are operating effectively and there have been no significant governance failures that occurred during the year. However, governance arrangements can always be enhanced and the actions detailed below are in place to maintain good governance arrangements throughout 2025/26, this will be monitored by the Organisational leadership Team and escalated if necessary.

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Subject	Action(s)	Responsible Officer or group	Target completion date
Assurance	Implement actions identified as part of the 2024/25 Service Assurance Statement process.	CLT	March 2026
Assurance	Reporting of Organisational Health measures to be refreshed and implemented.	OLT	September 2025

Forward look on governance

It may be necessary to develop new governance arrangements to meet the future needs of the authority during 2025/26 and beyond.

In February 2025 it was announced that Greater Essex is part of the government's Devolution Priority Programme with the aim of creating a Mayoral County Combined Authority in time to elect a mayor in May 2026. This also invited authorities to submit proposals for abolition of the current fifteen councils in Greater Essex for them to be replaced with a number of all-purpose unitary councils. In order to create time for this the ordinary elections to ECC which were scheduled to take place on 1 May 2025 were postponed until May 2026.

Reorganisation

At this stage there are no firm recommendations around numbers of unitary authorities and their geographic borders. They will be made in business cases to be submitted by end September 2025. In March, some councils set out an in-principle preference for five unitaries. The County Council has commissioned significant work to consider financial sustainability of different numbers and locations of unitary councils. This has lead the Leader of the County Council to conclude that in his opinion five unitary councils are not financially sustainable, but at the time of writing the County Council has not decided how many it will propose

Work to develop business cases is happening, with data and insight being shared across workstreams. ECC will need to carefully monitor any governance implications arising from this work.

Once business cases are approved the fifteen councils will need to work together to implement the new councils. Reorganisation of Essex is complex given it involves fifteen local authorities which collectively spend around £4bn a year.

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Devolution

The Government consulted on the creation of a Mayoral Combined County Authority. The County Council, along with others, has responded to oppose the proposed governance of the combined authority. Under the current law the Combined County Authority cannot be created unless the Secretary of State, Southend, Thurrock and Essex County Councils all agree. There will therefore need to be further negotiations and discussions going on this point.

At the time of writing, we have not yet seen the legislation but it is likely that the creation of the combined authority will likely see some functions transfer from ECC to the combined authority. The combined authority will also have to work with ECC on a number of key functions such as economic growth, housing and transport.

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Annex 1 – List of upheld LGO complaints in 2024/25

Reference	Category	Subcategory	Decided	Decision Reason	Remedy
23007583	Adult Care Services	Council: assessment	19/04/2024	fault & inj	Apology, financial redress: Avoidable distress/time and trouble
23008542	Education & Childrens Services	Education Council: SEN Provision and EHC plans	05/06/2024	fault & inj	Provide services to person affected, financial redress: Avoidable distress/time and trouble, financial redress: Loss of service, procedure or policy change/review
23008629	Adult Care Services	Provider obo council: residential care	29/04/2024	fault & inj	Apology, financial redress: Avoidable distress/time and trouble
23009613	Education & Childrens Services	Education Council: SEN Provision and EHC plans	17/06/2024	fault & inj	Financial redress: Avoidable distress/time and trouble, financial redress: Loss of service
23009675	Education & Childrens Services	Education Council: SEN Provision and EHC plans	03/04/2024	fault & inj	Apology, financial redress: Avoidable distress/time and trouble, financial redress: Loss of service, financial redress: Quantifiable Loss, Provide training and/or guidance
23009955	Adult Care Services	Council: direct payments	06/06/2024	fault & inj	Apology

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Reference	Category	Subcategory	Decided	Decision Reason	Remedy
23010177	Education & Childrens Services	Education Council: SEN Assessments and reviews	10/04/2024	fault & inj	Apology, Financial redress: Avoidable distress/time and trouble, Financial redress: Loss of service, Procedure or policy change/review
23010280	Education & Childrens Services	Education Council: Alternative provision	09/07/2024	fault & inj	Apology, Financial redress: Avoidable distress/time and trouble, Financial redress: Loss of service, Procedure or policy change/review, Provide training and/or guidance
23011007	Education & Childrens Services	Education Council: SEN Assessments and reviews	15/07/2024	fault & inj	Apology, Financial redress: Avoidable distress/time and trouble
23011053	Education & Childrens Services	Education Council: SEN Assessments and reviews	21/05/2024	fault & inj	Apology, Financial redress: Avoidable distress/time and trouble, Financial redress: Loss of service
23012445	Adult Care Services	Council: charging	18/10/2024	fault & inj	Apology, Financial redress: Avoidable distress/time and trouble, Provide training and/or guidance, Reassessment

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Reference	Category	Subcategory	Decided	Decision Reason	Remedy
23012654	Education & Childrens Services	Childrens services: Child in Need	13/05/2024	fault & inj	Apology, Financial redress: Avoidable distress/time and trouble, Provide training and/or guidance, New appeal/review or reconsidered decision
23012815	Adult Care Services	Council: charging	19/07/2024	fault no inj	Provide training and/or guidance
23012821	Education & Childrens Services	Education Council: SEN Assessments and reviews	04/06/2024	fault & inj	Apology, Financial redress: Avoidable distress/time and trouble, Financial redress: Loss of service, Provide services to person affected, Procedure or policy change/review
23012908	Highways & Transport	Highway repair & maintenance	29/05/2024	fault & inj	Apology, Financial redress: Avoidable distress/time and trouble
23013165	Education & Childrens Services	Education Council: SEN Assessments and reviews	09/07/2024	fault & inj	Apology, Financial redress: Avoidable distress/time and trouble
23013625	Adult Care Services	Council: assessment	18/06/2024	fault & inj	Apology, Financial redress: Avoidable distress/time and trouble, Provide training and/or guidance
23013788	Education & Childrens Services	Education Council: SEN Assessments and reviews	07/02/2025	fault & inj	Financial redress: Avoidable distress/time and trouble

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Reference	Category	Subcategory	Decided	Decision Reason	Remedy
23013824	Education & Childrens Services	Education Council: SEN Assessments and reviews	29/05/2024	Injustice remedied during LGO consideration	Apology, Financial redress: Avoidable distress/time and trouble
23013906	Adult Care Services	Council: charging	26/07/2024	fault & inj - no further action organisation already remedied	
23014549	Education & Childrens Services	Education Council: SEN Assessments and reviews	06/06/2024	fault & inj	Apology, Financial redress: Avoidable distress/time and trouble
23014631	Education & Childrens Services	Education Council: SEN Provision and EHC plans	28/05/2024	fault & inj	Apology, Financial redress: Loss of service, Financial redress: Avoidable distress/time and trouble, Provide training and/or guidance
23015646	Highways & Transport	Parking provision	31/05/2024	fault & inj	Apology, Financial redress: Avoidable distress/time and trouble, Provide training and/or guidance
23015769	Education & Childrens Services	Childrens Services: Other	07/08/2024	fault & inj - no further action organisation already remedied	

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Reference	Category	Subcategory	Decided	Decision Reason	Remedy
23015907	Education & Childrens Services	Education Council: SEN Assessments and reviews	09/07/2024	fault & inj	Apology, Financial redress: Avoidable distress/time and trouble, Provide training and/or guidance
23017072	Education & Childrens Services	Education Council: SEN Assessments and reviews	03/09/2024	fault & inj	Apology, Financial redress: Loss of service
23017223	Education & Childrens Services	Education Council: SEN Provision and EHC plans	10/09/2024	fault & inj	Apology, Financial redress: Avoidable distress/time and trouble, Financial redress: Loss of service, Procedure or policy change/review
23017341	Education & Childrens Services	Childrens services: adoption	31/10/2024	fault & inj	Apology, Financial redress: Avoidable distress/time and trouble, Provide information/advice to person affected, Procedure or policy change/review, Provide training and/or guidance
23017468	Education & Childrens Services	Education Council: SEN Assessments and reviews	23/04/2024	Injustice remedied during LGO consideration	Apology, Financial redress: Avoidable distress/time and trouble

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Reference	Category	Subcategory	Decided	Decision Reason	Remedy
23017745	Adult Care Services	Council: assessment	03/12/2024	fault & inj	Apology, Financial redress: Avoidable distress/time and trouble, Financial redress: Loss of service, Financial Redress: Quantifiable Loss, Provide training and/or guidance
23017992	Education & Childrens Services	Education Council: SEN Assessments and reviews	30/04/2024	Injustice remedied during LGO consideration	Apology, Financial redress: Avoidable distress/time and trouble
23018366	Education & Childrens Services	Education Council: SEN Assessments and reviews	01/08/2024	fault & inj	Apology, Financial redress: Loss of service, Financial redress: Avoidable distress/time and trouble
23018404	Education & Childrens Services	Education Council: SEN Assessments and reviews	05/06/2024	fault & inj	Apology, Financial redress: Avoidable distress/time and trouble, Financial Redress: Quantifiable Loss, Procedure or policy change/review, Provide services to person affected
23018431	Education & Childrens Services	Education Council: SEN Assessments and reviews	15/04/2024	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble

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Reference	Category	Subcategory	Decided	Decision Reason	Remedy
23018669	Education & Childrens Services	Education Council: Alternative provision	28/05/2024	fault & inj	Apology, Financial redress: Avoidable distress/time and trouble
23018738	Adult Care Services	Council: transport	19/07/2024	fault & inj - no further action organisation already remedied	
23019010	Education & Childrens Services	Education Council: SEN Provision and EHC plans	11/09/2024	fault & inj	Apology, Financial redress: Avoidable distress/time and trouble, Financial redress: Loss of service, Provide training and/or guidance, Procedure or policy change/review
23019301	Education & Childrens Services	Education Council: SEN Assessments and reviews	15/04/2024	Injustice remedied during LGO consideration	Apology, Financial redress: Avoidable distress/time and trouble
23019313	Environmental Services & Public Protection & Regulation	Drainage	09/08/2024	fault & inj	Apology, Provide services to person affected, Financial redress: Avoidable distress/time and trouble, Provide training and/or guidance

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Reference	Category	Subcategory	Decided	Decision Reason	Remedy
23019354	Education & Childrens Services	Education Council: SEN Provision and EHC plans	30/04/2024	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
23019355	Education & Childrens Services	Education Council: SEN Assessments and reviews	07/05/2024	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
23019433	Education & Childrens Services	Education Council: SEN Assessments and reviews	25/04/2024	Injustice remedied during LGO consideration	Apology, Financial redress: Avoidable distress/time and trouble
23019599	Education & Childrens Services	Education Council: SEN	23/08/2024	fault & inj - no further action organisation already remedied	
23019972	Education & Childrens Services	Education Council: SEN Assessments and reviews	07/05/2024	Injustice remedied during LGO consideration	Financial redress: Loss of service
23020035	Education & Childrens Services	Education Council: SEN Assessments and reviews	10/09/2024	fault & inj	Apology, Financial redress: Avoidable distress/time and trouble

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Reference	Category	Subcategory	Decided	Decision Reason	Remedy
23020084	Education & Childrens Services	Education Council: SEN Assessments and reviews	14/11/2024	fault & inj	Financial redress: Loss of service,Financial redress: Avoidable distress/time and trouble
23020295	Education & Childrens Services	Education Council: SEN Assessments and reviews	01/05/2024	Injustice remedied during LGO consideration	Apology,Financial redress: Avoidable distress/time and trouble
23020339	Education & Childrens Services	Education Council: SEN Assessments and reviews	07/05/2024	Injustice remedied during LGO consideration	Apology,Financial redress: Avoidable distress/time and trouble
23020617	Highways & Transport	Highways & transport-other	23/09/2024	fault & inj	Apology,Financial redress: Avoidable distress/time and trouble,Provide information/advice to person affected,Provide training and/or guidance
23020908	Education & Childrens Services	Education Council: SEN Assessments and reviews	01/07/2024	fault & inj	Apology,Financial redress: Avoidable distress/time and trouble,Provide services to person affected,Procedure or policy change/review
23021238	Education & Childrens Services	Education Council: SEN Assessments and reviews	20/05/2024	Injustice remedied during LGO consideration	Apology,Financial redress: Avoidable distress/time and trouble

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Reference	Category	Subcategory	Decided	Decision Reason	Remedy
23021307	Education & Childrens Services	Education Council: SEN Assessments and reviews	17/05/2024	Injustice remedied during LGO consideration	Apology, Financial redress: Avoidable distress/time and trouble
23021379	Education & Childrens Services	Education Council: SEN Assessments and reviews	28/05/2024	Injustice remedied during LGO consideration	Apology, Financial redress: Avoidable distress/time and trouble
24000170	Adult Care Services	Council: s117	28/10/2024	fault no inj	
24000664	Education & Childrens Services	Education Council: SEN Assessments and reviews	10/06/2024	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24000825	Education & Childrens Services	Education Council: SEN Assessments and reviews	21/05/2024	Injustice remedied during LGO consideration	Apology, Financial redress: Avoidable distress/time and trouble
24000906	Education & Childrens Services	Education Council: SEN Assessments and reviews	10/06/2024	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24000952	Education & Childrens Services	Education Council: SEN Assessments and reviews	25/06/2024	Injustice remedied during LGO consideration	Apology, Financial redress: Avoidable distress/time and trouble

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Reference	Category	Subcategory	Decided	Decision Reason	Remedy
24000974	Education & Childrens Services	Education Council: SEN Provision and EHC plans	28/11/2024	fault & inj	Financial redress: Avoidable distress/time and trouble
24001206	Education & Childrens Services	Education Council: SEN Assessments and reviews	17/06/2024	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24001309	Education & Childrens Services	Education Council: SEN Assessments and reviews	01/08/2024	fault & inj	Apology, Financial redress: Avoidable distress/time and trouble
24001315	Education & Childrens Services	Education Council: SEN Provision and EHC plans	24/10/2024	Injustice remedied during LGO consideration	Apology, Financial redress: Avoidable distress/time and trouble
24001445	Adult Care Services	Council: assessment	22/11/2024	fault & inj S30(1)	Apology, Financial redress: Avoidable distress/time and trouble, Provide training and/or guidance, Procedure or policy change/review
24001514	Education & Childrens Services	Education Council: SEN Assessments and reviews	24/06/2024	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24001566	Education & Childrens Services	Childrens Services: Care of Looked After child	14/01/2025	fault & inj	Apology, Financial redress: Avoidable distress/time and trouble

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Reference	Category	Subcategory	Decided	Decision Reason	Remedy
24001603	Education & Childrens Services	Education Council: SEN Provision and EHC plans	11/09/2024	fault & inj	Apology,Financial redress: Loss of service,Financial redress: Avoidable distress/time and trouble,Provide training and/or guidance,Provide information/advice to person affected,Provide services to person affected
24001706	Education & Childrens Services	Education Council: SEN Assessments and reviews	01/07/2024	Injustice remedied during LGO consideration	Apology,Financial redress: Avoidable distress/time and trouble
24001760	Education & Childrens Services	Education Council: SEN Assessments and reviews	24/06/2024	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24001924	Education & Childrens Services	Education Council: SEN Assessments and reviews	08/11/2024	fault & inj	Apology,Financial redress: Avoidable distress/time and trouble,Provide training and/or guidance
24002333	Education & Childrens Services	Education Council: SEN Assessments and reviews	02/07/2024	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24002394	Education & Childrens Services	Education Council: SEN Assessments and reviews	27/02/2025	fault & inj	Apology,Financial redress: Avoidable distress/time and trouble

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Reference	Category	Subcategory	Decided	Decision Reason	Remedy
24002410	Education & Childrens Services	Education Council: SEN Assessments and reviews	30/09/2024	Injustice remedied during LGO consideration	Apology, Financial redress: Avoidable distress/time and trouble
24002518	Education & Childrens Services	Education Council: SEN Assessments and reviews	16/07/2024	Injustice remedied during LGO consideration	Apology, Financial redress: Avoidable distress/time and trouble
24002639	Adult Care Services	Council: transport	17/01/2025	fault & inj - no further action organisation already remedied	
24002645	Education & Childrens Services	Education Council: SEN Assessments and reviews	25/02/2025	fault & inj	Apology, Financial redress: Avoidable distress/time and trouble
24002821	Education & Childrens Services	Education Council: SEN Provision and EHC plans	10/07/2024	Injustice remedied during LGO consideration	Apology, Financial redress: Avoidable distress/time and trouble
24002855	Education & Childrens Services	Education Council: SEN Assessments and reviews	12/11/2024	fault & inj	Apology, Financial redress: Loss of service, Financial redress: Avoidable distress/time and trouble

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Reference	Category	Subcategory	Decided	Decision Reason	Remedy
24003140	Education & Childrens Services	Education Council: SEN Assessments and reviews	22/07/2024	Injustice remedied during LGO consideration	Apology, Financial redress: Avoidable distress/time and trouble
24003444	Education & Childrens Services	Education Council: SEN Assessments and reviews	02/10/2024	fault & inj	Apology, Financial redress: Avoidable distress/time and trouble
24003512	Education & Childrens Services	Education Council: Alternative provision	06/02/2025	fault & inj	Apology, Financial redress: Loss of service, Financial redress: Avoidable distress/time and trouble
24003998	Education & Childrens Services	Education Council: SEN Assessments and reviews	17/02/2025	fault & inj	Apology, Financial redress: Avoidable distress/time and trouble
24004143	Education & Childrens Services	Education Council: SEN Provision and EHC plans	09/12/2024	fault & inj	Apology, Financial redress: Loss of service, Financial redress: Avoidable distress/time and trouble
24004237	Highways & Transport	Highway repair & maintenance	30/01/2025	fault & inj	Apology, Financial redress: Avoidable distress/time and trouble, Provide training and/or guidance
24004247	Education & Childrens Services	Education Council: SEN Assessments and reviews	08/08/2024	Injustice remedied during LGO consideration	Apology, Financial redress: Avoidable distress/time and trouble

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Reference	Category	Subcategory	Decided	Decision Reason	Remedy
24004268	Education & Childrens Services	Education Council: Transport	15/10/2024	fault & inj - no further action organisation already remedied	
24004336	Education & Childrens Services	Education Council: SEN Assessments and reviews	13/08/2024	Injustice remedied during LGO consideration	Apology, Financial redress: Avoidable distress/time and trouble
24004599	Education & Childrens Services	Education Council: SEN Assessments and reviews	23/08/2024	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24004641	Education & Childrens Services	Education Council: SEN Assessments and reviews	03/09/2024	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24004725	Education & Childrens Services	Education Council: SEN Assessments and reviews	21/08/2024	Injustice remedied during LGO consideration	Apology, Financial redress: Avoidable distress/time and trouble
24004779	Education & Childrens Services	Education Council: SEN Assessments and reviews	14/08/2024	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble

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Reference	Category	Subcategory	Decided	Decision Reason	Remedy
24004789	Education & Childrens Services	Education Council: SEN Assessments and reviews	12/08/2024	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24004838	Education & Childrens Services	Education Council: SEN Assessments and reviews	22/08/2024	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24005168	Education & Childrens Services	Education Council: SEN Provision and EHC plans	13/03/2025	fault & inj	Apology, Financial redress: Loss of service
24005563	Education & Childrens Services	Education Council: SEN Assessments and reviews	28/01/2025	fault & inj	Financial redress: Avoidable distress/time and trouble
24005740	Education & Childrens Services	Education Council: SEN Assessments and reviews	09/09/2024	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24005761	Education & Childrens Services	Education Council: Transport	06/01/2025	fault & inj	Apology, Financial redress: Avoidable distress/time and trouble
24006207	Education & Childrens Services	Education Council: SEN Assessments and reviews	23/09/2024	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble

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Reference	Category	Subcategory	Decided	Decision Reason	Remedy
24006301	Education & Childrens Services	Education Council: SEN Assessments and reviews	23/09/2024	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24006590	Education & Childrens Services	Education Council: SEN Assessments and reviews	24/09/2024	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24006837	Education & Childrens Services	Education Council: SEN Assessments and reviews	26/09/2024	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24007047	Education & Childrens Services	Education Council: SEN Provision and EHC plans	30/10/2024	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24007741	Education & Childrens Services	Education Council: SEN Provision and EHC plans	05/03/2025	fault & inj	Apology, Financial redress: Loss of service, Provide services to person affected, Financial redress: Avoidable distress/time and trouble
24007940	Education & Childrens Services	Education Council: SEN Provision and EHC plans	24/03/2025	fault & inj	Apology, Financial redress: Avoidable distress/time and trouble, Financial redress: Loss of service, Provide training and/or guidance

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Reference	Category	Subcategory	Decided	Decision Reason	Remedy
24008067	Education & Childrens Services	Education Council: SEN Provision and EHC plans	17/10/2024	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24008371	Education & Childrens Services	Education Council: SEN Assessments and reviews	07/10/2024	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24008404	Education & Childrens Services	Education Council: SEN Assessments and reviews	03/10/2024	Injustice remedied during LGO consideration	Apology, Financial redress: Loss of service
24008412	Education & Childrens Services	Education Council: SEN Assessments and reviews	07/10/2024	Injustice remedied during LGO consideration	Apology, Financial redress: Loss of service
24008605	Education & Childrens Services	Education Council: SEN Provision and EHC plans	06/03/2025	fault & inj	Apology, Financial redress: Avoidable distress/time and trouble, Financial redress: Loss of service, Procedure or policy change/review
24009022	Education & Childrens Services	Education Council: SEN Assessments and reviews	02/10/2024	Injustice remedied during LGO consideration	Apology, Financial redress: Loss of service

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Reference	Category	Subcategory	Decided	Decision Reason	Remedy
24009222	Education & Childrens Services	Education Council: SEN Provision and EHC plans	25/02/2025	fault & inj	Financial redress: Avoidable distress/time and trouble, Financial redress: Loss of service, Apology
24009448	Education & Childrens Services	Education Council: SEN Assessments and reviews	07/10/2024	Injustice remedied during LGO consideration	Apology, Financial redress: Loss of service
24009467	Education & Childrens Services	Education Council: SEN Assessments and reviews	03/10/2024	Injustice remedied during LGO consideration	Apology, Financial redress: Loss of service
24009706	Education & Childrens Services	Education Council: SEN Assessments and reviews	14/10/2024	Injustice remedied during LGO consideration	Apology, Financial redress: Loss of service
24010082	Education & Childrens Services	Education Council: SEN Assessments and reviews	01/10/2024	Injustice remedied during LGO consideration	Apology, Financial redress: Loss of service
24010254	Education & Childrens Services	Education Council: SEN Assessments and reviews	08/10/2024	Injustice remedied during LGO consideration	Apology, Financial redress: Loss of service

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Reference	Category	Subcategory	Decided	Decision Reason	Remedy
24010395	Education & Childrens Services	Education Council: SEN Assessments and reviews	31/03/2025	fault & inj	Apology, Financial redress: Avoidable distress/time and trouble, Financial redress: Loss of service, Provide services to person affected
24010438	Adult Care Services	Council: safeguarding	26/11/2024	Injustice remedied during organisations complaint processes	
24010563	Education & Childrens Services	Education Council: SEN Assessments and reviews	03/10/2024	Injustice remedied during LGO consideration	Apology, Financial redress: Loss of service
24010849	Education & Childrens Services	Education Council: SEN Assessments and reviews	09/10/2024	Injustice remedied during LGO consideration	Apology, Financial redress: Loss of service
24010861	Education & Childrens Services	Education Council: SEN Assessments and reviews	14/12/2024	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble

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Reference	Category	Subcategory	Decided	Decision Reason	Remedy
24010944	Education & Childrens Services	Education Council: SEN Assessments and reviews	10/10/2024	Injustice remedied during LGO consideration	Apology, Financial redress: Loss of service
24010997	Education & Childrens Services	Education Council: SEN Assessments and reviews	14/10/2024	Injustice remedied during LGO consideration	Apology, Financial redress: Loss of service
24011064	Education & Childrens Services	Education Council: SEN Assessments and reviews	09/10/2024	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24011172	Education & Childrens Services	Education Council: SEN Provision and EHC plans	23/12/2024	Injustice remedied during LGO consideration	Apology, Financial redress: Avoidable distress/time and trouble
24011269	Education & Childrens Services	Education Council: SEN Assessments and reviews	16/12/2024	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24011344	Education & Childrens Services	Education Council: SEN Assessments and reviews	10/10/2024	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble

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Reference	Category	Subcategory	Decided	Decision Reason	Remedy
24011506	Education & Childrens Services	Education Council: SEN Assessments and reviews	06/11/2024	Injustice remedied during LGO consideration	Apology, Financial redress: Avoidable distress/time and trouble
24011590	Education & Childrens Services	Education Council: SEN Provision and EHC plans	27/02/2025	fault & inj	Apology, Provide services to person affected, Financial Redress: Quantifiable Loss, Financial redress: Loss of service
24011667	Education & Childrens Services	Education Council: SEN Provision and EHC plans	02/01/2025	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24011829	Education & Childrens Services	Education Council: SEN Assessments and reviews	21/10/2024	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24011857	Education & Childrens Services	Education Council: SEN Assessments and reviews	05/02/2025	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24011923	Education & Childrens Services	Education Council: SEN Assessments and reviews	15/10/2024	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble

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Reference	Category	Subcategory	Decided	Decision Reason	Remedy
24012075	Education & Childrens Services	Education Council: SEN Assessments and reviews	14/01/2025	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24012608	Education & Childrens Services	Education Council: SEN Assessments and reviews	29/11/2024	Injustice remedied during LGO consideration	Apology, Financial redress: Avoidable distress/time and trouble
24012820	Education & Childrens Services	Education Council: SEN Assessments and reviews	22/01/2025	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24012867	Education & Childrens Services	Education Council: SEN Assessments and reviews	20/01/2025	Injustice remedied during LGO consideration	Apology, Financial redress: Avoidable distress/time and trouble
24012909	Education & Childrens Services	Education Council: SEN Assessments and reviews	12/03/2025	fault & inj	Financial redress: Avoidable distress/time and trouble
24013249	Education & Childrens Services	Education Council: SEN Assessments and reviews	21/11/2024	Injustice remedied during LGO consideration	Apology, Financial redress: Avoidable distress/time and trouble
24013281	Education & Childrens Services	Education Council: SEN Assessments and reviews	29/11/2024	Injustice remedied during LGO consideration	Apology, Financial redress: Avoidable distress/time and trouble

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Reference	Category	Subcategory	Decided	Decision Reason	Remedy
24013546	Highways & Transport	Highway repair & maintenance	07/03/2025	fault & inj	Apology, Provide training and/or guidance
24013565	Education & Childrens Services	Education Council: SEN Assessments and reviews	28/11/2024	Injustice remedied during LGO consideration	Apology, Financial redress: Avoidable distress/time and trouble
24013663	Education & Childrens Services	Education Council: SEN Assessments and reviews	16/01/2025	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24013669	Education & Childrens Services	Education Council: SEN Assessments and reviews	16/01/2025	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24013906	Education & Childrens Services	Education Council: SEN Assessments and reviews	24/01/2025	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24013999	Education & Childrens Services	Education Council: SEN Assessments and reviews	22/11/2024	Injustice remedied during LGO consideration	Apology, Financial redress: Avoidable distress/time and trouble
24014345	Education & Childrens Services	Education Council: SEN Assessments and reviews	12/03/2025	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble

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Reference	Category	Subcategory	Decided	Decision Reason	Remedy
24014430	Education & Childrens Services	Education Council: SEN Assessments and reviews	18/12/2024	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24014536	Education & Childrens Services	Education Council: SEN Assessments and reviews	09/12/2024	Injustice remedied during LGO consideration	Apology, Financial redress: Avoidable distress/time and trouble
24014637	Education & Childrens Services	Education Council: SEN Assessments and reviews	17/01/2025	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24014700	Education & Childrens Services	Education Council: SEN Provision and EHC plans	23/01/2025	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24014708	Education & Childrens Services	Education Council: SEN Assessments and reviews	24/01/2025	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24014715	Education & Childrens Services	Education Council: SEN Assessments and reviews	16/12/2024	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble

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Reference	Category	Subcategory	Decided	Decision Reason	Remedy
24014892	Education & Childrens Services	Education Council: SEN Assessments and reviews	10/12/2024	Injustice remedied during LGO consideration	Apology, Financial redress: Avoidable distress/time and trouble
24015076	Education & Childrens Services	Education Council: SEN Assessments and reviews	29/01/2025	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24015134	Education & Childrens Services	Education Council: SEN Assessments and reviews	20/01/2025	Injustice remedied during LGO consideration	Apology, Financial redress: Loss of service
24015236	Education & Childrens Services	Education Council: SEN Assessments and reviews	27/01/2025	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24015249	Education & Childrens Services	Education Council: SEN Assessments and reviews	27/01/2025	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24015285	Education & Childrens Services	Education Council: SEN Assessments and reviews	30/01/2025	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble

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Reference	Category	Subcategory	Decided	Decision Reason	Remedy
24015286	Education & Childrens Services	Education Council: SEN Assessments and reviews	30/01/2025	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24015306	Education & Childrens Services	Education Council: SEN Provision and EHC plans	17/02/2025	Injustice remedied during LGO consideration	Apology, Financial redress: Avoidable distress/time and trouble, Provide information/advice to person affected
24015463	Education & Childrens Services	Education Council: SEN Assessments and reviews	22/01/2025	Injustice remedied during LGO consideration	Apology, Financial redress: Loss of service
24015624	Education & Childrens Services	Education Council: SEN Assessments and reviews	24/01/2025	Injustice remedied during LGO consideration	Apology, Financial redress: Loss of service
24015722	Education & Childrens Services	Education Council: SEN Assessments and reviews	21/01/2025	Injustice remedied during LGO consideration	Apology, Financial redress: Loss of service
24015741	Education & Childrens Services	Education Council: SEN Assessments and reviews	03/02/2025	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble

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Reference	Category	Subcategory	Decided	Decision Reason	Remedy
24015847	Education & Childrens Services	Education Council: SEN Assessments and reviews	24/01/2025	Injustice remedied during LGO consideration	Apology, Financial redress: Loss of service
24015965	Education & Childrens Services	Education Council: SEN Assessments and reviews	03/02/2025	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24016010	Education & Childrens Services	Education Council: SEN Provision and EHC plans	26/02/2025	Injustice remedied during LGO consideration	Apology, Financial redress: Avoidable distress/time and trouble
24016239	Education & Childrens Services	Education Council: SEN Provision and EHC plans	10/03/2025	Injustice remedied during LGO consideration	Apology, Financial redress: Avoidable distress/time and trouble
24016298	Education & Childrens Services	Education Council: SEN Assessments and reviews	21/01/2025	Injustice remedied during LGO consideration	Apology, Financial redress: Loss of service
24016671	Education & Childrens Services	Education Council: SEN Assessments and reviews	21/01/2025	Injustice remedied during LGO consideration	Apology, Financial redress: Loss of service

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Reference	Category	Subcategory	Decided	Decision Reason	Remedy
24016698	Education & Childrens Services	Education Council: SEN Assessments and reviews	27/02/2025	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24017233	Education & Childrens Services	Education Council: SEN Assessments and reviews	14/01/2025	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24017541	Education & Childrens Services	Education Council: SEN Assessments and reviews	17/02/2025	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24017830	Education & Childrens Services	Education Council: SEN Assessments and reviews	19/02/2025	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24018045	Education & Childrens Services	Education Council: SEN Assessments and reviews	27/02/2025	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24018051	Education & Childrens Services	Education Council: SEN Assessments and reviews	06/03/2025	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble

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Reference	Category	Subcategory	Decided	Decision Reason	Remedy
24018128	Education & Childrens Services	Education Council: SEN Assessments and reviews	11/03/2025	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24018249	Education & Childrens Services	Education Council: SEN Assessments and reviews	12/03/2025	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24018269	Education & Childrens Services	Education Council: SEN Assessments and reviews	23/03/2025	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24018304	Education & Childrens Services	Education Council: SEN Assessments and reviews	20/03/2025	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24018359	Education & Childrens Services	Education Council: SEN Assessments and reviews	26/03/2025	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble
24018408	Education & Childrens Services	Education Council: SEN Assessments and reviews	27/03/2025	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble

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Reference	Category	Subcategory	Decided	Decision Reason	Remedy
24018492	Education & Childrens Services	Education Council: SEN Assessments and reviews	26/03/2025	Injustice remedied during LGO consideration	Financial redress: Avoidable distress/time and trouble

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Annex 2 – List of ECC companies

Name and date of incorporation	Main Objective	Type of Organisation/ ECC Involvement	Company Directors/ Secretaries / Others Connected with ECC	Arrangements for publication of Board Minutes
Active Essex Foundation 21 April 2016	To make sport and physical activity accessible to all Essex residents.	Charitable incorporated organisation. ECC is a subscriber, entitled to appoint one director.	Cllr Ray Gooding Jason Fergus	https://www.activeessex.org/about-us/board-documentation/
ECL Trading Limited 10 February 2014	To carry on business as a general commercial company.	Private limited company. Wholly owned subsidiary of Essex Cares Ltd.	Essex Legal Services Limited (Secretary)	
Essex Cares Limited 14 October 2008	To deliver high quality community support services to vulnerable, disabled, disadvantaged and elderly people in the community to help them live independent lives.	Private limited company. ECC sole shareholder.	Essex Legal Services Limited (Secretary)	
Essex Community Support Limited 16 October 2008	Other social work activities without accommodation.	Private limited company. Wholly owned subsidiary of Essex Cares Ltd.	Essex Legal Services Limited (Secretary)	
Essex Employment and Inclusion Limited 16 October 2008	Offers a fully supported employment service to assist working age adults to secure paid employment.	Private limited company. Wholly owned subsidiary of Essex Cares Ltd.	Essex Legal Services Limited (Secretary)	

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Name and date of incorporation	Main Objective	Type of Organisation/ ECC Involvement	Company Directors/ Secretaries / Others Connected with ECC	Arrangements for publication of Board Minutes
Essex Equipment Services Limited 16 October 2008	Offers equipment, aids to daily living, adaptations and telecare that aim to support mobility and safety to people in their own homes.	Private limited company. Wholly owned subsidiary of Essex Cares Ltd.	Essex Legal Services Limited (Secretary),	
Essex Housing Development LLP 26 August 2020	To develop housing, which will deliver economic growth for the benefit of the area or persons resident or present in the Essex area. Following development of the schemes, the LLP will either sell the units on the open market or rent them out.	LLP - constitution is set out in the LLP Agreement between ECC, Seax Trading Limited and Essex Housing Development LLP.	Essex County Council (LLP Designated Member) Seax Trading Limited (LLP Designated Member) Cllr Ray Gooding	
Essex Legal Services Limited 3 December 2009	To provide legal services.	Private limited company by shares. ECC is the only shareholder. This Company has ceased to trade as a change in the attitude of the Solicitors Regulatory Authority and general market increases in insurance costs means it is no longer required.	Katie Whall Joanna Gent Susan Moussa	

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Name and date of incorporation	Main Objective	Type of Organisation/ ECC Involvement	Company Directors / Secretaries / Others Connected with ECC	Arrangements for publication of Board Minutes
Freeport East Limited 6 December 2022	To facilitate and support the running of Freeport East	Company is limited by guarantee.	Cllr Lesley Wagland	
Medtech Accelerator Limited 24 June 2016	The Medtech Accelerator will provide initial proof of concept support funding to NHS organisations with the aim of developing commercial companies to deliver innovative clinical products to market.	Private limited company. ECC is a minority shareholder.	Christine Golding Nicole Wood	
Seax Trading Limited 10 January 2017	Environmental consulting	Private limited company. ECC is the only Shareholder.		

* In March 2023 government announced that 2024/25 will be the last year for LEP funding and that LEP responsibilities will return to local authorities thereafter.

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TO BE ADDED UPON CONCLUSION OF THE AUDIT