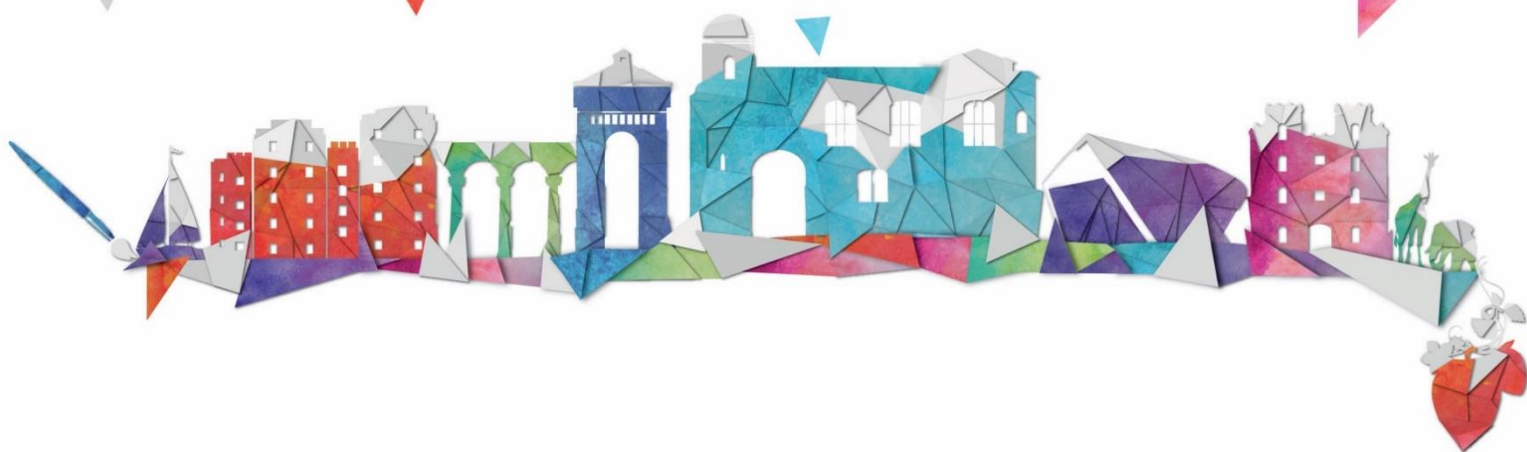




Colchester
City Council

DRAFT STATEMENT OF **ACCOUNTS**

2024-2025



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Narrative Statement

Organisational Overview and External Environment

The Statement of Accounts for Colchester City Council for the year ended 31st March 2025 has been prepared and published in accordance with the Accounts and Audit Regulations 2015 and the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 ("the Code") issued by the Chartered Institute of Public Finance and Accountancy. The Code is based on International Financial Reporting Standards, as adapted for the UK public sector under the oversight of the Financial Reporting Advisory Body (FRAB).

The information contained in these Accounts can be technical and complex to follow. The aim of this report, therefore, is to provide a narrative context to the Accounts by presenting a clear and simple summary of the Council's financial position and performance for the year and its prospects for future years. This will give electors, local Colchester residents, Council Members, partners, other stakeholders and interested parties' confidence that public money which has been received and spent, has been properly accounted for and that the financial standing of the Council is secure.

The Accounts and Audit Regulations 2015 came into force on 1st April 2015, setting out the detailed requirements in relation to the duties and rights specified in the Local Audit and Accountability Act 2014. The Regulations introduced earlier deadlines for publication of the Accounts. The deadline for completion of the Accounts for 2024/25 was 30th June 2025 for the unaudited Statement of Accounts and 27th February 2026 for the audited Statement of Accounts which must be approved by the Governance and Audit Committee.

This Statement of Accounts demonstrates that the financial standing of the Council is sound. The Council has well established good financial management disciplines and processes and operates in an environment of continuous improvement.

Introduction to Colchester

The City of Colchester spans approximately 333 square kilometres in northeast Essex, sharing borders with Suffolk to the north, and the Essex districts of Tendring to the east, Braintree to the west, and Maldon to the southwest. As of early 2025, Colchester remains the most populous district in Essex, with an estimated population of 192,400.

Colchester was officially granted city status on 23 November 2022, as part of the late Queen Elizabeth II's Platinum Jubilee celebrations. This recognition reflects Colchester's rich heritage as Britain's oldest recorded town and its ongoing growth as a vibrant urban centre.

At the heart of the district lies the city of Colchester itself, surrounded by a network of villages and smaller towns, each with its own distinct character. Notably, parts of the northern area fall within the Dedham Vale National Landscape, a protected area of outstanding natural beauty. The largest settlements outside the city include Wivenhoe, Tiptree, and West Mersea. Mersea Island, located in the south of the district, forms Colchester's principal coastal area and is a popular destination for both residents and visitors.

The historic city centre, broadly defined by the Roman city walls, remains a focal point for commerce, culture, and leisure. It is home to one of the busiest shopping destinations in the Eastern region, alongside a growing number of cultural venues, museums, and attractions. Colchester continues to be an increasingly desirable place to live, work, and invest.

The City Council comprises 51 councillors across 17 wards and operates under the Leader and Cabinet model. Following the May 2025 local elections, the Council is governed by a joint Liberal Democrat and Labour administration, with Cllr David King (Liberal Democrat) serving as Leader and Cllr Julie Young (Labour) as Deputy Leader

The current political composition is:

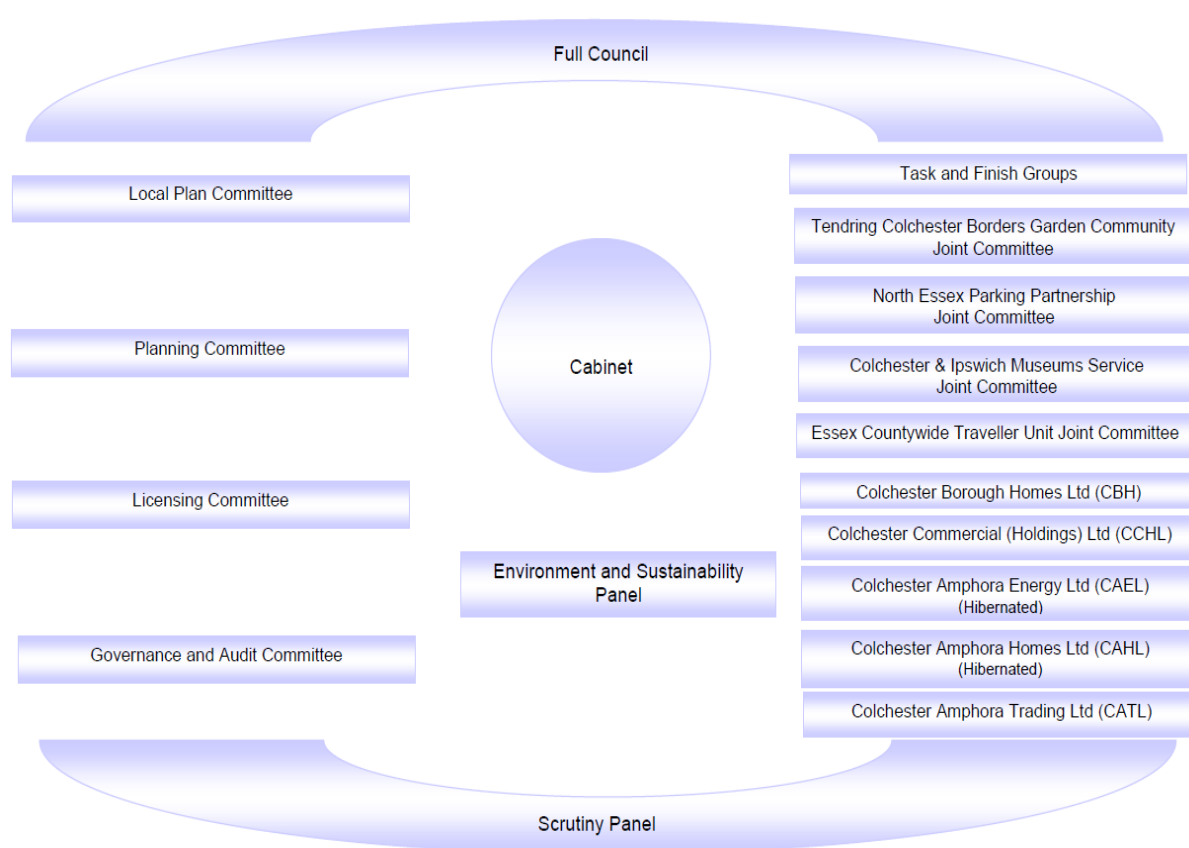
- Conservative: 19 councillors
- Liberal Democrat: 14 councillors
- Labour: 14 councillors
- Green Party: 3 councillors
- Independent: 1 councillor

Governance

Governance refers to the arrangements put in place to ensure that our intended outcomes are defined and achieved.

The key message from the Head of Internal Audit annual report for 2024/25 is that the Council's internal auditors TIAA are satisfied that Colchester City Council has reasonable and effective risk management control and governance processes in place.

All the Councillors meet as Full Council 9 times a year, in a public forum, to set the policy and budget framework within which the Council operates. Set out below is a diagram of the Decision-Making bodies for Colchester City Council that were in place during 2024/25.



The Cabinet

The Cabinet is the main executive body of the Authority and comprises the Leader of the Council and seven other Councillors each of whom have a portfolio of responsibilities delegated to them via a Scheme of Delegation by the Leader.

The Cabinet leads the implementation of Council policy within the Council's budget and the Policy Framework. In doing this the Cabinet carries out all of the local authority's functions which are not the responsibility of any other part of the local authority, whether by law or under the Council's Constitution.

Scrutiny Panel

The Scrutiny Panel scrutinises and reviews corporate strategies, policies and the development of policies. It has key role in holding the Cabinet to account for its actions, budgetary and financial performance matters.

Licensing Committee

The Licensing Committee deals with and determines the Authority's responsibilities in relation to licensing activities such as Hackney carriage & private hire, liquor, gaming, entertainment, food and other miscellaneous licensing matters.

Planning Committee

The Planning Committee deals with and determines the Authority's planning and development control responsibilities including the determination of planning applications.

Governance and Audit Committee

The Committee has delegated responsibility from the Full Council to consider and determine:

- The approval of the Council's Statement of Accounts and review the Council's annual audit letter;
- Deal with the Council's financial management, governance, risk management and audit arrangements;
- Acts as the shareholder committee for the Authority's companies; and
- Member code of conduct complaints

The Management of the Council

Supporting the work of elected Members is the organisational structure of the Council headed by a Senior Leadership Board consisting of:

- The Chief Executive
- Chief Operating Officer
- Executive Director Place (Deputy Chief Executive); and
- Strategic Directors (*3).

The Senior Leadership Board works closely with the Senior Leadership Team which consists of the Senior Leadership Board and Heads of Service (who manage the delivery of the Council's services).

As required by law the Full Council has appointed a Head of Paid Service, Monitoring Officer and S151 Officer. These officers have responsibility to act if the Council has, or is about to, break the law or if the Council is about to set an unbalanced budget or if the Authority's governance arrangements are failing.

Operational Model

Organisations consolidated within the Group Accounts

There have been no changes in 2024/25 to the organisations consolidated in the Group Accounts. The Group Accounts include Colchester Borough Homes (CBH). CBH was created in 2003 as an Arm's Length Management Organisation. It provides landlord services to the Council's housing tenants including:

- Tenancy management, housing support and older persons services
- Managing and maintaining the Council's housing stock
 - routine and emergency repairs
 - planned maintenance; and
 - major refurbishment and improvement programmes.
- Homelessness and housing options service.
- During the year staff in CBH Facilities Management moved back to the City Council under TUPE to facilitate the setting up of the new Corporate Landlord Team within the Council.

The Group Accounts also include Colchester Commercial Holdings Ltd (CCHL). CCHL is 100% owned by the Council. The Council benefits from CCHL's commercial approach and freedoms.

CCHL also manages some of the Council's Towns Fund Programme.

During 2024/25 and in line with the agreed strategy, CCHL (Colchester Commercial Holdings) hibernated CAEL (Energy) and CAHL (Homes) businesses, and transferred Amphora's Estates Team to the Council's Corporate Landlord Service. The remaining CATL (Trading) business focused on its three core revenue streams of:

- Amphora Connect (including Colchester Fibre) - Fibre Infrastructure Build & Wholesale / ISP Provider, and Digital Design & Technical Services
- Amphora Place (including Colchester Events) - Events & Venue Management, City Strategic Events Programming and developing Placemaking Proposals
- Amphora Enable (ie Helpline) – Council based Out-of-Hours Call Service, City focused CCTV monitoring and North Essex Falls Service

CCHL – through CATL – delivered a range of activities / functions for the Council and in 2024/25 CATL achieved:

- Consolidation of the Amphora businesses into the Town Hall
- Significant overhead / cost savings of £230k (24/25) – with target to cut further
- Generated revenue of £6.06M, achieving an operating surplus of £566.6k, exceeding target £333.8k (Unaudited Accounts)
- Delivered headline impacts, including:
 - Promoting Colchester as a Destination (Placemaking) - Running 620 events, attracting 232,020 – including 25,000 visitors to the Christmas Show, The Elf
 - Enabling Safe / Independent Living (Helpline) - CCTV monitored 2,863 incidents, handled 717 callouts from Ambulance Service & achieved average 50 mins response time
 - Driving Digital Innovation (Colchester Fibre) - Increased number of full fibre customers and building of new City Centre 5G Network

Risks & Opportunities

The Council has a comprehensive risk management process that is embedded across the organisation. This includes a Strategic Risk Register, which is the responsibility of the Senior Leadership Board, and Operational and Project Risk Registers that are produced by individual service areas and project teams, as well as specific risk mitigation initiatives.

Actions are identified for all strategic risks. Actions are monitored and reported to Governance and Audit Committee twice per year.

Strategy and resource allocation

The Strategic Plan

The Council has agreed six Strategic Plan objectives for 2023-26.

- Respond to the climate emergency
- Deliver homes for those most in need
- Improve health, wellbeing and happiness
- Grow our economy so everyone benefits
- Deliver modern services for a modern city
- Celebrate our city, heritage, and culture.

Performance against these goals is monitored quarterly through 46 individual actions. A lead officer is responsible for each action and monitoring consists of a narrative on completed and planned activities, and an assessment of the Red, Amber, and Green (RAG) Status for each action.

Progress against the Strategic Plan Delivery Plan will be monitored and reported on a quarterly basis. In addition, Heads of Service will monitor 'in service' performance to ensure that remedial action for emerging risks and known issues can be taken in a timely manner.

At the year end point for April 2024 – March 2025, the overall position is that 33 of 46 Actions (72%) were completed or on track with a RAG Status of Green, 12 Actions marked as Amber, and 1 Action marked as Red.

A summary of completed activities for the last quarter of 2024-2025 and planned activities for the first quarter of 2025-26 against each of the six objectives can be found below.

Respond to Climate Emergency (6 green and 3 amber activities)

An updated Climate Emergency Action Plan went live in November 2024 and will be updated quarterly. New bike lockers were installed at Town Station to support active travel and sustainable transport initiatives. Options are being developed for different waste collection methods as part of the new recycling and waste strategy. New offers to the Business Waste Service were introduced, and the number for Food Waste customers continues to grow.

Planned activities for the first quarter of 2025-2026 include developing the Climate Emergency Action Plan work programme for 2025-2026, completing the feasibility study for the University of Essex heat network, and launching the new Simpler Recycling service in line with regulatory changes.

Deliver homes for those most in need (8 green and 2 amber activities)

A total of 128 affordable homes were delivered in 2024-2025. The Civic University Agreement with the University of Essex has facilitated the use of surplus private sector student accommodations as temporary housing solutions, reducing reliance on Bed and Breakfast placements, offering quality accommodations for vulnerable families and individuals. As part of ongoing work to reduce the number of people in poor quality accommodation, there were 680 homes made safer in 2024-2025. A workshop with all Councillors, Cabinet, and CBH Board was completed in March 2025 as part of the activity to review the Council's Housing Revenue Account.

Planned activities for the first quarter of 2025-2026 include continued work to maximise the delivery of s106 affordable homes, to acquire properties and build new council homes, and to regulate housing standards in the private rented sector

Improve health, well-being, and happiness (4 green and 1 amber activities)

Work is underway to progress our City of Sanctuary status and forum meetings have started. The Digital Access Team continues to support residents to be safe and educated online. Work is ongoing with partners to develop Local Place Plans with the new Health and Wellbeing Board commencing in June 2025. Financial and employment advice continues both as outreach and traditional support to the residents with the most complex needs in the City. Options appraisal for the future Colchester Leisure World site is underway and a programme to deliver and oversee the sixteen projects that make up the successful investment from Sport England has been developed.

Planned activities for the first quarter of 2025-2026 include offering additional days and hours by the Digital Access Team to provide a more accessible service and continuing to support vulnerable residents in maximizing income and improving employment opportunities. Also, the Leisure World options appraisal is due to be completed by the end of May 2025 and the Sport England investment projects are at initial roll out and implementation stage in line with the timeline for funding to be spent between 2025-2028.

Grow our economy so everyone benefits (4 green and 2 amber activities)

The City Centre Masterplan Agreement is now adopted and the Business Plan for the first year is being prepared. Final work to prepare the draft North Essex Growth Plan is underway. The Colchester Northern Gateway highway works submission has been completed to enable the development to proceed. Many Town Deal and Levelling Up projects are on track.

Planned activities for the first quarter of 2025-2026 include the City Centre Masterplan Agreement and Business Plan adoption by Essex County Council, and recruitment to a joint Economic Growth post with Braintree District Council to focus on business engagement. Also, activity continues to deliver Town Deal and Levelling Up projects including St Nicholas Square completion as well as submission of planning applications for Heart of Greenstead and Britannia.

Deliver modern services for a modern city (3 green, 2 amber, and 1 red activities)

Options for future operating models of Street Care, Safety, and Greening have been agreed and an external Project Management company has been appointed for the Discovery Phase. The web content redevelopment project is in progress and the Activity Analysis by Ignite

Customer Review has been completed as part of the ongoing work to deliver an improved customer contact experience and websites.

Planned activities for the first quarter of 2025-2026 include a reset of the programme of work aimed at improving the customer contact experience and websites. This will not hold up the web redesign and digital improvements however, which will continue alongside the reset.

Celebrate our city, heritage, and culture (8 green and 2 amber activities)

Cultural and Creative Events Fund delivered as planned with 24 projects and events funded, including Colchester Fringe, Invasion Colchester, Roman River Music, Janes Walk Colchester, Pride etc. Discussions were held with Amphora over potential match funding for Fund for 2026. Opening up works started and detailed designs are worked on for the Castle. The Fieldgate Quay repair is progressing with Phase 1 on-site works complete, and Phase 2 Principle Design being reviewed. Tenders for the Castle Park Children's Play Area were received and evaluated.

Planned activities for the first quarter of 2025-2026 include physical works to start at the Castle, and the completion of Phase 2 design and cost review of the Fieldgate Quay repair. Also, funding Agreements with Strategic Arts Partners for 2025-2026 are to be signed off, and the public consultation to agree the design of the Children's Play Area in Castle Park will be progressed.

Performance

Corporate Key Performance Indicators for 2024-25

The Council has agreed nineteen (19) key performance indicators grouped under five themes, which it uses as part of its Performance Management Framework to help monitor progress and improvement. This report provides an update on the Council's KPIs which are aligned with the Strategic Plan 2023 – 2026.

- Financial
- Respond to the climate emergency
- Deliver homes for those most in need
- Improve health, well-being, and happiness
- Grow our economy so everyone benefits

At the year end point for April 2024 – March 2025, the overall position is that nine (9) targets were achieved ('green'), and ten (10) did not meet the target in full ('red').

Of the nine KPIs that have been achieved ('green' KPI's), it is worth noting that some have been exceeded. This is particularly the case in relation to Garden Waste Subscriptions where performance exceeded the target at the end of quarter three, and in relation to Affordable Homes provided where performance exceeds the target at the end of the second year of the three-year target.

Targets have not been met for ten indicators ('red' KPIs) due to a range of impacts. These are:

- Council Tax collected
- Fly tipping incidents

- Number of households in temporary accommodation per 1,000 households
- Repairs completed within target timescale
- Percentage of homes that do not meet the decent homes standard
- Customer satisfaction with latest repair
- Sickness (Corporate)
- Sickness (Waste and Recycling)
- Additional homes
- Social value in procurement

Council Tax collected. Collection has remained consistent throughout the 2024-25 financial year. It has been a positive year for the team amidst challenges of absence and changes to legislation but once again they have shown their ability to adapt and remain focused on maximising collection. The target has been reviewed for 2025-26 to reflect challenges in collection and has been set at 97.50%.

Fly tipping incidents. It has been a challenging year with increasing demand for temporary accommodation to meet the needs of homeless households. At the end of the year there were 443 households in temporary accommodation (increased from 314 over the 12 months). The Beyond the Box accommodation and other leased properties have helped to reduce the use of Bed and Breakfast and the associated costs. This target has been reviewed and set at 5.0 for 2025-26.

Number of households in temporary accommodation per 1,000 households. It has been a challenging year with increasing demand for temporary accommodation to meet the needs of homeless households. At the end of the year there were 443 households in temporary accommodation (increased from 314 over the 12 months). The Beyond the Box accommodation and other leased properties have helped to reduce the use of Bed and Breakfast and the associated costs. This target has been reviewed and set at 5.0 for 2025-26.

Repairs completed within target timescale. Progress has been made throughout the year with performance in the final quarter exceeding target, unfortunately this was not sufficient to meet the overall year-end target with performance falling short by less than 0.5% of the annual target. The Repairs team have been reviewing Customer Service Centre activity to ensure works and inspections are accurately raised, appropriately allocated and where necessary re-raised or referred which has resulted in improved response times.

Percentage of homes that do not meet the decent homes standard. Performance against the Decent Homes standard remained strong with only 0.5% (30 in total) of properties not meeting the target. Of the 30 properties, 18 could not proceed due to access issues or ongoing legal disputes. If we were to exclude the 18 properties where works were not able to progress the proportion of non-decent homes would reduce to 0.2%. The remaining properties are either awaiting manufactured components, require planning consent or have approved works scheduled and all actionable outstanding works are expected to complete by the end of Q1 2025-26.

Customer satisfaction with latest repair. Customer satisfaction with repairs over the 12-month rolling period has steadily improved to the year-end position of 88.23%, falling just short of the 90% target. Satisfaction with repairs completed by the in-house team has been consistently around or above the 90% target throughout the year and it is encouraging that contractor performance has been improving throughout the year from 84.75% in Q1 to a year end position of 87.70%. The improved performance in completing repairs within target timescales may in turn contribute to further improvements in customer satisfaction over time.

Sickness (Corporate). Sickness has increased significantly throughout the year and is now above the target level. This has been primarily driven by an increase in long-term sickness, most significantly in services where the roles are more manual and have seen an increase in long-term sickness due to musculoskeletal issues. Absence management processes are in place to ensure early intervention and support is put in place to minimise the levels of absence and the impact of sickness absence on the Council.

Sickness (Waste and Recycling). Sickness rates have increased significantly throughout the year to above target. The increase has primarily been driven by an increase in long-term absence which had started the year at its lowest level since 2018 when we started monitoring sickness information at this level. This low level has proven difficult to maintain, especially due to the physical nature of the roles in this service which can lead to longer-term absences. Absence management processes are in place to ensure early intervention and support is put in place to minimise the levels of absence and the impact of sickness absence on the service.

Additional homes. Completions for the year are below the 920 target, reflecting a national slowdown in housebuilding. However, when taking an average over the past five years, Colchester has provided an additional 942 new homes per year, which provides reassurance on future target delivery. A Housing Supply Position Statement is currently being prepared which will include the new figures and forecast supply.

Social value in procurement. During the period 1st October to 31st March, 13 contracts were awarded with a spend over £100k. 1 contract was exempt from Social Value (SV) as this relates to accommodation for the homeless. Of the 12 applicable contracts only 5 were awarded using the SV Portal. The remaining 7 contracts were awarded using existing frameworks where SV was not part of the evaluation criteria and these were for Utilities, Fuel and short-term building contracts. In the next 6-month period we already have 16 contracts which are either out to tender or currently being evaluated and of these 10 are inclusive of SV, as we are now ensuring frameworks are used, that offer the opportunity to include SV in the award criteria. This target has been reviewed and set at 60% for 2025-26.

The key Corporate Performance Indicators April 2024 – March 2025 are presented below:

KPI	Target	Latest Performance	Status	Supporting narrative
Council Tax collected	97.65%	97.61% (March)		Collection has remained consistent throughout the 2024-25 financial year. It has been a positive year for the team amidst challenges of absence and changes to legislation but once again they have shown their ability to adapt and remain focused on maximising collection. The target has been reviewed for 2025-26 to reflect challenges in collection and has been set at 97.50%.
Business Rates collected	98.00%	98.05% (March)		Collection has remained strong throughout the financial year 2024-25. The Team have worked incredibly hard exceeding the collection target. New procedures have been implemented to ensure that collection is maximised and the recovery process is clear and precise. The Team remains dedicated to further expanding the Business Rates list and maximising collection.
HRA Rent collected	98.71%	118.82% (March)		Achieved excellent end of year performance exceeding the target set. Collection of rent above 100% is not unusual in a leap year and is consistent with other leap years, this is due to having 51 chargeable weeks as opposed to 50 weeks and an additional Direct Debit payment falling within the financial year contributing to the higher income collected. A reduction in rent arrears of around £90K to £533K since the start of the financial year has also contributed to this positive outcome.
Garden Waste subscriptions	19,748	26,301 (March)		2024-25 sales stopped as planned on 31st December. 26301 Residents Subscribed relative to 19,748 planned in the cabinet paper. There were 27,520 contracted bins in 24/25.
Residual waste	354kg	161.46kg (September)		Due to the regulatory process and DEFRA (Department for Environment, Food and Rural Affairs) reporting windows performance data is in arrears. The latest data available is September 2024.
Recycled waste	53%	55.00% (September)		Due to the regulatory process and DEFRA (Department for Environment, Food and Rural Affairs) reporting windows performance data is in arrears. The latest data available is September 2024.
Fly tipping incidents	2100	3289 (December)		Due to the regulatory process and DEFRA (Department for Environment, Food and Rural Affairs) reporting windows performance data is in arrears. The latest data available is December 2024. While Q3 fly tipping incidents have reduced, the total for 2024-25 so far is above target. The reduction from the previous quarter shows that the ongoing effort to reduce fly tipping is having the desired effect.
Affordable Homes	380 for 2023-26	399 (March)		Delivery has improved for the last quarter of 2024-25 bringing the total for the year to 128 affordable homes delivered. The target of 380 homes for 2023-26 is exceeded with a total of 399 delivered at year end 2024-25.
Number of households in temporary accommodation per 1,000 households	4.0	5.27 (March)		It has been a challenging year with increasing demand for temporary accommodation to meet the needs of homeless households. At the end of the year there were 443 households in temporary accommodation (increased from 314 over the 12 months). The Beyond the Box accommodation and other leased properties have helped to reduce the use of Bed and Breakfast and the associated costs. This target has been reviewed and set at 5.0 for 2025-26.

Average days to re-let low cost rental accommodation	73	47.36 (March)		Overall performance for re-letting General Needs, Sheltered and Council owned Temporary accommodation has achieved an average relet time of 46.34 days for the 374 lettings in the year. The introduction of end of tenancy inspections and restarting the voids recharge process has assisted in highlighting end of tenancy responsibilities and reduce void recharges and associated costs. Maximising the Council's stock utilisation is key to creating movement across social housing and during the year 42 tenants were supported to downsize using the Transfer Incentive Scheme freeing up much needed family accommodation. A further 39 mutual exchanges were completed and the redevelopment of Elfreda House has supported many tenants to move from larger homes.
Repairs completed within target timescale	90%	89.73 % (March)		Progress has been made throughout the year with performance in the final quarter exceeding target, unfortunately this was not sufficient to meet the overall year-end target with performance falling short by less than 0.5% of the annual target. The Repairs team have been reviewing Customer Service Centre activity to ensure works and inspections are accurately raised, appropriately allocated and where necessary re-raised or referred which has resulted in improved response times.
Percentage of homes that do not meet the decent homes standard	0%	0.50% (March)		Performance against the Decent Homes standard remained strong with only 0.5% (30 in total) of properties not meeting the target. Of the 30 properties, 18 could not proceed due to access issues or ongoing legal disputes. If we were to exclude the 18 properties where works were not able to progress the proportion of non-decent homes would reduce to 0.2%. The remaining properties are either awaiting manufactured components, require planning consent or have approved works scheduled and all actionable outstanding works are expected to complete by the end of Q1 2025-26.
Customer satisfaction with latest repair	90%	88.23 (March)		Customer satisfaction with repairs over the 12-month rolling period has steadily improved to the year-end position of 88.23%, falling just short of the 90% target. Satisfaction with repairs completed by the in-house team has been consistently around or above the 90% target throughout the year and it is encouraging that contractor performance has been improving throughout the year from 84.75% in Q1 to a year end position of 87.70%. The improved performance in completing repairs within target timescales may in turn contribute to further improvements in customer satisfaction over time.
Time to process Housing Benefit and Local Council Tax Support	HB – 4 days LCTS – 5 days	HB – 2.78 (March) LCTS – 3.76 (March)		<p>The Benefits processing team have done a great job in ensuring the HB processing time remains stable and exceeds the target of 4 days. The HB caseload has continued to reduce as more Working Age claimants migrate to Universal Credit.</p> <p>The processing data for 2024-25 represents our Pension Age LCTS claims and caseload only. However, these claims alone have shown the team's ability to deliver an efficient service within the target set. This was the first year of our new banded scheme for Working Age LCTS claimants and a way to capture this data is being developed for future reporting.</p>
Sickness (Corporate)	8 days	9.84 (March)		Sickness has increased significantly throughout the year and is now above the target level. This has been primarily driven by an increase in long-term sickness, most significantly in services where the roles are more manual and have seen an increase in long-term sickness due to musculoskeletal

				issues. Absence management processes are in place to ensure early intervention and support is put in place to minimise the levels of absence and the impact of sickness absence on the Council.
Sickness (Waste and Recycling)	12 days	15.5 (March)		Sickness rates have increased significantly throughout the year to above target. The increase has primarily been driven by an increase in long-term absence which had started the year at its lowest level since 2018 when we started monitoring sickness information at this level. This low level has proven difficult to maintain, especially due to the physical nature of the roles in this service which can lead to longer-term absences. Absence management processes are in place to ensure early intervention and support is put in place to minimise the levels of absence and the impact of sickness absence on the service.
Number of complaints upheld per 100,000 population	3.0	2.6 (2023-24)		Performance for 2023-24 achieves the target.
Additional homes	920	659 (March)		Completions for the year are below the 920 target, reflecting a national slowdown in housebuilding. However, when taking an average over the past five years, Colchester has provided an additional 942 new homes per year, which provides reassurance on future target delivery. A Housing Supply Position Statement is currently being prepared which will include the new figures and forecast supply.
Social value in procurement	70%	42% (March)		During the period 1st October to 31st March, 13 contracts were awarded with a spend over £100k. 1 contract was exempt from Social Value (SV) as this relates to accommodation for the homeless. Of the 12 applicable contracts only 5 were awarded using the SV Portal. The remaining 7 contracts were awarded using existing frameworks where SV was not part of the evaluation criteria and these were for Utilities, Fuel and short term building contracts. In the next 6 month period we already have 16 contracts which are either out to tender or currently being evaluated and of these 10 are inclusive of SV, as we are now ensuring frameworks are used, that offer the opportunity to include SV in the award criteria. This target has been reviewed and set at 60% for 2025-26.

Financial Performance Summary 2024/25

REVENUE

General Fund

The table below reflects the Month 12 (year-end) Management Accounts for 2024/25.

General Fund Services 2024/25	Net Expenditure		Variance
	Budget	Outturn	
	£000's	£000's	£000's
Corporate & Democratic Core	550	497	(53)
Senior Leadership Board	1,913	1,878	(35)
Modern City Services	7,729	8,377	648
Corporate Services	7,002	12,453	5,451
Enjoy Colchester	801	853	52
Place & Prosperity	622	1,093	471
Transformation & Business Improvement	3,438	3,436	(2)
Housing & Wellbeing	2,026	4,136	2,110
Total Service Budgets	24,081	32,723	8,642
<i>Central Income & Expenditure</i>	947	(2,370)	(3,317)
Corporate Funding	(25,028)	(28,667)	(3,639)
Net Totals	-	1,686	1,686

For 2024/25, the Council's year-end/outturn financial position is a £1.7m overspend against a budget of £25m. When outturn is compared to the Q3 forecast of £2m overspend, this shows an improvement of £0.3m. Of this £1.7m overspend, £8.6m was as a result of Service Area overspends (mainly in Corporate Services £5.5m [63%] and Housing £2.1m [24%]), some of which was matched against planned application of Service Areas reserves and some additional income. The Council was in a fortunate position to have received an additional £3.8m of business rates income in 2024/25. This has been added to the Business Rates Reserve, this additional funding topped up using existing monies in the Reserve, has enabled the creation of much-needed Corporate Reserves for 25/26.

Housing Revenue Account

The table below summarises the outturn on the HRA for 2024/25 compared to 2023/24.

Housing Revenue Account 2024/25	Net Expenditure		Variance
	2023/24	2024/25	
	£000's	£000's	£000's
Total Income	(34,632)	(39,231)	(4,599)
Total Expenditure	45,162	71,552	26,390
Net Cost of Services (inc. in CIES)	10,530	32,321	21,791
Corporate Expenses charged to HRA	542	585	43
Net Cost/(Income) of HRA Services (inc. in CIES)	11,072	32,906	21,834
Other Accounting Adjustments	6,063	5,046	(1,017)
(Surplus)/Deficit on HRA Services	17,135	37,952	20,817
Reconciling Adjustments (including reversals)	(16,933)	(39,622)	(22,689)
(Increase)/Decrease in HRA Balance	202	(1,670)	(1,872)

Overall Income increased by £4.599 million (from £34.632 million in 2023/24, to £39.231 million in 2024/25), driven by additional income received from Dwelling Rents. A contribution of £4.250 million was made from the HRA to fund capital expenditure this year (compared to £3.312 million in 2023/24, which was increased due to the higher Net Operating Expenditure surplus in 2024/25. The HRA Balance ended the year at £6.049 million (compared to 4.379 million in 2023/24).

The HRA Balance increased by £1.670 million in the year (£0.202 million decrease in 2023/24). Given the financial challenges facing HRA's nationally, the opportunity has been taken to increase the minimum prudent level of HRA balances from £1.6million to £4million, being 10% of annual income.

Reconciling the Budget to the Statement of Accounts

The readers of these Statements should note that the Comprehensive Income and Expenditure Statement (CIES) strictly follows approved accounting standards and therefore contains many transactions that the Council does not account for within its budgets (e.g. General Fund depreciation charges, which are subsequently reversed out through the MIRS Statement and have no impact on the General Fund Reserve). Note 2 to the Accounts reconciles the two different positions in accordance with the Code. A simplified summary is presented in the table below:

	General Fund	HRA	Total Net Expenditure	Capital Adjs	Pension Adjs	Other Accounting Adjs	Net Expenditure
Net Cost of Services (Inc HRA)	45,842	37,949	83,791	(56,161)	1,632	1,791	31,053
Other Income and Expenditure	(11,067)	537	(10,530)	(22,232)	3,033	(2,281)	(32,010)
Surplus/Deficit	34,775	38,486	73,261	(78,393)	4,665	(490)	(957)
Opening GF/HRA Balances (Inc Earmark Reserves)	(29,626)	(4,379)	(34,005)				
Net Movement to Reserves	713	(1,670)	(957)				
Closing Balances	(28,913)	(6,049)	(34,962)				
Closing Balances Analysed							
General Fund Balance	(5,797)	-	(5,797)				
Earmark Reserves	(23,116)	-	(23,116)				
HRA Balance	-	(6,049)	(6,049)				
Closing Balances General Fund & HRA	(28,913)	(6,049)	(34,962)				

Capital

The table below summarises the Capital Expenditure outturn for 2024/25.

Description	2023/24	2024/25
	£000's	£000's
General Fund	9,664	14,847
Housing Revenue Account (HRA)	38,932	37,797
Total Capital Programme	48,596	52,644

For 2024/25 the Council has a Capital Budget of £30.9m and has delivered £14.9m of capital spend in year which was an increase of £5.1m when compared to 2023/24. There was £16.1m (52%) of slippage on the Capital Programme in 2024/25. As at Q3 the Council was forecasting

capital spend for the year of £18.4m, as such £3.5m deterioration/greater slippage at year-end.

Expenditure on the HRA Capital Programme in 2024/25 was broadly in line with expenditure in 2023/24; however, this was short of the overall budget provision of £70.6 million. The most significant item of slippage related to the New Build & Acquisitions Programme with an impact of c£22.1 million.

BALANCE SHEET

Usable Reserves

The overall balance on Usable Reserves reduced from £44.467 million to £43.062 million (i.e. down £1.405 million) over the year. Year-end usable balances comprised the following:

Movement on Usable Reserves 2024/25			
Description	31 March 2024	31 March 2025	Movement
	£000's	£000's	£000's
General Fund Balance	(6,917)	(5,796)	(1,121)
General Fund Earmarked Reserves	(22,709)	(23,116)	407
Housing Revenue Account Balance	(4,380)	(6,049)	1,669
Capital Reserves	(10,460)	(8,101)	(2,359)
Total Usable Reserves	(44,466)	(43,062)	(1,404)

The most significant contributions to reserves were the Business rates gain (£3.8m), budgeted contributions to the Repairs and Renewals reserve (£0.8m) and the General Fund reserve (£0.6m).

The most significant use of reserves were the targeted/planned use of the Turnstone reserve (£1.7m), the Fit for the Future reserve (£1.2m), the Revenue Grants unapplied reserve (£0.7m), the Repairs and Renewal reserve (£0.4m) and the City Investment Fund reserve (£0.4m) to fund expenditure in service budgets.

A full summary of the Council's Earmarked Reserves can be found in Note 10 on Page 53 of these Statements.

COLLECTION FUND (pages 108 – 111)

The Collection Fund is a ring-fenced account for the management of Council Tax and Business Rates income. It was a case of further positive progress for the Collection Fund in 2024/25 as the system and the numbers continued to settle down following the pandemic-driven upheaval experienced in 2020/21 and 2021/22. Thus:

The 2024/25 council tax outturn is a £1.474m deficit (£0.179m Colchester share) compared to the assumptions at 2024/25 budget setting. This comprises a total £1.003m in-year 2024/25 surplus and an additional £0.471m deficit brought forward from 2023/24.

NNDR Outturn The 2024/25 NNDR outturn is a £2.491m surplus (£0.996m Colchester share) compared to the estimated position at 2024/25 budget setting. This comprises a £3.42m in-year 2024/25 surplus and an additional £0.938m deficit brought forward from 2023/24. This

in-year NNDR surplus further compensated by an increase in Business Rates Retention Scheme Section 31 Grant income (in Note 5) compared to estimates at the start of the year.

The Collection Fund carried an overall Surplus as of 31st March 2025 of £1.017 million.

Financial Outlook

The Council's MTFF is our forward-looking financial framework that forecasts income and expenditure over a multi-year period, aligns financial resources with the council's strategic priorities and statutory duties, and supports decision-making by identifying funding gaps, risks, and opportunities.

As with many local authorities, the Council faces a challenging medium-term outlook. Following the 2025/26 Local Government Finance Settlement, which again set out a one-year funding agreement, the forecast budget gaps are as follows.

	2026/27	2027/28	2028/29	2029/30	Total
Budget Deficit (£m)	3.3	2.6	1.4	1.3	8.6

The Council has commenced budget planning for 2026/27. The focus will be on delivering cost reductions whilst minimising the impact on services and residents, and maximising income where possible.

The government has committed that the local government finance system would be reformed ahead of 2026/27 accompanied by a multi-year settlement following conclusion of the Spending Review 2025. MHCLG launched a local government funding consultation in June which is due to conclude in August. This poses risks for the Council including funding formula reform and updates to the needs assessment formula, and the Business Rates Reset. It is difficult to quantify these risks at present and the Council works closely with external advisors to monitor.

In February 2025, it was announced that Greater Essex would be included in the Government's Devolution Priority Programme with a commitment to Local Government Reorganisation of the current two-tier system and existing unitary councils. Essex Councils will jointly submit options via business cases to MHCLG in September 2025. A new structure of unitary councils could be introduced from 1st April 2028.

Looking forward the Council therefore does face significant financial uncertainty. However, through prudent financial management we do have considerable financial resilience including healthy financial reserves, and are committed to address existing budget gaps through the identification of savings or via securing additional income. The s151 officer does not currently assess there to be a risk of issuing a s114 notice in the short to medium term.

Statement of Responsibilities for the Statement of Accounts

The Chief Financial Officer's Responsibilities

The Chief Financial Officer is responsible for preparing the Council's Statement of Accounts under the proper practices set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice').

In preparing this Statement of Accounts, the Chief Financial Officer has:

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

The Chief Financial Officer has also:

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

Chief Financial Officer's Certificate:

I certify that the accounts give a true and fair view of the financial position of the Council as of 31 March 2025 and its income and expenditure for the year then ended.



Anna D'Alessandro FCPA & CPFA
Interim Chief Finance Officer (Section 151 Officer)
29th July 2025

The Councils' Responsibilities

The Council must:

- make arrangements for the proper administration of its financial affairs and make one of its officers responsible for the administration of those affairs. In this Council, that officer is the Chief Financial Officer.
- manage its affairs to bring about economic, efficient and effective use of resources and to safeguard its assets.
- approve the Statement of Accounts.

I confirm that these accounts were approved by the Governance Committee at the meeting held on 29 July 2025.

Councillor Alison Jay
Chair of Governance and Audit Committee
Signed on behalf of Colchester City Council
29 July 2025

Movement in Reserves Statement

2024/25	Revenue Reserves				Capital Reserves				
	General Fund Balance	Housing Revenue Account	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves	
	£000	£000	£000	£000	£000	£000	£000	£000	
Balance at 1 April 2024	(6,917)	(4,379)	(22,709)	(10,454)	(6)	(44,465)	(603,671)	(648,136)	
(Surplus)/deficit on the provision of services (accounting basis)	35,309	37,952				73,261	-	73,261	
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	(73,505)	(73,505)	
Expenditure	35,309	37,952	-	-	-	73,261	(73,505)	(244)	
and funding basis under regulation - note 9	(34,595)	(39,621)	-	2,359	-	(71,857)	71,857	-	
Net increase/decrease before transfers to Earmarked reserves	714	(1,669)	-	2,359	-	1,404	(1,648)	(244)	
Transfers to/from Earmarked reserves - note 10	407		(407)	-	-	-	-	-	
(Increase)/Decrease in Year	1,121	(1,669)	(407)	2,359	-	1,404	(1,648)	(244)	
Balance at 31 March 2025	(5,796)	(6,049)	(23,116)	(8,095)	(6)	(43,062)	(605,322)	(648,380)	

2023/24	Revenue Reserves				Capital Reserves				
	General Fund Balance	Housing Revenue Account	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves	
	£000	£000	£000	£000	£000	£000	£000	£000	
Balance at 1 April 2022	(2,175)	(4,582)	(28,067)	(11,672)	(19)	(46,515)	(592,592)	(639,107)	
(Surplus)/deficitt on the provision of services (accounting basis)	2,614	17,135	-	-	-	19,749	-	19,749	
OtherComprehensive Income and Expenditure	-	-	-	-	-	-	(28,780)	(28,780)	
Total Comprehensive Income and Expenditure	2,614	17,135	-	-	-	19,749	(28,780)	(9,031)	
and funding basis under regulation - note 9	(2,000)	(16,933)	-	1,218	13	(17,702)	17,702	-	
Net increase/decrease before transfers to Earmarked reserves	614	202	-	1,218	13	2,047	(11,078)	(9,031)	
Transfers to/from Earmarked reserves - note 10	(5,356)	-	5,356	-	-	-	-	-	
(Increase)/Decrease in Year	(4,742)	202	5,356	1,218	13	2,047	(11,078)	(9,031)	
Balance at 31 March 2024	(6,917)	(4,380)	(22,711)	(10,454)	(6)	(44,468)	(603,670)	(648,138)	

Comprehensive Income and Expenditure Statement

2023/24			Notes	2024/2025		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
788	(1,050)	(262)	Corporate & Democratic Core	4,471	(26)	4,445
15,495	(7,091)	8,404	Modern City Services	18,963	(7,641)	11,322
61,372	(45,584)	15,788	Corporate Services	49,313	(41,243)	8,070
17,339	(13,903)	3,436	Enjoy Colchester	21,808	(13,918)	7,890
9,496	(7,733)	1,763	Place and Prosperity	15,285	(8,272)	7,013
2,050	(313)	1,737	Senior Leadership Board	228	(318)	(90)
1,769	1,869	3,638	Transformation & Business Imp	591	(656)	(65)
14,260	(10,442)	3,818	Housing and Wellbeing	17,493	(10,235)	7,258
46,765	(36,235)	10,530	Housing Revenue Account	77,081	(39,132)	37,949
169,334	(120,482)	48,852	COST OF SERVICES	205,232	(121,441)	83,791
3,541	(115)	3,426	Other Operating Expenditure	2,947	-	2,947
12,506	(7,839)	4,667	Financing and Investment Income and Expenditure	40,281	(10,766)	29,515
-	(37,196)	(37,196)	Taxation and Non-Specific Grant Income	-	(42,992)	(42,992)
185,381	(165,632)	19,749	(Surplus) or Deficit on Provision of Services	248,460	(175,199)	73,261
			Surplus or deficit on revaluation of fixed assets			(40,272)
		(22,652)	Remeasurement of net pension liabilities			(33,233)
		(28,780)	Other Comprehensive Income and Expenditure			(73,505)
			Total Comprehensive Income and Expenditure	248,460	(175,199)	(244)

Balance Sheet

	Notes	31-Mar-25 £'000	31-Mar-24 £'000
Property Plant and Equipment	14	749,589	728,564
Heritage Assets		1,362	1,332
Investment Property	15	43,181	45,637
Intangible Assets		-	-
Long term Investments		6	6
Pension Asset	40	95,075	57,175
Long Term Debtors	19	5,920	5,892
Investment in subsidiaries	20	1,579	1,580
Long Term Assets		896,712	840,186
Assets Held for Sale		-	-
Inventories	22	247	209
Short Term Debtors	23	16,958	13,152
Short Term Investments		-	-
Short Term Loan		-	-
Cash and Cash Equivalents	24	29,863	18,704
Current Assets		47,068	32,065
Short Term Creditors	25	(35,672)	(35,060)
Short Term Borrowing	18	(51,566)	(11,740)
Short Term Provisions	26	(1,184)	(1,466)
Revenue grants RIA		(4,531)	(5,179)
Current Liabilities		(92,953)	(53,445)
Long Term Creditors		(30,398)	-
Long Term Provisions	26	(114)	(77)
Long Term Borrowing	18	(140,394)	(141,094)
Capital Grants RIA		(31,537)	(29,497)
Long Term Liabilities		(202,443)	(170,668)
Net Assets		648,384	648,137
Usable Reserves	27	(43,062)	(44,467)
Unusable Reserves	28	(605,322)	(603,670)
Total Reserves		(648,384)	(648,137)

Cash Flow Statement

	Notes	2024/25 £000	2023/24 £000
Net surplus or (deficit) on provision of services		(73,261)	(19,749)
Adjustments to net surplus or deficit on provision of services for non-cash movements	29	95,379	75,918
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	29	(14,685)	(3,358)
Net cash flows from Operating Activities		7,433	52,811
Investing Activities	30	(68,935)	(38,632)
Financing Activities	31	28,961	(32,325)
Net Increase or (decrease) in cash and cash equivalents		(32,541)	(18,146)
Cash and cash equivalents at the beginning of the reporting period	24	18,704	36,850
Cash and cash equivalents at the end of the reporting period		(13,837)	18,704

Notes to the Financial Statements

Note 1 Accounting Policies

AP 1 - General Principles

The Statement of Accounts summarises the Council's transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025. The Council is required to prepare an annual Statement of Accounts in accordance with proper accounting practices by the Accounts and Audit Regulations 2015. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code of Practice) and the Service Reporting Code of Practice 2024/25, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The financial statements of the Council are intended to provide information on and present a 'True and Fair View' of the Council's financial position, financial performance and cash flows. They show the results of the stewardship and accountability of Councilors and management for the resources entrusted to them. The presentation of the information in the financial statements should meet the common needs of, and be useful to, a wide range of users.

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.

The financial statements are prepared on a 'going concern' basis. This means that they are prepared on the assumption that the functions of the Council will continue in operational existence for the foreseeable future.

The accounting policies are presented as much as possible in the same order as the key financial statements in the Statement of Accounts.

AP 2 - Changes to Accounting Policies

The only change to the Council's existing accounting policies in the 2024/25 financial year is the implementation of IFRS 16 Leases as adopted by the Code of Practice on Local Authority Accounting.

AP 3 - Accruals of Income and Expenditure

The Statement of Accounts has been prepared on an accruals basis for both income and expenditure on all revenue and capital transactions. This means that revenue (income) and expenditure (costs) are recognised as they are earned or incurred not as the money is received or paid. The Council has a £5,000 de minimis limit for accruals.

Estimates have been used where actual values are not available. All estimates are the best assessment made on the information available at the time the accounts are closed. When actual figures are determined, any difference from the estimate used for closure is accounted for in the year that the actual figure is determined. Estimation techniques are applied in particular to the calculation of depreciation, bad debt provisions, sums due to contractors and government grants.

AP 4 – Overheads and Support Services

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

AP 5 - Charges to Revenue for Non-Current Assets

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

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

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are adjusted by a transaction within the Capital Adjustment Account in the Movement in Reserves Statement.

AP 6 - Revenue Expenditure Funded from Capital under Statute

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

AP 7 - Minimum Revenue Provision

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the Capital Financing Requirement - CFR) through a statutory annual revenue charge (the Minimum Revenue Provision - MRP). It is also allowed to undertake additional voluntary payments if required.

For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the Council's MRP policy allows for the borrowing need (CFR) to be repaid on an equal instalment basis over a period of 50 years with effect from the 2016/17 financial year.

From 1 April 2008 for all unsupported borrowing (including finance leases) the MRP policy is the Asset Life Method (option 3). MRP is based on the estimated useful life of the assets, using the equal annual instalment method. This provides for a reduction in the borrowing need over the asset's life. Repayments included in finance leases are applied as MRP.

AP 8 – Council Tax and Business Rates

The Council acts as agent in relation to the Collection Fund (Billing Authority), collecting Council Tax and Non-Domestic Rates (NNDR) on behalf of the major preceptors (Essex County Council, Essex Police and Crime Commissioner, Essex Fire and Rescue and Central Government (for NNDR)) and, as principal, collecting Council Tax and NNDR for the Council itself.

The Council is required by statute to maintain a separate Collection Fund for the collection and distribution of amounts due in respect of Council Tax and NNDR. Under the legislative framework for the Collection Fund, the Council, major preceptors and Central Government share proportionately the risks and rewards that the amount of Council Tax and NNDR collected by the Council could be less or more than predicted.

The Council Tax and NNDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the Council's share of accrued income for the year. However, regulations determine the amounts of Council Tax and NNDR that must be included in the General Fund in year. Therefore, the difference between the accrued income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of Council Tax and NNDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals. The proportions of transactions that relate to the other parties to the arrangement are shown as debtors or creditors due from/to these parties.

AP 9 – Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave and non-monetary benefits for current employees, and are recognised as an expense for services in the year in which employees render their services to the Council.

An accrual is made for the cost of holiday entitlements, flexitime and time off in lieu earned by employees but not taken before the year-end, which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus/Deficit on the Provision of Services in the financial year in which the absences are accrued, and it is then reversed out through the Movement in Reserves Statement so there is no charge against Council Tax.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date, or an officer's decision to accept voluntary redundancy. These benefits are charged on an accruals basis to the relevant service line, or where applicable, to the Non-Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits, or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations to and from the Pensions Reserve are required to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post-Employment Benefits

The Local Government Pension Scheme is accounted for as a defined benefits scheme. The liabilities of the pension fund attributable to the Council are included on the Council's Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by the employees, based on actuarial assumptions about mortality rates, employee turnover rates and projected earnings of current employees, etc. Liabilities are discounted to their value at current prices, using a discount rate determined by the actuary that is based on the indicative

rate on high quality corporate bonds. The discount rate is the annualised yield based on the year point on Merrill Lynch AA rated corporate bond yield curve reflecting the actuary's estimate of the duration of the pension fund.

The assets of the pension fund attributable to the Council are included in the Balance Sheet at their fair value:

- quoted securities – current bid price.
- unquoted securities – professional estimate.
- unitised securities – current bid price.
- property – market value.

The change in the net pension liability is analysed into the following elements:

- Current Service Cost – the increase in liabilities as a result of years of service earned this year which is allocated to the relevant service lines in the Comprehensive Income and Expenditure Statement.
- Past Service Cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years. These costs are charged to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
- Net interest on the net defined benefit liability/(asset) – the change in the net defined benefit liability that arises from the passage of time is charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement.
- Return on plan assets – are charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the latest actuarial valuation, or because the actuaries have updated their assumptions. This is charged to the Pensions Reserve as part of Other Comprehensive Income and Expenditure.
- Contributions paid to the Essex pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense for the Council.

Statutory provisions require that the General Fund and the Housing Revenue Account are charged with the cash payable to the Pension Fund in the relevant financial year rather than the accrued amount calculated under the application of the relevant accounting standard. The adjustments between the accounting basis and funding basis under regulations are undertaken in the Movement in Reserves Statement.

AP 10 – Financial Instruments

A Financial Instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument of another entity.

The Council recognises these transactions on the Balance Sheet when it becomes party to the contractual provisions of the instrument.

Financial Assets

As a result of the adoption and implementation by the Council of IFRS9 – Financial Instruments, on 1 April 2018; Financial Assets are classified into three separate categories:

- Loans and Receivables – initially recognised at Fair Value and subsequently measured at amortised cost. The amount reported in the Balance Sheet is the outstanding principal receivable plus any accrued interest

- Fair Value through Profit and Loss – recognised and reported at Fair Value, with any movements being taken to 'Financing and Investment Income'; and
- Fair Value through Other Comprehensive Income – recognised and reported at Fair Value with any movements being taken to 'Other Comprehensive Income'.

Financial Liabilities

Financial Liabilities continue to be recognised at Fair Value and measured at amortised cost. Thus the value reported on the Balance Sheet is the outstanding principal, repayable plus any accrued interest. Financial Liabilities are derecognised when the obligation is discharged, cancelled or expires.

Impairment of Financial Assets

The standard requires that Financial Assets are impaired based on the 'expected credit loss model'. The impairment requirement applies to financial assets at amortised cost and Fair Value through other Comprehensive income; loans to third parties (including soft loans); loans to Local Authority Subsidiaries; shares in subsidiaries; financial guarantees and sundry debtors including trade receivables.

The following Financial Assets are outside the scope of the IFRS 9 impairment requirements:

- Financial Assets relating to UK Government Instruments and Lending to Other Local Authorities; and
- Statutory Debtors, for example Council Tax and Business Rate Arrears

An evaluation of the Council's Financial Assets and associated impairment under the 'expected credit loss model' was undertaken and the impairment was determined to be immaterial. Therefore, the Council has not accounted for an impairment provision for these investment assets.

AP 11 - Government Grants and Contributions

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line or Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account when they have been applied to fund capital expenditure.

AP 12 – Property, Plant and Equipment Recognition

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

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

Measurement

Assets 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 by management.
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- Plant, Vehicles, Furniture and Equipment assets, Infrastructure assets and Community assets – Depreciated Historical Cost.
- Assets under construction – Historical Cost.
- Council dwellings – Current Value, determined on the basis of Existing Use Value for Social Housing (EUV-SH).
- Surplus assets – Fair Value, determined by the measurement of the highest and best use value of the asset. Refer to Note 17 for details of the Fair Value measurement of Surplus Assets.
- Other land and buildings – Current Value, determined as the amount that would be paid for the asset in its existing use (EUV).

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

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the financial year end, but as a minimum every five years.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for as follows:

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

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

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

Where impairment losses are identified, they are accounted for as follows:

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

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all 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 (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated as follows:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer (Host building structure: 1 – 60 years, Mechanical and electrical 5 – 15 years)
- vehicles, plant, furniture and equipment – straight-line allocation over 3-10 years.
- infrastructure – straight-line allocation over 20 years.

Where a Property, Plant and Equipment asset has major components with a cost that is significant in relation to the total cost of the item, the components are depreciated separately.

All HRA assets are componentised. The significant components identified for HRA building assets are land and building components.

All General Fund building assets with carrying values of £1 million or above are componentised. Significant components are defined as those that represent 10% of the total carrying value of the building asset. The significant components of such assets have been identified as land, host building structure and mechanical and electrical components.

When a component of an asset is replaced or restored, the carrying amount of the old component is derecognised to avoid double counting, and the new component reflected in the carrying value of the asset.

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

Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment, Investment Properties or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

AP 13 – Heritage Assets

Heritage assets are those assets with historical, artistic, scientific, technological, geophysical or environmental qualities which are held, maintained and preserved principally for their contribution to knowledge and culture.

The heritage assets which the Council holds are its collections of civic regalia, Roman treasure, works of art, museum exhibits and Colchester Castle.

The Council has not recognised the Castle as a heritage asset on its Balance Sheet as there are no records detailing the original cost of this asset. It has not been possible to obtain an appropriate valuation for the Castle from a review of insurance records or from liaison with external valuers.

AP 14 – Investment Properties

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

Investment properties are measured initially at cost. Subsequently they are valued on an annual basis at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length.

Investment properties are not depreciated.

Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses made on the disposal of investment properties.

Rentals received and direct operating expenses relating to investment properties are shown against the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement.

The accounting treatment for the disposal of investment properties is the same as that for Property, Plant and Equipment. See AP 12 for the disposal accounting policy applied to investment properties.

Revaluation and disposal gains and losses are not permitted to have an impact on the General Fund Balance by statutory arrangements. These gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account. The sale proceeds are credited to the Capital Receipts Reserve.

AP 15 – Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset must be actively marketed for sale and the sale should be expected to occur within the next 12 months; where this period is longer the Council must demonstrate that active steps that are being taken to sell the asset. The asset is revalued immediately before reclassification, and then carried at the lower of this amount and fair value less costs to sell.

Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line of the Surplus/Deficit on the Provision of

Services in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus/Deficit on Provision of Services. Depreciation is not charged on assets held for sale.

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

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

The accounting treatment for the disposal of assets held for sale is the same as that for Property, Plant and Equipment. See AP 12 for the disposals accounting policy applied for the disposal of assets held for sale.

AP 16 – Fair Value Measurement

The Council measures its Surplus Assets, Investment Properties, Assets Held for Sale and some of its Financial Instruments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The 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 external property valuers and treasury management advisors to provide a valuation of its assets and liabilities in line with the highest and best use definition within International Financial Reporting Standard 13 (IFRS 13) – Fair Value Measurement. The highest and best use of the asset or liability being valued is considered from the perspective of a market participant.

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

Inputs to the valuation techniques in respect of the Council's fair value measurement of its assets and liabilities are categorised within the fair value hierarchy as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date. The Council does not hold any property assets that have quoted prices in active markets, and as such no assets have been categorised as Level 1 assets.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset and liability, either directly or indirectly. Significant observable inputs include inspection of the assets, review of the detailed lease terms, strength of covenant, review of the likelihood of voids and rental growth, yield evidence from comparable transactions adjusted appropriately and other inputs.
- Level 3 – unobservable inputs for the asset or liability. Significant unobservable inputs include yield evidence, repair and condition, unusual properties where little comparable evidence exists, estimation of the gross development values.

The Council recognises transfers into and out of the different fair value hierarchy levels at the date of the event or change in circumstances that caused the transfer to occur.

AP 17 - Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in a period of 90 days or less from the date of acquisition, and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Balance Sheet and the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts.

AP 18 – Provisions

Provisions are made where 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.

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

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will be required (or a lower settlement than anticipated is made) the provision is reversed and credited back to the relevant service.

Where some or all of a payment required to settle a provision is expected to be recovered from another party, it is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

AP 19 - Reserves

The Council has the power to keep reserves for certain purposes by setting aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure is incurred that is to be financed from a reserve, it is charged to the appropriate service in that year to be included as expenditure in the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so there is no charge against Council Tax for the expenditure incurred.

Separate earmarked reserves are held by the Council for Repairs and Renewals, Insurance, Capital Expenditure, Asset Replacement, Revolving Investment Fund, Business Rates and Gosbecks Archaeological Park. Details of these are given in Note 10.

Certain reserves (Unusable reserves) are kept to manage the accounting processes for non current assets, retirement benefits, local taxation and employee benefits. These do not represent usable resources at the Council's disposal. These reserves are explained and disclosed in Note 25.

AP 20 – Leases - Council as Lessee

From 1 April 2024, the Council has applied IFRS 16 Leases as adopted by the Code of Practice on Local Authority Accounting. The new accounting standard requires that the rights to use items acquired under all leases are recognised as assets on the Balance Sheet, together with a liability for the payments to be made for the acquisition. Previously this was only done for leases where the Council acquired substantially all the risks and rewards of ownership of the leased item (finance leases).

Under IFRS 16, right-of-use assets held under leases are recognised on the Balance Sheet at the commencement of the lease, measured at cost based on the present value of the lease payments plus any payments made before the commencement date. Initial direct costs of the Council are added to the carrying amount of the asset. The asset recognised is matched by a liability for the obligation to make the lease payments (measured at their present value).

Lease payments are apportioned between:

- a charge for the acquisition of the right to use the property, plant or equipment which is applied to write down the lease liability, and

- a finance charge which is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life. The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the general fund balance, by way of an adjusting transaction with the capital adjustment account in the movement in reserves statement for the difference between the two.

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

The Council as Lessor

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

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

AP 21 – Contingent Liabilities

Contingent liabilities are not recognised in the Balance Sheet but are disclosed in a note to the accounts. Contingent liabilities arise where an event has taken place that gives the Council a possible obligation of an outflow whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made, but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

AP 22 - Interests in Companies

Where the Council has material interests in companies that have the nature of subsidiaries, these interests require the Council to prepare group accounts.

Group Accounts are currently prepared to include the accounts of the wholly owned subsidiaries of the Council - Colchester Borough Homes Limited and Colchester Commercial Holdings Limited.

The Group Accounts are prepared on the basis of implementing the IFRS Code of Practice on Local Authority Accounting.

AP 23 – Joint Operations

Jointly controlled operations are arrangements whereby the parties that have joint control of the arrangement have the rights to the assets and obligations for the liabilities relating to the

arrangement. The Council currently operates a joint operation in terms of its parking service (NEPP North Essex Parking Partnership).

The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and adjusts the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the income it earns from the activities of these operations.

AP24 – Business Improvement District

A business improvement district (BID) scheme applies across the whole of the authority. The scheme is funded by a BID levy paid by non-domestic ratepayers. The authority acts as principal under the scheme, and accounts for income received and expenditure incurred (including contributions to the BID project) within the relevant services within the Comprehensive Income and Expenditure Statement.

AP 25 - Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

The Council is allowed to recover VAT incurred on expenses where income from the activity is exempt, provided it is 'insignificant'. The current test for insignificance is that the VAT incurred and recovered on exempt activities is less than 5% of the total VAT that is incurred on all the Council's activities. If the amount exceeds the limit, then none of the tax can normally be recovered.

Note 2 Expenditure and Funding Analysis

A - Note to the Expenditure and Funding Analysis – Adjustments between Funding and Accounting Basis

Adjustments for Capital Purposes – this column adds in depreciation, and impairment and revaluation gains and losses in the service line, as well as:

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

Net Change for the Pension Adjustments – this column removes the pension contributions and replaces it with the IAS19 Employee Benefits related expenditure and income:

- Cost of services – this represents the removal of the employer pension contributions made by the Council as allowed by statute, and their replacement with current service costs and past service costs.
- Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

Other Differences – between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- Cost of services – this relates to adjustments relating to the employee benefits accrual made in the accounts.
- Financing and investment income and expenditure – the other differences column recognises adjustments to the General Fund for the timing difference for premiums and discounts.
- Taxation and Non-specific grant income and expenditure – this represents the difference between what is chargeable under statutory regulations for Council Tax and Business Rates that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses/Deficits on the Collection Fund.

Refer to Note 9 for further details on the adjustments made in the accounts.

Expenditure and Funding Analysis – Adjustments between Funding and Accounting Basis

	Net Expenditure chargeable to GF and HRA Balances	Adjustments for Capital Purposes	Net Change for Pension Adjustments	Other Accounting Adjustments	Total Adjustments	Net Expenditure in the CIES
	£000	£000	£000	£000	£000	£000
Corporate & Democratic Core	497	3,948	-	-	3,948	4,445
Modern City Services	8,377	3,406	(461)	-	2,945	11,322
Corporate Services	12,453	(1,837)	(336)	(2,210)	(4,383)	8,070
Enjoy Colchester	853	7,491	(392)	(62)	7,037	7,890
Place and Prosperity	1,093	6,136	(166)	(50)	5,920	7,013
Senior Leadership Board	1,878	(1,878)	(90)	-	(1,968)	(90)
Transformation & Business Imp	3,436	(3,389)	(112)	-	(3,501)	(65)
Housing and Wellbeing	4,136	3,188	(60)	(6)	3,122	7,258
Housing Revenue Account	(1,670)	39,096	(14)	537	39,619	37,949
Net Cost of Services	31,053	56,161	(1,632)	(1,791)	52,738	83,791
Other Income and Expenditure	(32,010)	22,232	(3,035)	2,281	21,478	(10,530)
(Surplus)/Deficit	(957)	78,393	(4,667)	490	74,216	73,261
Opening General Fund and HRA Balances	(11,296)					
Movement in Reserve	407					
(Surplus)/Deficit	(957)					
Closing General Fund and HRA Balances	(11,846)					

B - Note to the Expenditure and Funding Analysis – Expenditure and Income Analysed by Nature

	2024/25 £000	2023/24 £000
Employee related expenditure	39,220	43,065
Other services expenses	93,493	83,996
Support Services Recharge	4,545	3,873
Depreciation, amortisation and impairment	14,443	13,734
Interest Payments	14,305	6,209
Precepts and levies	2,528	2,365
Payments to Housing Capital Receipts Pool	585	-
Pension Fund expenditure	(4,667)	2,436
Increase in bad debt provisions	358	-
Losses on the disposal of assets	(1,098)	1,037
Expenditure in relation to investment properties	117	1,228
Revaluation Gain/Losses	84,631	2,613
Revaluation losses on write down of assets held for sale	-	24,826
Total Expenditure	248,460	185,382
Fees, charges and other service income	(74,401)	(73,657)
Interest and investment Income	(8,289)	(2,835)
Other investment income	-	-
Decrease in bad debt provisions	-	(170)
Income from council tax and non-domestic rates	(22,169)	(21,042)
Government grants and contributions	(67,847)	(66,633)
Gains on the disposal of assets	-	-
Income in relation to investment properties	(2,493)	(1,272)
(Gains)/Losses in the fair value of investment properties	-	-
Capital receipts not linked to disposals	-	(24)
Total Income	(175,199)	(165,633)
(Surplus)/Deficit on the Provision of Services	73,261	19,749

Note 3 Accounting Standards issued but not yet adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the new or amended standards within the 2024 to 2025 code.

At the Balance Sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the code:

- IAS 21 - The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023.

The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.

- IFRS 17 - Insurance Contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.

- IAS 16 - The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets.

These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach.

These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy.

None of the above standards, when adopted, are expected to have a material impact on the Council's financial statements.

Note 4. Critical judgements in applying accounting policies

In applying the accounting policies set out in the accounts, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The following are the management judgements made in applying the accounting policies of the Council that have the most significant effect on the financial statements:

Classification of leases

The Council has undertaken an analysis to classify the leases it holds, both as lessee and lessor; as either operating or finance leases. The accountings standards in relation to leases have been applied and where there is a judgement that the arrangement is a finance lease, the asset is recognised on / derecognised from the Council's Balance Sheet.

Classification of investment properties

The Council has classified its investment properties based on the IFRS criteria of being solely held for rental income or for capital appreciation. This review and assessment may be subject to interpretation.

Valuation of Property, Plant and Equipment

The Council's non-current assets are valued on the Balance Sheet in accordance with the statement of asset valuation principles and guidance notes issued by the Royal Institution of Chartered Surveyors (RICS):

- Properties classified as operational, excluding council dwellings are valued on the basis of net realisable value in existing use or, where an open market did not exist, on the basis of depreciated replacement cost.
- Council dwellings are valued in line with the Ministry of Housing, Communities and Local Government (MHCLG) guidance at open market value less a specified and notified percentage known as 'social housing discount factor'.
- Plant vehicles and equipment assets, community assets and Infrastructure assets are valued at depreciated historic cost. Properties classified as non-operational have been valued on the basis of market value for highest and best use.
- Council dwellings are revalued annually. All other non-current assets, with the exception of those valued at depreciated historic cost, are valued sufficiently regularly to ensure that their carrying amount is not materially different from their value at year end, but as a minimum every five years.

Heritage Assets

The Council holds a collection of museum exhibits and works of art which are not recognised in its Balance Sheet. The Council has concluded that the total cost of obtaining the relevant valuation information for these assets (collections held prior to 1 April 2011) outweighs the benefits to the users of the financial statements.

The Council owns Colchester Castle, which is held for its contribution to knowledge and culture. The Castle is not recognised as a heritage asset in the Council's Balance Sheet, because the original cost of the building of the castle is not available, and an appropriate valuation cannot be obtained due to the asset's unique nature.

Composition of Group Accounts

The Council undertakes its activities through a variety of undertakings, either under partnership or through ultimate control. Those considered to be material are included in the group accounts. Financial materiality is determined through an evaluation of each entity's profit and loss, net worth and value of non-current assets as a percentage of the Council's single entity accounts. Turnover, assets and liabilities are considered individually. An entity could be material but not consolidated, where the group accounts are not materially different from the Council's single entity accounts. The materiality assessment also considers qualitative materiality; for example, whether the Council depends significantly on the entity to deliver its statutory services or where there is a concern that the Council is exposed to commercial risk.

Note 5. Assumptions made about the future and other major sources of estimation uncertainties

The preparation of financial statements requires the Council's management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the Balance Sheet date, and the amounts reported for income and expenditure during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Depreciation of Property, Plant and Equipment Assets

The Council's Property, Plant and Equipment assets are depreciated based on an estimate of the asset's useful life, that is based on the level of maintenance incurred in relation to the assets. The current economic climate makes it uncertain that the Council will be able to continue with the level of maintenance expected; resulting in uncertainty in the useful lives assigned to the assets by Valuers. If the useful life reduces, the depreciation charge will be higher than estimated. Due to the capital regulations applicable to Local Government accounting, there will be no impact on the General Fund balances.

Revaluation of Property, Plant and Equipment Assets

The Council's Property, Plant and Equipment assets are revalued on a periodic basis and reviewed annually for indications of impairment. Advice on revaluation is provided by the Council's external property valuers in line with the CIPFA Code of Practice and the relevant RICS guidance. If actual results differ, the value of the Property, Plant and Equipment assets on the Council's Balance Sheet as at 31 March 2025 will be under or overstated. The financial impact will be adjusted in the following financial year.

A valuation exercise on the properties and land owned by Colchester City Council was carried out with a valuation date of 31 March 2025. This valuation was undertaken by an external Valuer, NPS Property Consultants Ltd, a firm of Chartered Surveyors. The valuation was prepared in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation - Global Standards.

Net Pension Liability

The estimation of the net liability to pay pensions, is dependent on a number of complex judgements; such as the discount rate applied, the expected rate of price inflation, the rate at which salaries and pensions are expected to increase, mortality rates and the rate of commuted pensions.

The effect on the net pension liability of changes in individual assumptions can be measured. For example, a 0.1% increase in the discount rate assumption would lead to a decrease of £2.8m in the net pension liability from £199.7m to £196.9m. See Note 40 which includes details of the sensitivity analyses on the present value of the defined benefit pension obligation.

Debt impairment

The Council has included a provision of £8m for the impairment of doubtful debts as at 31 March 2025 in its accounts. Based on current collection rates the provision is deemed sufficient to cover all liabilities that may arise in the future. However, it is not certain that this provision will continue to be sufficient. If debtor collection rates were to deteriorate, further consideration would be given to reviewing the criteria for calculating the provision with a view to increasing the provision held by the Council.

Provision for Business Rates Appeals

The Council has made a provision for a reduction in business rate income due to appeals against the rateable values set by the Valuation office agency (VOA). Where appeals are against the 2010 valuation list, the estimate is based on information from the VOA on historic appeals in the past. The provision for appeals raised as part of the 2017 valuation is based on a percentage of the year end Business Rates rateable value. The percentage is based on the change in the National Business Rates Multiplier for the year adjusted for local factors. The total provision as at the 31 March 2025 was £3.667 million (of which £1.467 million is Colchester City Council).

Provision for the impairment of Financial Instruments

As of 31 March 2025, the Council held on its Balance Sheet a balance for its short and long-term financial instruments. A review of these balances suggests that on occasion a bad debt provision is required. Where possible the assessment takes into account the impact of the current economic climate where applicable.

Note 6. Material items of income and expenditure.

There are no material items of income and expenditure not specifically detailed on the face of the Comprehensive Income and Expenditure Statement and not specifically disclosed within other notes.

Note 7. Prior period adjustments.

There are no prior period adjustments.

Note 8. Events after the Balance Sheet date

There are no Post Balance Sheet Events to report.

Note 9. Adjustments between accounting basis and funding basis under regulations

General Fund Balance

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

Housing Revenue Account Balance

This reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure in connection with the Council's landlord function.

Capital Receipts Reserve

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

Major Repairs Reserve

This controls the application of the Major Repairs Allowance (MRA). The MRA is restricted to being applied to new capital investment in HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the MRA that has yet to be applied at the year end.

Capital Grants Unapplied Account

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

Adjustments between accounting basis and funding basis under regulations

	General Fund Balance	Housing Revenue Account	Capital Receipts reserve	Major Repairs Reserve	Capital grants unapplied	Movement in Usable Reserves ³	Movement in Unusable Reserves	Total Reserves Movement
	£000	£000	£000	£000	£000	£000	£000	£000
For the year 2024-25								
Adjustments primarily involving the Capital Adjustment Account								
<i>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</i>								
Charges for depreciation and impairment of non-current assets	(8,443)	(6,000)	-	-	-	(14,443)	14,443	-
Revaluation gains/(losses) on Property, Plant and Equipment	(5,431)	(43,739)	-	-	-	(49,170)	49,170	-
Movements in value of Investment Properties	(35,460)	-	-	-	-	(35,460)	35,460	-
Amortisation of Intangible Assets	-	-	-	-	-	-	-	-
Capital Grants and Contributions applied	-	-	-	-	-	-	-	-
Capital grants through the I&E	11,835	-	-	-	-	11,835	(11,835)	-
Revenue Expenditure Financed from Capital under Statute	(4,055)	-	-	-	-	(4,055)	4,055	-
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(115)	(1,636)	-	-	-	(1,751)	1,751	-
Amounts additions not adding value to non-current assets written off to the Comprehensive Income and Expenditure Statement	-	(960)	-	-	-	(960)	960	-
Capital expenditure financed from Revenue Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement	-	4,250	-	-	-	4,250	(4,250)	-
<i>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</i>								
Statutory provision for the repayment of debt	2,511	-	-	-	-	2,511	(2,511)	-
Adjustments involving the Capital Receipts Reserve								
Transfer of non-current asset sale proceeds from revenue to the capital receipts reserve	113	2,464	(2,577)	-	-	-	-	-
Transfer of Capital Receipts not linked to sales	273	-	(273)	-	-	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	5,209	-	-	5,209	(5,209)	-
Adjustments involving the Deferred Capital Receipts Reserve								
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-	-	-	-	-
Transfer to the Capital receipts Reserve upon receipt of cash	-	-	-	-	-	-	-	-
Adjustments involving the Major Repairs Reserve								
Reversal of Major Repairs Allowance credited to the HRA expenditure	-	6,000	-	(6,000)	-	-	-	-
				6,000		6,000	(6,000)	-
Adjustments involving the Financial Instrument Fund Adjustment Account								
Unrealised Fair Value gains/losses on financial Instruments	-	-	-	-	-	-	-	-
Adjustments involving the Pensions Reserve								
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(1,423)	-	-	-	-	(1,423)	1,423	-
Employers' pension contributions and direct payments to pensioners payable in the year	6,090	-	-	-	-	6,090	(6,090)	-
Adjustments primarily involving the Collection Fund Adjustment Account								
Amount by which council tax and non-domestic rating income credited or debited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	(490)	-	-	-	-	(490)	490	-
Adjustments primarily involving the Accumulated Absences Account								
Amount by which Officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirement	-	-	-	-	-	-	-	-
Total Adjustments for 2023-24	(34,595)	(39,621)	2,359	-	-	(71,857)	71,857	-

	General Fund Balance	Housing Revenue Account	Capital Receipts reserve	Major Repairs Reserve	Capital grants unapplied	Movement in Usable Reserves3 Movement in Unusable Reserves	Total Reserves Movement
	£000	£000	£000	£000	£000	£000	£000
For the year 2023-24							
Adjustments primarily involving the Capital Adjustment Account							
<i>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</i>							
Charges for depreciation and impairment of non-current assets	(7,907)	(5,827)	-	-	-	(13,734)	13,734
Revaluation gains/(losses) on Property, Plant and Equipment	(5,756)	(22,276)	-	-	-	(28,032)	28,032
Movements in value of Investment Properties	(2,613)	-	-	-	-	(2,613)	2,613
Amortisation of Intangible Assets	-	-	-	-	-	-	-
Capital Grants and Contributions applied	12	-	-	-	12	24	(24)
Capital grants through the I&E	6,998	-	-	-	-	6,998	(6,998)
Revenue Expenditure Financed from Capital under Statute	(4,113)	-	-	-	-	(4,113)	4,113
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	139	-	-	-	-	139	(139)
Amounts additions not adding value to non-current assets written of to the Comprehensive Income and Expenditure Statement	-	-	-	-	-	-	-
Capital expenditure financed from Revenue Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement	86	-	-	-	-	86	(86)
<i>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</i>							
Statutory provision for the repayment of debt	-	-	-	-	-	-	-
Adjustments involving the Capital Receipts Reserve							
Transfer of non-current asset sale proceeds from revenue to the capital receipts reserve	482	5,647	(6,129)	-	-	-	-
Transfer of Capital Receipts not linked to sales	(23)	-	23	-	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	5,102	-	-	5,102	(5,102)
Adjustments involving the Deferred Capital Receipts Reserve							
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-	-	-	-
Transfer to the Capital receipts Reserve upon receipt of cash	-	-	-	-	-	-	-
Adjustments involving the Major Repairs Reserve							
Reversal of Major Repairs Allowance credited to the HRA expenditure	-	-	-	-	-	-	-
Adjustments involving the Financial Instrument Fund Adjustment Account							
Unrealised Fair Value gains/losses on financial Instruments	(47)	-	-	-	-	(47)	47
Adjustments involving the Pensions Reserve							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	-	5,523	-	-	-	5,523	(5,523)
Employers' pension contributions and direct payments to pensioners payable in the year	225	-	-	-	-	225	(225)
Adjustments primarily involving the Collection Fund Adjustment Account							
Amount by which council tax and non-domestic rating income credited or debited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	949	-	-	-	-	949	(949)
Adjustments primarily involving the Accumulated Absences Account							
Amount by which Officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirement	-	-	-	-	-	-	-
Total Adjustments for 2023-24	(11,568)	(16,933)	(1,004)	-	12	(29,493)	29,493

Note 10. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans, and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in the year.

	Balance at 31-Mar-23 £000	Transfers out £000	Transfers in £000	Balance at 31-Mar-24 £000	Transfers out £000	Transfers in £000	Balance at 31-Mar-25 £000
Existing Reserves							
New Reserves							
General Contingency/Risk Reserve	-	-	-	-	-	(1,000)	(1,000)
LGR & Capacity Reserve	-	-	-	-	-	(1,000)	(1,000)
Planning Appeals Reserve	-	-	-	-	-	(500)	(500)
Local Plan Reserve	-	-	-	-	-	(500)	(500)
System Upgrade Reserve	-	-	-	-	-	(500)	(500)
Reserve to Support Future Year's Budget	(4,880)	4,880	-	-	-	-	-
Pension Fund Deficit Reserve	(2,657)	2,657	-	-	-	-	-
Revenue Grants Unapplied Reserve	(3,139)	-	-	(3,139)	710	(356)	(2,785)
Repairs and Renewals Reserve	(2,839)	-	-	(2,839)	402	(841)	(3,278)
Business Rates Reserve	(9,686)	6,686	-	(3,000)	4,700	(3,814)	(2,114)
Revolving Investment Fund Reserve	(1,396)	1,396	-	-	-	-	-
Capital Expenditure Reserve	(340)	-	-	(340)	-	-	(340)
Insurance Reserve	(443)	-	-	(443)	127	(70)	(386)
Strat Plan Delivery Reserve	(1,500)	-	-	(1,500)	-	-	(1,500)
Gosbecks Reserve	(71)	-	-	(71)	35	(3)	(39)
Other Reserves	(538)	-	-	(538)	1	(110)	(647)
City Investment Fund	-	-	(2,396)	(2,396)	407	(250)	(2,239)
Rolled Forward Revenue Commitments	-	-	(656)	(656)	350	(25)	(331)
Restructuring	-	-	(750)	(750)	-	-	(750)
Turnstone	-	-	(4,000)	(4,000)	1,647	-	(2,353)
Fit for the Future	-	-	(2,000)	(2,000)	1,242	(1,000)	(1,758)
Health & Safety	-	-	(1,000)	(1,000)	55	-	(945)
Monkwick (pylons)	-	-	(48)	(48)	-	-	(48)
Ring-Fenced							
Colchester & Ipswich Museums	-	-	(27)	(27)	54	(51)	(24)
Decriminalised Parking (NEPP)	39	-	-	39	-	(118)	(79)
Total	(27,450)	15,619	(10,877)	(22,708)	9,730	(10,138)	(23,116)

The most significant contributions to reserves were:

- The Business rates gain of £3.8m
- Budgeted contributions to the Repairs and Renewals reserve of £0.8m)
- The contribution of £0.6, to the General Fund reserve.

The most significant use of reserves were:

- The planned use of the Turnstone reserve of £1.7m
- The Fit for the Future reserve use of £1.2m
- The Revenue Grants unapplied reserve of £0.7m
- The Repairs and Renewal reserve of £0.4m
- The City Investment Fund reserve of £0.4m to fund expenditure in service budgets

New Reserves (£3.5 Million) – The Council was in a fortunate position to have received an additional £3.8m of business rates income in 2024/25. This has been added to the Business Rates Reserve, this additional funding topped up using existing monies in the Reserve, has enabled the creation of much-needed Corporate Reserves for 25/26. Colchester City Council has established a series of new reserves totalling **£3.5 million**. These reserves have been set aside to provide financial resilience and to mitigate potential risks associated with key areas of strategic and operational importance, including Local Government Reorganisation, planning challenges, and critical system upgrades. The reserves are allocated as follows:

- **General Contingency/Risk Reserve** – £1.0 million
- **Local Government Reorganisation (LGR) & Capacity Reserve** – £1.0 million
- **Planning Appeals Reserve** – £0.5 million
- **Local Plan Reserve** – £0.5 million
- **System Upgrade Reserve** – £0.5 million

These reserves will ensure that the Council is better prepared to manage future uncertainties and deliver services effectively through a period of significant change.

Business Rates Reserve (£2.1 million) – the Council has benefited significantly from a sustained period of growth in its Business Rates base since Business Rates Retention (BRR) was introduced in April 2013, with the additional funding received further boosted through membership of the Essex Business Rates Pool.

The BRR system is highly complex, and the Council has – for many years – protected itself from volatility in the system through the operation of the Business Rates Reserve, which allows the prudent release of consistent (steadily growing) funding levels from the system to support the annual budget. (Subject to the temporary volatility created by the pandemic) the balance in the Reserve has been consistently growing in recent years; this makes it possible to carefully increase future base budget assumptions as well as release some accumulated funds for supporting corporate priorities.

City Investment Fund (£2.239 million) – in 2023/24 an updated assessment of the Council's Regeneration investment needs has identified the need for greater clarity and flexibility in the future use of the Reserve. In that context, the full balance on the Revolving Investment Fund (RIF) Reserve was transferred to the General Fund Reserve and applied to the creation of a new "City Investment Fund", the City Investment Fund (CIF) replaces the RIF and has been created with an opening balance of £2.396 million. The closing balance on the RIF of £2.239 million as at 31st March 2025. This reserve will provides the Council with additional resources to help deliver City Centre projects and Other Regeneration priorities.

Rolled Forward Revenue Commitments Reserve (£0.331 million) – rolled forward revenue budgets were previously embedded within the Future Years' Budget Reserve and have been subject to challenge and review over the last two years. An updated (fully itemised) balance has now been identified and allocated to a separate reserve to provide added clarity and transparency.

Restructuring Reserve (£0.75 million) – the Council has previously set aside reserves – within the Future Years' Budget Reserve – to absorb one-off Redundancy costs and avoid budget pressures consequent to re-structuring exercises. This is something potentially still required in the future as the Council progressively puts its base budget on a long-term financially sustainable footing (the unadjusted balance held was £0.713 million).

Turnstone Reserve (£2.353 million) – the creation of this reserve recognises the updated commercial risk that the Council faces from the Turnstone lease arrangement at Colchester

Northern Gateway; the balance would be applied as necessary to help ameliorate any resulting short and medium budget pressures that might emerge.

“Fit for the Future” Reserve (£1.758 million) – the delivery of the Council’s “Fit for the Future” (FFTF) (transformation) Programme is fundamental to the long-term financial sustainability of the Council. It does however require upfront investment to be successful, especially in project delivery resources. The allocated funds of £2.0 million in 2023/24 reflects a clear commitment towards FFTF. In 2024/25 the reserve was topped up by £1m for additional transformation as future years is largely committed.

Health & Safety Reserve (£0.945 million) – the Council takes its Health and Safety responsibilities very seriously. There has been a growing need identified in recent years for revenue resources to help fund increasing demands for addressing health and safety matters (e.g. legionella, asbestos) within the General Fund property estate. The reserve will enhance the Council’s ability to better address such issues on a more proactive basis in discharging its landlord responsibilities.

Note 11. Other Operating Income and Expenditure

	2024/25 Net (Inc) / Exp £000's	2023/24 Net (Inc) / Exp £000's
Parish Council Precepts	2,500	2,365
Payments to the Government Capital Receipts Pool	585	-
(Gains)/ Losses on the disposal of assets	135	(139)
Capital Receipts not linked to disposals.	(273)	1,200
	2,947	3,426

Note 12. Financing and Investment Income and Expenditure

	2024/25 Net (Inc) / Exp £000's	2023/24 Net (Inc) / Exp £000's
Interest payable and similar expenses	7,948	6,209
Interest receivable and similar income	(8,273)	(2,835)
Net interest on the defined liability	(3,204)	(1,617)
Net movement in bad debt provision	(210)	(170)
Pension Fund Administration Expenses	169	175
Income and expenditure in relation to investment properties	(2,376)	(1,272)
Changes in fair value of investment properties	35,461	2,613
Impairment losses	-	1,837
	29,515	4,940

Note 13. Taxation and Non-Specific Grant Income

	2024/25 Net (Inc) / Exp £000's	2023/24 Net (Inc) / Exp £000's
Council Tax Income	(16,784)	(16,352)
Non-Domestic Rates	(4,320)	(4,690)
Non-ringfenced Government grants	(10,053)	(9,525)
Capital grants and contributions	(11,835)	(6,629)
Total	(42,992)	(37,196)

Note 14. Property, Plant and Equipment

2024/25	Council Dwellings £000's	Other Land and Buildings £000's	Vehicle, Plant and Equipment £000's	Community Assets £000's	Surplus Assets £000's	Assets Under Construction £000's	Total £000's
Gross Carrying Amount (Cost/Valuation)							
At 1 April 2024	455,600	191,441	25,645	399	35,972	30,734	739,791
Additions	34,390	2,060	1,098	-	-	9,793	47,341
Acc. Depreciation and Impairment written out to Gross Carrying Amount	(5,297)	(4,286)	-	-	(1)	-	(9,584)
Revaluations to Revaluation Reserve	26,433	22,705	-	-	(8,897)	-	40,241
Revaluations to (Surplus)/Deficit	(43,496)	(5,484)	-	-	(107)	-	(49,087)
Derecognition – disposals	(1,656)	-	-	-	-	(30)	(1,686)
Derecognition - other	(960)	-	-	-	-	-	(960)
Reclassified from/(to) Assets held for Sale	-	(1,483)	-	-	-	-	(1,483)
Reclassified within PPE categories	18,371	(250)	-	-	-	(22,923)	(4,802)
At 31 March 2025	483,385	204,703	26,743	399	26,967	17,574	759,771
Accumulated Depreciation and Impairment							
At 1 April 2024	-	(5,961)	(15,492)	-	-	-	(21,453)
Depreciation charge	(5,317)	(5,788)	(2,602)	-	-	-	(13,707)
Acc. Depreciation and Impairment written out to Gross Carrying Amount	5,297	4,286	-	-	1	-	9,584
Acc. Impairment written out to GCA	-	-	-	-	-	-	-
Impairment losses to Revaluation Reserve	-	-	-	-	-	-	-
Impairment losses to (Surplus)/Deficit	-	-	-	-	-	-	-
Derecognition – disposals	19	-	-	-	-	-	19
Derecognition – other	-	-	-	-	-	-	-
Reclassified within PPE categories	-	16	-	-	-	(16)	-
At 31 March 2025	(1)	(7,447)	(18,094)	-	1	(16)	(25,557)
Net Book Value:							
At 31 March 2025	483,384	197,256	8,649	399	26,968	17,558	734,214
At 31 March 2024	455,600	185,480	10,153	399	35,972	30,734	718,338

2023/24	Council Dwellings	Other Land and Buildings	Vehicle, Plant and Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Gross Carrying Amount (Cost/Valuation)							
At 1 April 2023	454,050	191,087	23,082	399	36,845	23,661	729,124
Additions	27,612	2,216	1,103	-	-	13,306	44,237
Acc. Depreciation and Impairment written out to Gross Carrying Amount	(5,256)	(2,861)	-	-	-	-	(8,117)
Revaluations to Revaluation Reserve	2,406	4,595	-	-	(873)	-	6,128
Revaluations to (Surplus)/Deficit	(19,072)	(5,755)	-	-	-	-	(24,827)
Derecognition – disposals	(3,646)	(459)	(2,389)	-	-	(10)	(6,504)
Derecognition – other	-	-	(74)	-	-	-	(74)
Reclassified from/(to) Assets held for Sale	-	-	-	-	-	-	-
Reclassified within PPE categories	(494)	2,618	3,923	-	-	(6,223)	(176)
At 31 March 2024	455,600	191,441	25,645	399	35,972	30,734	739,791
Accumulated Depreciation and Impairment							
At 1 April 2023	-	(3,124)	(15,846)	-	-	-	(18,970)
Depreciation charge	(5,295)	(5,751)	(1,959)	-	-	-	(13,005)
Acc. Depreciation and Impairment written out to Gross Carrying Amount	5,256	2,861	-	-	-	-	8,117
Acc. Impairment written out to GCA	-	-	-	-	-	-	-
Impairment losses to Revaluation Reserve	-	-	-	-	-	-	-
Impairment losses to (Surplus)/Deficit	-	-	-	-	-	-	-
Derecognition – disposals	33	49	2,244	-	-	-	2,326
Derecognition – other	-	-	69	-	-	-	69
Reclassified within PPE categories	6	4	-	-	-	-	10
At 31 March 2024	-	(5,961)	(15,492)	-	-	-	(21,453)
Net Book Value:							
At 31 March 2024	455,600	185,480	10,153	399	35,972	30,734	718,338
At 31 March 2023	454,050	187,963	7,236	399	36,845	23,661	710,154

Revaluations

The Council carries out a rolling program that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. Valuations are performed for assets within the Council Dwellings, Other Land and Buildings and Surplus Categories of Property, Plant and Equipment.

The revaluations performed in 2024/25 were:

- A sample of General Fund properties as at 31 March 2025.
- Council dwellings and Homeless properties to their fair value as at 31 March 2025.

The basis for the valuations is set out in the accounting policies detailed above.

Infrastructure Assets

	31-Mar 2025 £000's	31-Mar 2024 £000's
Net Book Value 1st April 2024	10,227	10,872
Additions	1,083	84
De- Recognition / Disposals	-	-
Depreciation	(737)	(729)
Depreciation on disposed assets	-	-
Other movements in cost	4,801	-
Net Book Value 31st March 2025	15,374	10,227

The Council has determined in accordance with Regulation 30M of the Local Authorities Capital Finance and Accounting (England) Amendment Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

Reconciliation of Infrastructure and Other Assets Net Book Value at 31st March 2025

	31-Mar 2025 £000's	31-Mar 2024 £000's
Infrastructure assets	15,374	10,227
Other Property Plant and Equipment assets	734,215	718,337
Net Book Value 31st March 2025	749,589	728,564

Note 15. Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	2024/25 £000	2023/24 £000
Balance at start of the year	45,637	48,084
Additions	31,637	-
Reclassification	1,483	166
Net gains/(losses) from fair value adjustments	(35,460)	(2,613)
Disposals	(115)	-
Balance at end of the year	43,182	45,637

There are no restrictions on the Council's ability to realise the value inherent in its investment properties, or on the Council's right to the remittance of income and the proceeds of disposal.

The Council has no contractual obligations to purchase, construct, enhance or develop its investment properties.

The Council holds leases on its investment properties that are either 'Full Repairing and Insuring' leases or 'Internal Repairing' leases. 'Full Repairing and Insuring' leases are those where the tenant is responsible for performing all the repairs and maintenance on the internal and external structure of the leased properties. The Council has an obligation to perform ad-hoc repairs and maintenance on the external structure of its investment properties held under 'Internal Repairing' leases.

Note 16. Fair Value Measurement of Property Assets

Fair Value Hierarchy

Details regarding the fair value of the Council's Surplus Assets, Investment Properties and Assets Held for Sale are as follows:

Recurring fair value measurements:	31-Mar-25			31-Mar-24		
	Other significant observable Inputs	Significant unobservable Inputs	Total Fair Value as at 31-Mar-25	Other significant observable Inputs	Significant unobservable Inputs	Total Fair Value as at 31-Mar-24
	(Level 2) £000's	(Level 3) £000's	£000's	(Level 2) £000's	(Level 3) £000's	£000's
Surplus Assets						
Commercial development sites	-	26,415	26,415	-	35,110	35,110
Residential development sites	-	-	-	-	650	650
Other	-	553	553	-	212	212
Total (Note 14)	-	26,968	26,968	-	35,972	35,972
Investment Properties						
Commercial units	-	25,381	25,381	-	25,040	25,040
Retail units	3,381	7,054	10,435	2817	5729	8,546
Car parks	58	1,893	1,951	68	2,297	2,365
Residential development sites	-	472	472	66	425	491
Offices	4,605	-	4,605	6,907	-	6,907
Other	228	110	338	2,195	93	2,288
Total (Note 15)	8,272	34,910	43,181	12,053	33,584	45,637
Assets Held for sale						
Residential development sites	-	-	-	-	-	-
	8,272	61,878	70,149	12,053	69,556	81,609

The Council does not hold any property assets that have quoted prices in active markets for identical assets, and as such no assets have been categorised as Level 1 assets. No transfers have been made between Level 1 and 2 during the 24/25 financial year.

Valuation Techniques used to Determine Level 2 and 3 Fair Values

The Council's Surplus Assets and Investment Properties are valued by the Council's external valuers in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution for Chartered Surveyors, and the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

The Council's external valuers work closely with the Council's estates officers and meet with finance officers on a regular basis to provide details on all valuation matters. Formal valuation reports are produced by the external valuers which are reviewed by the finance officers and then discussed with the Council's Chief Financial Officer.

The fair value of the Surplus Assets and Investment Properties has been measured using the market valuation approach. This approach takes account of quoted prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, the covenant strength for existing tenants and data and market knowledge gained in valuing the Council's asset portfolio.

Level 2 Valuations

The fair value for the Council's retail units and other assets has been valued using the market valuation approach based on the term and reversion valuation. This involved assessing the net rents and comparing them to transactions for similar properties, allowing for factors such as lease terms and location. The significant observable inputs in the valuation of these assets include: inspection of the assets, review of the detailed lease terms, strength of covenant, review of the likelihood of voids and rental growth, yield evidence from comparable transactions adjusted appropriately and other inputs.

The fair value for the Council's Assets Held for Sale properties has been valued using the market valuation approach based on offers received that are subject to contract.

Level 3 Valuations

Type	Significant unobservable inputs	Relationship between unobservable inputs to fair value
Commercial Units Retail Units Car Parks Other Assets	<ul style="list-style-type: none"> Yield evidence Repair and condition (e.g. contamination) Unusual properties where little comparable evidence exists 	<p>Ground rents are sensitive to change in income and yield. The higher the yield the lower the fair value.</p> <p>Other ground rents are based on a percentage of the rack rental value or rents received so these rents can fluctuate annually. The higher the rack rental value/rents received the higher the fair value.</p> <p>Repair and decontamination costs are based on gross estimates where detailed costings are unavailable. An increase in these repair costs would lead to a decrease in the fair value.</p>
Commercial Development Sites Residential Development Sites	<ul style="list-style-type: none"> Estimation of the gross development values Estimation of the timing and completion of development Physical constraints relating to the assets Access to directly comparable land transaction evidence 	<p>Most development sites are stand alone with their own distinct characteristics.</p> <p>Information on these sites is more specialist and is based on gross development values and gross development costs using the RICS building cost indices.</p> <p>A decrease in the gross development value would lead to a decrease in the fair value.</p> <p>A decrease in the gross development costs would lead to an increase in the fair value.</p>

Highest and Best Use

In estimating the fair value of the Council's Surplus Assets and Investment Properties for most of these assets, the highest and best use of the properties is deemed to be their current use.

In the case of 1 Investment Property Asset, the Council's external valuers have identified the highest and best use to be as commercial/residential development site rather than as their current use.

In the case of 2 Surplus Assets, the Council's external valuers have identified their highest and best uses to be as commercial/residential development sites rather than as their current uses.

Reconciliation of Fair Value Measurements using significant unobservable inputs categorised within Level 3 of the Fair Value Hierarchy

	Commercial Units	Retail Units	Car parks	Residential Development sites	Other	Total
	£000's	£000's	£000's	£000's	£000's	£000's
Investment Properties						
Balance as at 31 March 2023	26,368	6,033	2,419	467	98	35,385
Transfers into level 3	-	-	-	-	-	-
Transfers out of level 3	-	-	-	-	-	-
Total gains or (losses) for the period included in the surplus/deficit on the provision of services	(1,327)	(304)	(122)	(42)	(5)	(1,800)
Balance at at 31 March 2024	25,041	5,729	2,297	425	93	33,585
Transfers into level 3	248	-	-	-	-	-
Transfers out of level 3	-	-	-	-	-	-
Additions	-	31,637	-	-	-	-
Disposals	(108)	-	-	-	-	-
Transfers	-	1,483	-	-	-	-
Total gains or (losses) for the period included in the surplus/deficit on the provision of services	(2,666)	(33,178)	112	17	9	-
Balance at at 31 March 2025	22,515	5,671	2,409	442	102	33,585

Gains or losses arising from changes in the fair value of Surplus Assets are recognised in the Non-Distributed Costs line within the Comprehensive Income and Expenditure Statement.

Gains or losses arising from changes in the fair value of Investment Properties are recognised in the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement.

Surplus Assets: Level 3

	Commercial Development Sites	Residential Development Sites	Other
	£'000	£'000	£'000
Balance as at 31 March 2023	35,983	610	253
Gains/(Losses) taken to the Revaluation Reserve during the year	(873)	-	-
Gains/(Losses) taken to the Surplus/Deficit during the year	-	-	-
Transfers	-	-	-
Depreciation charges	-	-	-
Impairment losses	-	-	-
Balance as at 31 March 2024	35,110	610	252
Gains/(Losses) taken to the Revaluation Reserve during the year	(8,789)	(410)	302
Gains/(Losses) taken to the Surplus/Deficit during the year	93	(200)	-
Transfers	-	-	-
Depreciation charges	-	-	-
Impairment losses	-	-	-
Balance as at 31 March 2025	26,415	-	554

Note 17. Capital Expenditure and Financing

Movements in Capital Financing Requirement in the year

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue, the expenditure results in an increase to the Capital Financing Requirement (CFR), which is the total historic capital expenditure that has not been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying need for borrowing. The movement in the CFR is analysed in the second part of this note.

	2024/25 £000's	2023/24 £000's
Opening Capital Financing Requirement 1 April	237,280	217,769 (1,018)
<i>Capital Investment</i>		
Property, Plant and Equipment	48,393	44,352
Investment Properties	31,637	-
Heritage Assets	84	-
Intangible assets	-	-
Revenue Expenditure Funded from Capital under Statute (REFCUS)	4,055	4,113
Long Term Debtors	81	132
<i>Sources of finance</i>		
Capital receipts	(5,209)	(5,102)
Government grants and other contributions	(8,034)	(7,010)
Grants and contributions towards REFCUS	(3,801)	(3,829)
HRA Major Repairs Reserve	(6,000)	(5,827)
Sums set aside from revenue and reserves	(4,250)	(3,398)
Repayment of loan	-	-
Minimum Revenue provision	(2,543)	(2,869)
Aborted Projects	(30)	(33)
Closing Capital Financing Requirement 31 March	291,663	237,280

Capital Commitments

As of 31 March 2025, the authority has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2025/26 and future years budgeted to cost £11.4m. Similar commitments as of 31 March 2024 were £12.4m.

The major commitments are:

- Decent Homes – heating installation – £3.8m
- Decent Homes – refurbishments of dwellings – £1.3m
- Decent Homes – Disabled adaptations - £0.8m
- Decent Homes – Decarbonisation - £1.7m
- New Builds - £0.5m
- Digital Forum (Queen Street) - £1.5m
- Decent Homes - windows – £1.8m

Note 18. Financial Instruments

Categories of Financial Instruments

The following categories of Financial Instruments are included in the Council's Balance Sheet.

The cash and cash equivalents balance of (£13.837m) at 31 March 2025 £18.704m at 31 March 2024 includes any bank overdraft balances.

Items of Income, Expense, Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

	2024/25			2023/24		
	Liabilities measured at amortised cost £000's	Assets measured at amortised cost £000's	Totals £000's	Liabilities measured at amortised cost £000's	Assets measured at amortised cost £000's	Totals £000's
Interest expense	7,948	-	7,948	6,209	-	6,209
Total expense in Surplus/Deficit on Provision of Services	7,948	-	7,948	6,209	-	6,209
Interest income	-	(8,273)	(8,273)	-	(2,835)	(2,835)
Other investment income - dividends	-	-	-	-	-	-
Total income in Surplus/Deficit on Provision of Services	-	(8,273)	(8,273)	-	(2,835)	(2,835)
Net (gain)/loss for the year	7,948	(8,273)	(325)	6,209	(2,835)	3,374

Fair Value of Financial Assets and Liabilities

The fair value disclosures for Financial Assets and Liabilities, are used as a comparison to the carrying value disclosed in the Council's Balance Sheet, providing the market value of such assets and liabilities at the end of the financial year.

The fair values are estimated by calculating the present value of cashflows that will take place over the remaining term of the financial instrument (Fair value hierarchy level 2). The applicable discount rates were provided by the Council's Treasury Management Advisors – MUFG Corporate Markets.

The fair values calculated are as follows:

The short-term debtors balance disclosed above excludes the following debtor balances – NNDR, Council Tax, Housing Benefits, balances with Her Majesty's Revenue & Customs and Payments made in advance.

	31-Mar-25		31-Mar-24	
	Book Value £000's	Fair Value £000's	Book Value £000's	Fair Value £000's
Investments	6	6	6	6
Debtors - Amortised Cost	5,920	5,920	5,892	5,892
Long-term Assets	5,926	5,926	5,898	5,898
Short-term Investments				
Bank deposits < 3 months - Amortised Cost	33,133	33,133	10,095	10,095
Cash - Amortised Cost	(3,270)	(3,270)	8,609	8,609
Debtors - Amortised Cost	16,958	16,958	13,152	13,152
Short-term Loans	-	-	-	-
Other financial assets at amortised cost	46,821	46,821	31,856	31,856
Total Financial Assets	52,747	52,747	37,754	37,754

	31-Mar-25		31-Mar-24	
	Book Value £000's	Fair Value £000's	Book Value £000's	Fair Value £000's
Short Term Creditors - Amortised Cost	(35,672)	(35,672)	(35,060)	(35,060)
Public Works Loan Board - Amortised Cost	(43,700)	(43,769)	(700)	(710)
Local Authority loans	(5,000)	(5,000)	(9,000)	(9,000)
LOBO Loans	(1,500)	(979)	(1,500)	(1,112)
Other borrowing	(1,366)	(1,366)	-	-
Short Term Financial liabilities at amortised cost	(87,238)	(86,786)	(46,260)	(45,882)
Public Works Loan Board - Amortised Cost	(131,394)	(86,670)	(131,394)	(95,398)
Other borrowing	(9,000)	(7,330)	(9,000)	(8,046)
LongTerm Liabilities at amortised cost	(140,394)	(94,000)	(140,394)	(103,444)
Total Financial Liabilities	(227,632)	(180,786)	(186,654)	(149,326)

The short-term creditors balance disclosed above excludes the following creditor balances – NNDR, Council Tax, Housing Benefits, balances with Her Majesty's Revenue & Customs and Receipts made in advance.

The fair value of the Council's financial assets is the same as the carrying value of its investments; this reflects the Council's low risk investment strategy as approved by the Council in February 2024.

The book value of the Council's borrowings is greater than the carrying value because this reflects the fact that the average interest rate is higher than the current interest rate of similar loans in the market at the Balance Sheet date for new borrowings.

Short-term debtors and creditors are carried at cost, as this is fair approximation of their value as the Council does not extend credit terms to customers.

Impairment on Financial Assets

A default assessment has been made on the Council's investments in line with IFRS 9 – Financial Instruments, due to both the low risk and short-term nature of investments; the financial impact of default is deemed to be immaterial.

Council debtors as reported in Notes 19 and 23 have also been evaluated for economic default and the bad debt provisions have been altered as appropriate.

	2024/25			2023/24		
	Liabilities measured at amortised cost £000's	Assets measured at amortised cost £000's	Totals £000's	Liabilities measured at amortised cost £000's	Assets measured at amortised cost £000's	Totals £000's
Interest expense	7,948	-	7,948	6,209	-	6,209
Total expense in Surplus/Deficit on Provision of Services	7,948	-	7,948	6,209	-	6,209
Interest income	-	(8,273)	(8,273)	-	(2,835)	(2,835)
Other investment income - dividends	-	-	-	-	-	-
Total income in Surplus/Deficit on Provision of Services	-	(8,273)	(8,273)	-	(2,835)	(2,835)
Net (gain)/loss for the year	7,948	(8,273)	(325)	6,209	(2,835)	3,374

Soft Loans

The Council has made the following interest free loans:

- Loans to private sector occupiers for home improvements
- Loan to 'Our Colchester' – the company for the Colchester Business Improvement District.

Loans to Private Sector Occupiers

Loans are advanced to private sector occupiers for home improvements under the Council's Financial Assistance policy. The loans are secured against the relevant property and repayable on sale.

In line with the Council's accounting policies, on the advance of a new loan, the Comprehensive Income and Expenditure Account is charged with the interest foregone over the life of the loan; and associated notional interest receivable credited to the Comprehensive Income and Expenditure Account.

Nature and Extent of risks arising from Financial Instruments

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


- Credit risk – the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments
- Re-financing risk – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms
- Market risk – the possibility that financial loss might arise for the Council because of changes in such measures as interest rates or stock market movements.

Overall procedure for managing risk

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services.

The procedures for risk management are set out through a legal framework based on the Local Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance issued through the Act. Overall, these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice
- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations
- by approving annually in advance prudential and treasury indicators for the following three years, limiting:
 - The Council's overall borrowing
 - Its maximum and minimum exposures to fixed and variable rates
 - Its maximum and minimum exposures to the maturity structure of its debt; and
 - Its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with Government guidance; and
- by approving a long-term Capital Strategy to provide a view of how the Council's long term capital investment and associated financing has an impact on the treasury management strategy and the Medium-Term Financial Plan.

These are required to be reported and approved at or before the Council's annual Council Tax setting budget or before the start of the year to which they relate. They are reported with the annual Treasury Management Strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is reported in a mid-year update, and at the end of each financial year. 

Risk management is carried out by the Technical Accounting team, under policies approved by the Council in the annual Treasury Management Strategy. The Council approves written principles for overall risk management, as well as approving policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash.

Credit Risk

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

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard and Poor's Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.

The Council uses the creditworthiness service provided by MUFG Corporate Markets. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies (Fitch, Moody's and Standard and Poor's) forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies
- CDS spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries
- credit ratings of short-term F1, long-term A- (Fitch or equivalent rating), with the lowest available rating being applied to the criteria
- UK institutions provided with support from the UK Government; and
- Building Societies that meet the ratings for banks

The Council's maximum exposure to credit risk in relation to its investments in financial institutions of £33.133m (31 March 2024 £10.095m). In line with the new accounting requirements a default review of the financial institution the Council invests with as at 31 March 2025 and the financial impact of potential default was immaterial, due to the low risk nature of the Council's investment policy.

The impact of Covid-19 has created additional risks and uncertainty within the economy however these risks are mitigated due to the Council's Treasury Management Strategy. The full Investment Strategy for 2024/25 was approved by Full Council in early 2024 and is available on the Council's website.

In line with the requirements of IFRS 9 - Financial instruments, an assessment has been made on the impact of economic default for any Council debt outstanding, and the provision for bad debts increased accordingly.

Liquidity risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the Treasury, Investment Strategy and Capital Strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

	31-Mar-25 £000's	31-Mar-24 £000's
Repayable between: less than one year	50,200	10,000
between 1 and 2 years		
	50,200	10,000

The Council has ready access to borrowings from the money markets to cover any day-to-day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its long-term commitments under financial instruments.

All sums owing on investments of £33.133m (31 March 2024 £10.095m) are due to be paid in less than one year.

Refinancing and Maturity risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer-term financial liabilities and longer-term financial assets.

The approved treasury indicator limits for the maturity structure of debt, and the limits on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council-approved treasury and investment strategies address the main risks, and the Technical Accounting team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's Day to day cash flow needs, and the spread of longer-term investments provide stability of maturities and returns in relation to the longer-term cash flow needs.

The maturity analysis of financial liabilities showing the maximum and minimum limits for fixed interest rates maturing in each period (as approved by the Council as part of the Treasury Management Strategy) is as follows:

	31-Mar-25		31-Mar-24	
	£000's	%	£000's	%
Less than one year	50,200	26.34	19,500	12.86
Between one and two years	-	-	700	0.46
Between two and five years	3,000	1.57	-	0.00
Maturing in five to ten years	7,500	3.94	8,500	5.61
Maturing in more than ten years	129,894	68.15	122,894	81.07
Total	190,594	100.00	151,594	100

This analysis assumes that the maturity dates for the Council's LOBO (Lender Option Borrower Option) loans is the next call date. They are therefore all included as short-term debt.

Market risk

Interest rate risk

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

- 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 the borrowing will fall (no impact on revenue balances).
- 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 (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Council has several strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set, which provides maximum limits for fixed and variable interest rate exposure. The Technical Accounting team monitor market and forecast interest rates within the year to adjust exposures appropriately. For example, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long-term returns, similarly the drawing of longer-term fixed rate borrowing would be postponed.

According to this assessment strategy, at 31 March 2025, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would have been:

	31-Mar-25 £000's	31-Mar-24 £000's
Increase in interest receivable on variable rate investments	(511)	(926)
Increase in interest payable on borrowings (all Council borrowing is at fixed rate)	-	-
Impact on Surplus/Deficit on Provision of Services	(511)	(926)
Decrease in fair value of fixed rate borrowings liabilities (no impact CIES)	(12,075)	(13,928)
Share of overall impact credited to the HRA	(680)	(388)

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the disclosures on the Fair Value of Assets and Liabilities carried at Amortised Cost.

Note 19. Long Term Debtors

These are debtors which fall due over a period of at least one year. They comprise finance lease debtors and advances made under the Financial Assistance Policy for Private Sector Housing.

	31-Mar-25 £000	31-Mar-24 £000
Improvement of Private Sector Houses	1,143	1,096
Finance Lease Debtors	4,761	4,780
Colchester Amphora Energy Limited	-	-
Other Loans	16	16
Total	5,920	5,892

Interest free advances have been made under the Financial Assistance Policy for Private Sector Housing. These are secured against the property and repayable on sale. The 'loss' for

interest foregone is calculated based on the current market rate at the end of the year in which the advance is recognised for an equivalent loan and using an assumed average life for the loans. The reduced loans balance thus created will be written back up to full value over the life of the loans.

Note 20. Investment in Subsidiaries

As of 31 March 2025 the Council provided £1.580m of equity investment into the following company:

	Class of share	Holding	31-Mar-25 £000	31-Mar-24 £000
Colchester Commercial Holdings Limited	Ordinary	100%	1580	1580

Note 21. Assets held for sale

	2024/25 £000	2023/24 £000
Carrying Amount 1 April	-	560
Assets newly classified as Assets Held for Sale	-	-
Asset disposals	-	(560)
Assets reclassified	-	-
Total Assets Held for Sale	-	-

Note 22. Inventories

	31-Mar-25 £000	31-Mar-24 £000
Beauty	9	11
Equipment	29	20
Food & Drink	38	29
Fuel	40	34
information	26	29
Protective clothing	15	14
Retail	48	45
Stationery	1	1
Trade Bins	18	26
	224	209

Note 23. Short-term Debtors

	31-Mar-25 £000	31-Mar-24 £000
Grants and Taxes	3,246	1,013
Trade Debtors	6,381	8,405
Prepayments	1,720	1,015
Housing Benefit Overpayments	374	446
NNDR ratepayers' arrears	1,661	665
Council Tax ratepayers' arrears	859	278
Central Government	38	124
Other Local Authorities	2,408	1,080
NHS Bodies Grants	-	-
Other Debtors	271	126
	16,958	13,152

The above short-term debtor values are presented net of impairments (allowances for non-collection). The Council's total provision for non-collection of debt is £8.0 million as at 31 March 2025 (£8.3 million as at 31 March 2024).

Note 24. Cash and Cash Equivalents

	31-Mar-25 £000	31-Mar-24 £000
Cash	10	10
Call Accounts and short-term deposits	33,133	10,095
Bank Balance (Overdraft)	(3,280)	8,599
	29,863	18,704

Note 25. Short-term Creditors

	31-Mar-25 £000	31-Mar-24 £000
Amounts falling due within one year:		
Trade Creditors	(13,609)	(15,891)
Receipts in Advance	(4,305)	(2,265)
Other Taxes and Social Security	(1,244)	-
Collection Fund Agency	-	(2,206)
NNDR Prepayments	(1,285)	(2,953)
Council Tax Prepayments	(543)	(505)
Central Government	(9,963)	(171)
Other Local Authorities	(1,266)	(5,437)
Other Creditors	(3,457)	(5,632)
Total short term creditors	(35,672)	(35,060)

Note 26. Provisions

	31-Mar-25 £000's	31-Mar-24 £000's
Non-Domestic Ratings Appeals Provision (see below)	(1,184)	(1,551)
Long term Provisions	(113)	(77)
Other Provision	-	-
Total Provisions	(1,297)	(1,628)

Non-Domestic Ratings Appeals Provision

As part of the Business Rates Retention scheme introduced from 1 April 2013, authorities are expected to meet the financial impact of successful appeals made against rateable values as defined by the Valuation Office Agency. As such, authorities are required to make a provision for these amounts.

	2024/25 £000	2023/24 £000
Balance at 1 April	(1,551)	(2,423)
RV list amendments charged against provision for appeals	799	1,292
Changes in provision for appeals	(432)	(420)
Balance at 31 March	(1,184)	(1,551)

The adjustments to the provision made in 2024/25 are based on appeals against 2017 and 2023 valuations that were shown as being outstanding on the Valuation Office list of March 2017 and 2023, and an estimate of likely appeals against the 2017 and 2023 valuations.

Note 27. Usable Reserves

Movements in the Council's usable reserves are detailed in the Movements in Reserves Statement.

Movement on Usable Reserves 2024/25	31-Mar-24 £000's	31-Mar-25 £000's	Movement £000's
General Fund Balance (Unallocated)	(6,917)	(5,796)	1,121
General Fund Earmarked Reserves	(22,709)	(23,116)	(22,710)
Housing Revenue Account Balance	(4,379)	(6,049)	(4,379)
Capital Reserves	(10,460)	(8,101)	(10,460)
Total Usable Reserves	(44,465)	(43,062)	(36,428)

Note 28. Unusable Reserves

Unusable reserves do not represent usable resources for the Council. These reserves are kept by the Council to manage specific accounting processes.

	31-Mar-25 £000's	31-Mar-24 £000's
Revaluation Reserve	(288,616)	(254,649)
Capital Adjustment Account	(216,983)	(286,714)
Pensions Reserve	(95,075)	(57,175)
Collection Fund Adjustment Account	(817)	(1,301)
Accumulated Absences Account	537	537
Deferred capital receipts	(4,561)	(4,561)
Financial instruments adjustment account	193	193
Total	(605,322)	(603,670)

Revaluation Reserve

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

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

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

	2024/25 £000's	2023/24 £000's
Balance 1 April	(254,649)	(255,279)
Net Gain on revaluation of assets	534	(6,128)
Accounting / Financing Adjustments:	-	-
Opening Balance Adjustment	(254,115)	-
Adjusted Balance 1 April	(40,272)	-
Accumulated gains on assets sold or scrapped	535	1,663
Depreciation charged to Revaluation Reserve	5,236	5,095
Balance 31 March	(288,616)	(254,649)

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.

This account is debited with the cost of acquisition, construction or enhancement as depreciation. Impairment losses and amortisation are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis).

This account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement. It contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council. The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 9 details the adjustments between accounting basis and funding basis under regulations and provides details of the source of all the transactions posted to this account, apart from those involving the Revaluation Reserve.

	2024/25 £000's	2023/24 £000's
Balance 1 April	(286,714)	(302,614)
Accounting / Financing Adjustments:	(534)	-
Adjusted Opening Balance 1 April	(287,248)	-
Write down Intangible Assets	-	-
Depreciation	14,443	13,733
Revaluations and impairment of non-current assets	49,087	27,439
Revaluation losses on heritage assets	84	-
Movements in value of Investment Properties	35,460	(2,613)
Non-current assets written off on disposal	1,751	6,581
Derecognition of components of non-current assets	960	-
Long Term Debtors	32	-
Revenue Expenditure Financed from Capital under Statute	4,055	4,113
Capital expenditure financed from revenue	(4,250)	(2,860)
Capital expenditure financed from Capital Receipts	(5,209)	(5,102)
Capital expenditure financed from Capital grants and contributions	(11,835)	(10,838)
Use of the Major Repairs Reserve to finance new capital expenditure	(6,000)	(5,827)
Minimum Revenue Provision	(2,543)	(2,869)
Accumulated gains on assets sold or scrapped	(535)	1,664
Depreciation charged to Revaluation Reserve	(5,236)	(7,521)
Impairment	-	-
Balance 31 March	(216,983)	(286,714)

Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to the pension fund, or eventually pays any pensions for which it is directly responsible. The balance on the Pensions Reserve can show as a debit or a credit, depending on the outcome of the above valuations, however it is currently in surplus. The statutory arrangements will ensure that funding will be set aside by the time the benefits come to be paid.

	2024/25 £000's	2023/24 £000's
Balance 1 April	(57,175)	(30,515)
Comprehensive Income & Expenditure:		
Remeasurement of the net defined benefit liability	(33,233)	(22,652)
Accounting / Financing Adjustments:	-	-
Reversal of items relating to retirement benefits debited or credited to the surplus/deficit on provision of services	1,423	2,933
Employer's pension contributions and direct payments to pensioners payable in the year	(6,090)	(6,941)
Balance 31 March	(95,075)	(57,175)

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets, but for which cash settlement has yet to take place. Under statutory arrangements the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

	2024/25 £000's	2023/24 £000's
Balance b/f	(4,561)	(4,608)
Transfer to Capital Receipts Reserve upon receipt of cash	-	47
Balance 31 March	(4,561)	(4,561)

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and Business Rates income in the Comprehensive Income and Expenditure Statement as it falls due, compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2024/25 £000's	2023/24 £000's
Balance 1 April	(1,301)	(351)
Difference between accounting and statutory credit for Council Tax	109	(52)
Difference between accounting and statutory credit for Non-Domestic Rates	375	(898)
Balance 31 March	(817)	(1,301)

Financial Instruments Adjustment Account

	2024/25 £000's	2023/24 £000's
Balance b/f	193	240
Statutory charge for discount		
Amount by which finance costs charged to the Comprehensive Income & Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	-	(47)
Balance 31 March	193	193

Accumulated Absences Reserve

	2024/25 £000's	2023/24 £000's
Balance b/f	537	537
Difference between accounting and statutory credit for holiday	-	-
Balance 31 March	537	537

Note 29. Cash Flow Statement – Operating Activities

Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities.

	2024/25 £000's	2023/24 £000's
Depreciation	14,443	13,734
Amortisation	-	-
Impairment and downward valuations	49,170	27,440
Increase/(decrease) in Interest Creditors	1,739	(2,126)
Increase (decrease) in Creditors	612	14,489
(Increase)/Decrease in Interest and Dividend Debtors	-	-
(Increase)/Decrease in Debtors	(3,806)	2,175
Increase in Inventories	(38)	(12)
(Decrease)/increase in Pension Liability	(4,667)	22,572
Contributions to Provisions	(245)	292
Carrying amount of non-current assets sold	2,711	(33)
Movement in Investment Property values	35,460	(2,613)
	95,379	75,918

Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities.

	2024/25 £000's	2023/24 £000's
Capital Grants credited to surplus or deficit on the provision of services	(11,835)	(280)
Proceeds from the sale of short and long term investments	-	1,037
Proceeds from the sale of property plant and equipment, investment property and intangible assets	(2,850)	(4,115)
	(14,685)	(3,358)

Note 30. Cash Flow Statement – Investing Activities

	2024/25 £000's	2023/24 £000's
Purchase of property, plant & equipment, investment property & intangible assets	(80,114)	(44,352)
Other capital payments	(4,137)	4,674
Other payments for investing activities	630	-
Proceeds from the sale of property, plant & equipment, investment property & intangible assets	2,850	-
Capital grants received	11,835	2,083
Revenue Grants Received	-	-
Proceeds from short term & long-term investments	-	(1,037)
	(68,935)	(38,632)

Note 31. Cash Flow Statement – Financing Activities

	2024/25 £000's	2023/24 £000's
Cash Receipts of Short & Long Term Borrowing	(982)	(5,000)
Cash payments for the reduction of the outstanding liabilities relating to finance leases & on-balance sheet PFI contracts	(455)	(75)
Repayments of short- & long-term borrowing	-	(27,250)
Other receipts /(payments) for financing activities	30,398	-
	28,961	(32,325)

Note 32. Business Improvement Districts

On 1 October 2018 the Our Colchester Business Improvement District was launched for a five-year period. A Business Improvement District (BID) is a defined area within which businesses pay an additional tax or fee to fund projects within the district's boundaries. On 1 October 2023 a new five-year BID agreement was launched, covering an expanded geographic area. The council acts as agent for Our Colchester BID by billing and collecting the additional tax. Business Improvement District, for which it is paid an annual fee of £14,568 (2022/23 £14,568) – both these charges relate to the origin BID, the charge for the new BID will be £13,300pa.

	2024/25 £000's	2023/24 £000's
Billed	460	(458)
Collected	432	410
Paid over to Our Colchester Bid	496	463

Note 33. Members Allowances and Expenses

The Council paid the following amounts to Members of the Council during the year, and these are included within the 'Corporate and Democratic Core' line in the Comprehensive Income and Expenditure Statement.

	2024/25 £'000's	2023/24 £'000's
Allowances	574	584
Expenses	2	3
	576	587

Note 34. Officers Remuneration

Post holder information (Post Title)	Salary, Fees and Allowances £	Employer's Pension Contributions £	Total Remuneration £
Financial Year 2024/25			
Chief Executive	141,906	30,084	171,990
Executive Director (Deputy Chief Executive)	128,800	27,306	156,106
Chief Operating Officer	113,300	24,020	137,320
Chief Finance Officer (S151 Officer)	86,060	18,245	104,305
Strategic Director (Assoc Director of Alliance Integrated Strategic Partnerships)	99,506	21,095	120,601
Strategic Director	99,506	21,095	120,601
Strategic Director	99,506	21,095	120,601
Monitoring Officer	91,313	19,358	110,671
Returning Officer	30,734	-	30,734
	890,631	182,297	1,072,928

The Previous S151 Officer Left 07/02/25 and this was a shared role with Epping Forest DC

The Current S151 Officer started on 10/02/25

Post holder information (Post Title)	Salary, Fees and Allowances £	Employer's Pension Contributions £	Total Remuneration £
Financial Year 2023/24			
Chief Executive (Head of Paid Service)	130,553	7,891	138,444
Deputy Chief Executive (Note 1 below)	108,015	13,388	121,403
Chief Operating Officer	89,799	18,307	108,106
Strategic Director	75,699	8,318	84,017
Strategic Director	87,518	9,616	97,134
Strategic Director	84,742	9,616	94,358
Monitoring Officer	79,464	8,731	88,195
Service Director - Joint ICT & Transformation Management (Note 2 below)	42,524	-	42,524
Director of Finance & Section 151 Officer (Note 3 below)	58,943	-	58,943
Returning Officer	11,154	-	11,154
	768,411	75,867	844,278

Note 1: Deputy Chief Executive was in this post from 5 January 2023.

Note 2: Shared Director with Epping Forest District Council (EFDC) 50/50 until October 2023, then shared 1/3 each between CCC, EFDC & Braintree District Council. EFDC employs this Director and recharges the other councils.

Note 3: Shared Director with Epping Forest District Council 50/50. EFDC employs this Director and recharges the Council.

Number of Officers with a Salary greater than £50,000

	2024/25	2023/24
£50,000 - £54,999	11	6
£55,000 - £59,999	4	1
£60,000 - £64,999	5	5
£65,000 - £69,999	2	4
£70,000 - £74,999	4	2
£75,000 - £79,999	3	5
£80,000 - £84,999	5	-
£85,000 - £89,999	-	-
£90,000 - £94,999	1	-
£95,000 - £99,999	-	-
Over £100,000	-	-
	35	23

Note 35. Termination Benefits

The total cost of exit packages includes the payments made to individuals and payments to the pension fund authority in respect of strains on the pension fund (curtailment costs). Total cost of exits includes payments to individuals of £225,775 in 2024/25 (£28,526 in 2023/24). There were no payments to the pension fund authority in 2024/25 (£79,421 in 2023/24) in respect of strains on the pension fund.

2024/25	Number of compulsory redundancies	Number of other agreed departures	Total number of exit packages by cost band	Total cost of exit packages
Exit packages cost band (including special payments)				£
£0 - £20,000	4	8	12	41,188
£20,001 - £40,000	1	4	5	76,013
£40,001 - £60,000	1	1	2	108,574
Total cost included in bandings				225,775
Add: Adjustments to accruals made in previous financial years relating to payments made to individuals				-
Add: Pension strains paid in the year which relate to individuals who left in previous financial years				-
Total Exit Costs				225,775

2023/24	Number of compulsory redundancies	Number of other agreed departures	Total number of exit packages by cost band	Total cost of exit packages
Exit packages cost band (including special payments)				£
£0 - £20,000	5	-	5	7,285
£20,001 - £40,000	1	-	1	21,072
Total cost included in bandings				28,357
Add: Adjustments to accruals made in previous financial years relating to payments made to individuals				(79,252)
Add: Pension strains paid in the year which relate to individuals who left in previous financial years				79,421
Total Exit Costs				28,526

Note 36. External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections provided by the Council's external auditors. Non-audit services relating to the National Fraud Initiative were provided by the Cabinet Office.

	2024/25 £000	2023/24 £000
External audit services	206	189
Certification of grant claims and returns	-	16
Total	206	205

Note 37. Grant Income

Credited to Services

	2024/25 £'000's	2023/24 £000's
DWP Grants for Benefits		
Rent Allowances and Rent Rebates	(32,517)	(33,723)
Administration	(393)	(400)
Other	(189)	(241)
Department of Levelling Up, Housing and Communities (DLUHC)		
Rough Sleeper Accommodation Grant	(461)	(384)
Homelessness Prevention Grant	(1,271)	(1,420)
Benefits Administration	(3)	-
Asylum Dispersal Grant	(548)	(245)
Domestic Abuse	(36)	(36)
Energy Bills Support	-	(226)
New Burdens	-	(18)
Changing Places	(154)	-
Apprenticeship Levy Income	(109)	(80)
Right to Buy Admin Grant	(18)	(23)
Local Authority Treescape Fund	(108)	(50)
UK Shared Prosperity Fund	(738)	(436)
Arts Council England (ACE)	(396)	(398)
Joint Finance Contributions	(1,150)	(45)
Essex County Council	(2,980)	(2,641)
Essex Police and Crime Commissioner	4	(500)
Essex Fire and Rescue	-	(32)
Other Local Authorities	(931)	(902)
Colchester Primary Care Trust	(351)	(443)
Disabled Facilities Grant	(1,194)	(1,140)
Department for Environment, Food and Rural Affairs (DEFRA)	(157)	(174)
s106 Contributions	(231)	(1,039)
NNDR Administration Grant	(239)	(241)
Other Grants and Contributions (non Government)	(412)	(1,331)
Other Miscellaneous Grants	(263)	(178)
Total within Cost of Services	(44,845)	(46,346)

Credited to Taxation and Non-Specific Grants

Revenue	2024/25 £'000	2023/24 £000
COVID 19 Local Authority Support	-	-
Revenue Support Grant	(220)	(204)
New Burdens Grant	-	-
New Homes Bonus	(634)	(1,995)
Lower Tier Services Grant	(1,292)	(441)
Business Rates Grant (s31)	(6,371)	(6,576)
Local Council Tax Support Admin Grant	(223)	(233)
Other Non-Specific Grants	(1,313)	(76)
	(10,053)	(9,525)
Capital		
Department of Levelling Up, Housing and Communities (DLUHC)	(3,573)	(184)
Local Authority Housing Fund	(680)	(173)
Essex County Council (including South East Local Enterprise Partnership)	(2,327)	(1,384)
s106 Contributions	(467)	(1,261)
Department for Environment, Food and Rural Affairs (DEFRA)	(196)	(15)
Office of Gas & Electricity Markets (OFGEM)	-	(20)
Town Deal	(3,321)	(3,359)
Other	(1,271)	(234)
Total Capital Grants within Taxation and Non-Specific Grant Income	(11,835)	(6,630)
Total within Taxation and non-specific grant income	(21,888)	(16,155)
Total income from grants and contributions	(66,733)	(62,501)

Note 38. Related Parties

The Council is required to disclose transactions with related parties, bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council.

Disclosure of these transactions and arrangements show 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 operate freely with the Council.

UK Government

UK Government has significant influence over the general operations of the Council. It is responsible for the statutory framework under which the Council operates, provides funding in the form of grants and prescribes the terms for many of the Council's material transactions with other parties (for example Council Tax billing, Business Rates billing, Housing Benefit administration). Grants received from UK Government are disclosed at Note 32.

Elected Members of the Council

Members of the Council have direct control over the Council's financial and operating policies. Total Members' allowances and expenses are disclosed in Note 28.

Senior Officers at the Council

Senior officers at the Council are able to influence the Council's financial and operational policies, within the provisions of the Council's regulations and schemes of delegation. Remuneration of the Council's senior officers is shown in Note 29.

Transactions with related parties that are not fully disclosed elsewhere in the Statement of Accounts arose as follows:

Related Party	2024/25		2023/24	
	Expenditure £000	Income £000	Expenditure £000	Income £000
Colchester Commercial Holdings Limited	1,356	431	1,799	830
Colchester Amphora Trading Limited	770	349	709	172
Colchester Amphora Homes Limited	23	3	64	-
Colchester Amphora Energy Limited	1,148	-	36	1
Colchester Mercury Theatre Limited	170	73	522	63
Parish Councils	1,823	54	1,354	78
Essex County Council	2,957	3,300	3,586	3,100
	8,247	4,210	8,070	4,244

Note 39. Leases

In 2024/25 the authority is required to apply IFRS 16 Lease as mandated by the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the new requirements is that for arrangements previously accounted for as operating leases (i.e. without recognising the leased property as an asset and future rents as a liability) a right-of-use asset and a lease liability are to be brought into the Balance Sheet at 1 April 2024. Leases for items of low value and leases that expire on or before 31 March 2025 are exempt from the new arrangements.

At the time of publication, the implementation work for IFRS 16 is still ongoing. As a result, this disclosure note is provisional and may be subject to change in the final audited Statement of Accounts for 2024/25. Updates will be provided once the full impact of the standard has been assessed and the necessary accounting entries confirmed.

Finance Leases – Council as Lessee

Right-of-use assets As 2024/25 is the first year of new lease accounting arrangements, reliable comparative figures for 2023/24 are not available

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

	Land and Buildings £000's	Investment Properties £000's	Vehicles, Plant and Equipment £000's	Total £000's
Balance at 1 April 2024	-	282	74	356
Additions	-	31,637	-	31,637
Revaluations	-	(31,637)	-	(31,637)
Depreciation charge	-	-	(10)	(10)
Disposals	-	-	-	-
Balance at 31 March 2025	-	282	64	346

Right of Use Asset - Colchester Northern Gateway Leisure Park. As part of the Council's implementation of IFRS 16 Leases, the Colchester Northern Gateway Leisure Park has been recognised on the Council's Balance Sheet for the first time in the 2024/25 financial year as a right-of-use asset, reflecting the Council's lease obligations under the annuity lease arrangement.

A right-of-use asset and corresponding lease liability of £31.637 million were initially recognised on the Balance Sheet as at 1 April 2024, reflecting the present value of lease payments over the 35-year lease term.

As at 31 March 2025, the Council's external valuers carried out a professional valuation of the asset, assessing its fair value as de minimis (£0). This has led to a corresponding valuation loss of £31.637 million being recognised in the draft accounts for 2024/25. It should be noted that all valuations are subject to challenge as part of our normal financial review process. Further discussions with the valuers are ongoing, and the final reported valuation may be revised as a result of these discussions and the outcome of the external audit.

Lease transactions under leases

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

Comprehensive Income and Expenditure Statement	2024/25 £000s
Leases (within the scope of IFRS 16)	
Interest expense on lease liabilities	1,406
Principal element of lease payments that is applied to write down the lease liability	285
Leases (outside of the scope of IFRS 16)	-
Expenses relating to short-term liabilities	-
Expenses relating to leases of low value items (excluding short term leases)	-
Cash flow Statement	
Total cash outflow for leases	1,691

Maturity analysis of lease liabilities

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

Maturity analysis of lease liabilities	31-Mar-25 £000's	31-Mar-24 £000's
Less than one year	1,669	22
One to five years	8,183	-
More than five years	61,370	-
Total undiscounted liabilities	71,221	22

Finance Leases – Council as Lessor

The Council has a gross investment in the lease, made up of the minimum lease payments to be expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Council in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

	31-Mar-25 £000's	31-Mar-24 £000's
<i>Finance lease debtor (net present value of minimum lease payments)</i>		
Current	50	46
Non-current	4,473	4,511
Unearned finance income	70,032	70,436
Unguaranteed residual value of the property	-	17
	74,555	75,010

The gross investment in the lease over the following periods:

	31-Mar-25 £000's	31-Mar-24 £000's
Not later than one year	290	304
Later than one year and not later than five years	1,188	1,176
Later than five years	73,077	73,420
	74,555	74,900

Operating Leases – Council as Lessor

The Council leases out land and building properties to third parties under operating leases for the following purposes:

- For the provision of community services such as sports facilities and community centres; and
- For economic development purposes to provide suitable affordable accommodation for local businesses.

The future minimum lease payments receivable under non-cancellable leases in future years are:

	31-Mar-25 £000's	31-Mar-24 £000's
Not later than one year	1,955	2,052
Later than one year and not later than five years	7,252	7,522
Later than five years	111,474	113,155
	120,681	122,729

The minimum lease payments receivable does not include rents that are contingent on events taking place after the leases were entered into, such as adjustments following rent reviews. In 2024/25 a total of £1.3 million was recognised as contingent rental income in the Comprehensive Income and Expenditure Statement (2023/24: £1.4 million).

Note 40. Defined Benefit Pension Scheme

Participation in the Local Government Pension Scheme

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

The Council participates in the Local Government Pension Scheme, administered by Essex County Council. This is a funded defined benefit final salary scheme, meaning that the Council and its employees pay contributions into a fund, calculated at a level estimated to balance the pensions' liabilities with investment assets.

The pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pension Fund Committee of Essex County Council. Policy is determined in accordance with Pension Fund Regulations. Day-to-day administration of the fund is undertaken by a team within Essex County Council, and where appropriate some functions are delegated to the Fund's professional advisors.

Essex County Council consults with the fund actuary and other relevant parties in order to prepare and maintain the scheme's Funding Strategy Statement and the Statement of Investment Principles. These statements are amended when appropriate based on the scheme's performance and funding levels.

The principal risks to the Council of the scheme are:

- 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, their 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 values of the assets and liabilities may not move in the same way.
- Inflation risk – All of the benefits under the fund are linked to inflation and so deficits may emerge as the value of the fund assets are not linked to inflation.
- Longevity risk – a deficit could emerge if members of the scheme live longer than assumed in the actuarial estimations.
- Orphan liability risk – this emerges when employers leave the fund and there are insufficient assets to cover their pension obligations. This difference may then fall on the remaining employers within the scheme.

Costs of curtailments arise from the payment of unreduced pensions on the early retirement of Council employees. These costs are calculated at the point of exit of the employees by the scheme's actuary. Interest is applied to the accounting date and is accounted for separately from the curtailment costs.

Settlement costs arise when members are transferred from one employer to another during the financial year. The liabilities are settled at a cost that is different from the IAS 19 reserve, which results in gains or losses being made.

Transactions relating to Post-employment Benefits

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

	2024/25 £000's	2023/24 £000's
<i>Cost of Services:</i>		
Current service cost	4,360	4,326
Past Service Cost	98	49
<i>Financing and Investment Income and Expenditure:</i>		
Net interest expense	(3,204)	(1,617)
Pension fund administration expenses	169	175
<i>Other Comprehensive Income and Expenditure:</i>		
Re-measurement of the net defined benefit liability	(33,233)	40,310
Total charged to the Comprehensive Income and Expenditure Statement	(31,810)	43,243

Movement in Reserves Statement	2024/25 £000's	2023/24 £000's
Reversal of the net charges made to the Surplus/Deficit on the Provision of Services for post-employment benefits in accordance with the Code.	(1,423)	(2,933)
Employer's contributions payable to the scheme	6,090	6,941
Total charged to the Movement in Reserves Statement	4,667	4,008

Pension assets and liabilities recognised in the Balance Sheet

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

	31-Mar-25	31-Mar-24
	£000's	£000's
Present value of the defined benefit obligation	(196,945)	(223,440)
Fair value of plan assets (bid value)	294,814	282,997
Surplus /(Deficit)	97,869	59,557
Present value of unfunded obligation	(2,794)	(3,195)
Net defined benefit (liability) / asset	95,075	56,362

The above table shows the asset/liability position of the pension fund and shows the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. Depending on factors in play in the annual valuation this can fluctuate between being in an asset or liability position. Statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy even if the fund is in a liability position. Any deficit on the scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary. The Council is making an annual back-funding contribution designed to clear the liability over time. The position is reviewed annually and the contribution required is reassessed at each triennial valuation.

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	2024/25	2023/24
	£000's	£000's
Balance at 1 April	(223,440)	(220,999)
Current service cost	(4,360)	(4,326)
Interest cost	(10,724)	(10,418)
Change in financial assumptions	32,864	1,959
Change in demographic assumptions	-	3,054
Experience loss/(gain) on defined benefit obligation	-	(696)
Benefits paid net of transfers in	7,456	9,378
Past service costs	(98)	(49)
Contributions by scheme participants	(1,813)	(1,694)
Unfunded pension payments	364	351
Balance at 31 March	(199,751)	(223,440)

Reconciliation of the movements in fair value of the scheme assets

	2024/25	2023/24
	£000's	£000's
Balance at 1 April	280,603	251,514
Interest on assets	13,928	12,035
Return on assets less interest	369	18,817
Other actuarial gains/(losses)	-	-
Administration expenses	(169)	(175)
Contributions by employer	6,090	6,447
Contributions by scheme participants	1,813	1,694
Benefits paid net of transfers in	(7,820)	(9,729)
Balance at 31 March	294,814	280,603

Local Government Pension Scheme assets comprised:

	31-Mar-25		31-Mar-24	
	£000's	%	£000's	%
Equities	161,867	55	155,427	55.4
Gilts	4,469	2	5,013	1.8
Other bonds	-	-	-	-
Property	23,797	8	19,368	6.9
Cash	5,750	2	6,922	2.4
Alternative assets	44,437	15	42,662	15.2
Other managed funds	54,494	18	51,211	18
Total	294,814	100.0	280,603	100.0

Impact of Asset Ceiling

The asset ceiling is the present value of any economic benefit available to the Employer in the form of refunds or reduced future employer contributions. The calculation of the asset ceiling was done following IFRIC14.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, with estimates being based on the latest full triennial valuation of the scheme as of 31 March 2025.

The significant assumptions used by the actuary are:

	31-Mar-25	31-Mar-24
Mortality age rating assumptions (Life expectancy from the age of 65 years)		
<i>Current pensioners</i>		
Men	20.8	20.8
Women	23.3	23.3
<i>Future pensioners retiring in 20 years</i>		
Men	22.1	22.0
Women	24.8	24.7
Rate of RPI inflation	3.20%	3.25%
Rate of CPI inflation	2.90%	2.95%
Rate of increase in salaries	3.90%	3.95%
Rate of increase in pensions	2.90%	2.95%
Rate for discounting scheme liabilities	5.80%	4.90%

The amended International Accounting Standard 19 has replaced the expected rate of return and the interest cost with a single net interest cost. This effectively sets the expected return on assets equal to the discount rate applied to scheme liabilities.

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

Sensitivity analyses on the Present Value of the Defined Benefit Obligation

	£000's +0.5%	£000's +0.1%	£000's -0.1%	£000's -0.5%
Adjustment to discount rate				
Present value of total obligation	186,173	196,895	202,652	215,046
Projected service cost	2,725	3,188	3,443	4,007
Adjustment to long-term salary increases				
Present value of total obligation	200,719	199,932	199,547	198,798
Projected service cost	3,313	3,313	3,313	3,313
Adjustment to pension increases and deferred revaluation				
Present value of total obligation	214,444	202,539	197,004	186,690
Projected service cost	4,035	3,448	3,182	2,700
	<div>+ 1 Year</div>		<div>- 1 Year</div>	
Adjustment to life expectancy				
Present value of total obligation	207,272	192,520		
Projected service cost	3,438	3,191		

Impact on the Council's Cash Flows

The objectives of the scheme are to keep the Council's contributions at as constant a rate as possible. The Council has agreed a funding strategy with the scheme's actuary to repay the deficit over the next 18 years and 6 months. Funding levels are monitored on an annual basis.

The next triennial valuation will be based on data as at 31 March 2023 and will be implemented with effect from 1 April 2024

The total contributions expected to be paid by the Council to the pension scheme in the year to 31 March 2025 is £5.334m.

The actuary's estimate of the duration of the Employer's liabilities for 2024/25 is 17 years (2023/24: 20).

Housing Revenue Account

HRA Income and Expenditure Statement

	Notes	2024/25 £000's	2023/24 £000's
EXPENDITURE			
Repairs and Maintenance		8,100	8,449
Supervision and Management		12,391	11,560
Rents, Rates and Taxes		263	193
Depreciation	H9	6,000	5,827
Impairment		-	-
Revaluation Losses		43,746	20,673
Derecognition of Non-Current Assets		960	-
Debt Management Costs		98	63
Total Expenditure		71,558	46,765
INCOME			
Gross Rent from Council Dwellings		(33,841)	(30,088)
Non-Dwelling Rents		(1,392)	(1,155)
Charges for Services and Facilities		(3,932)	(3,313)
Reversal previous reval losses		(6)	(1,603)
Contributions towards Expenditure		(66)	(76)
Total Income		(39,237)	(36,235)
Net (Income)/Cost of HRA Services included in the Comprehensive Income & Expenditure Statement		32,321	10,530
Net Cost of HRA Services per I&E Account		585	542
Net Cost of HRA Services		32,906	11,072
HRA Share of Operating Income and Expenditure			
(Gain)/Loss on sale of HRA fixed assets		(827)	1,176
Increased Provision for Bad Debts		197	110
Interest Payable and similar charges		6,356	5,471
Interest and Investment Income		(680)	(694)
		37,952	17,135

Movement on the Housing Revenue Account Statement

The HRA Income and Expenditure Statement shows the Council's financial performance for the Housing Revenue Account over the last twelve months. However, the Council is required to maintain the Housing Revenue Account on a different accounting basis, the main differences being:

- Capital investment is accounted for as it is financed, rather than when the non-current assets are consumed.
- Retirement benefits are charged as amounts become payable to pension fund pensioners, rather than as future benefits earned.

This reconciliation statement summarises the differences between the outturn on the HRA Income and Expenditure Statement and the Housing Revenue Account Balance.

	2024/25 £000's	2023/24 £000's
Balance at 1 April	(4,379)	(4,581)
Movement in reserves during Year	-	-
(Surplus)/ deficit on provision of services	37,952	17,135
Total Comprehensive Income & Expenditure	37,952	17,135
Adjustments between accounting basis & funding basis under regulations (note 9 main accounts)	(39,622)	(16,933)
Net Increase/(Decrease) before Transfers to Earmarked Reserves	(1,670)	202
Transfers to/from Earmarked Reserves	-	-
Increase/(Decrease) in Year	(1,670)	202
Balance at 31 March carried forward	(6,049)	(4,379)

Notes to the Housing Revenue Account

H1. Dwelling Rents and Analysis of the Housing Stock

The Account shows the total rent income collectable for the year after an allowance has been made for empty properties. On 31 March 2025, 1.55% of lettable properties were vacant (1.55% on 31 March 2024).

The stock at the beginning and end of the year was made up as follows:

	31-Mar-25 £000's	31-Mar-24 £000's
	Total Stock	Total Stock
Analysis by Type of Dwelling		
Houses and Bungalows	3,005	3,015
Flats and Maisonettes	3,066	2,981
Total Dwellings	6,071	5,996
Analysis by Number of Bedrooms		
Bedsitters/1 bedroom	2,452	2,411
2 bedrooms	1,795	1,790
3 bedrooms	1,723	1,702
4 or more bedrooms	101	93
Total Dwellings	6,071	5,996

The changes in stock during the year can be summarised as follows

Stock as at 1 April 2024	5,996	5,929
Add: New Builds, Acquisitions, Conversions etc.	95	85
Deduct: Sales, Demolitions, Conversions etc.	(20)	(18)
Stock as at 31 March 2025	6,071	5,996

The most recent valuation of HRA dwellings that has been prepared was at 31 March 2025 and this is reflected in the valuation shown below:

	31-Mar-25 £000's	31-Mar-24 £000's
Council Dwellings (HRA)	483,384	455,598
Other Land and Buildings	18,619	15,078
Assets under Construction (held at Historic Cost)	17,558	19,680
Surplus Assets	-	610
Assets Held for Sale	-	-
Total	519,561	490,966

H2. Vacant Possession Value of the Housing Stock

The vacant possession value of the Council's HRA lettable dwellings as of 31 March 2025 was £1,276.9m (£1,119.2m as of 1 April 2024). The value represents the Council's estimate of the total sum that it would receive if all its dwellings were sold on the open market. The Balance Sheet value disclosed in Note H1 is calculated based on rents receivable on existing tenancies and is lower than the vacant possession value. This is because the existing tenancy rents are lower than what would be obtainable on the open market. The difference between the two values represents the economic cost of providing Council housing at below market rents.

H3. Non-Dwelling Rents

	31-Mar-25 £000's	31-Mar-24 £000's
Garages and other charges	(1,268)	(1,082)
Land and other buildings	(124)	(73)
Total	(1,392)	(1,155)

H4. Charges for Services and Facilities

Income totalling £0.133m from Supporting People charges in 2024/25 (2023/24: £0.111m) is shown under Charges for services and facilities.

H5. Major Repairs Reserve

	31-Mar-25 £000's 2023/24	31-Mar-24 £000's 2023/24
Balance brought forward	-	-
Amount Transferred to the Major Repairs Reserve During the Year	6,000	5,827
Financing of Capital Expenditure for the year	(6,000)	(5,827)
Balance Carried forward	-	-

H6. Pension Reserve

Under the full implementation of IAS 19 (see Note 40) expenditure reflects the current service cost of retirement benefits. The overall amount to be met from rent and Government subsidy remains unchanged.

H7. HRA Capital Financing

	2024/25 £000's	2023/24 £000's
HRA Capital Expenditure		
Dwelling Stock	22,921	17,194
New Build - Council Dwellings	6,118	7,307
Dwelling Acquisitions	8,758	14,431
Total Expenditure	37,797	38,932
Financed by		
Borrowing	20,639	20,732
Government Grants and Other Contributions	1,962	4,887
Capital Receipts	4,946	4,174
Revenue Contributions	4,250	3,312
Major Repairs Reserve	6,000	5,827
Total	37,797	38,932

Receipts from the sale of Council houses have increased in 2024/25. 18 tenants purchased their property under the Right to Buy Scheme/Rent to Mortgage Scheme in 2024/25 (18 in 2023/24). Under the Capital Receipts Pooling regulations which came into effect from 1 April 2012, Local Authorities are able to retain a greater proportion of the income they receive from the sale of dwellings. This is dependent on these additional receipts being reinvested in the

provision of new affordable housing, along with an allowance for the provision for repayment of HRA debt.

For the 2 financial years, 2023/24 and 2024/25, local authorities are permitted to retain the share of Right to Buy receipts that has been previously returned to the Treasury, therefore no payment was made to the Secretary of State during 2023/24 or 2024/25.

Summary of HRA Capital Receipts	2024/25 £000's	2023/24 £000's
Sale of Council Houses Direct	2,118	2,443
Other (including shared ownership)	350	560
Total	2,468	3,003

H8. Interest Payable

As part of the HRA reform arrangements in April 2012, the Council adopted a 'two pool' approach, which has resulted in the HRA being charged the actual borrowing rate for its attributable debt. This approach assumed that the HRA would be 'fully borrowed', however the Council's Treasury Management Strategy includes a policy of internal borrowing.

As the HRA is now borrowing to fund the Housing Investment Programme, it is recharged for the cost of new borrowing based on the average balance of unfinanced HRA debt during the year, using the PWLB variable rate as at 31 March of the previous year.

	2024/25 £000's	2023/24 £000's
HRA Interest Charge	6,356	5,471

H9. Depreciation Charges

	2024/25 £000's	2023/24 £000's
Council Dwellings	5,315	5,295
Other Land and Buildings	685	532
Vehicles, Plant and Equipment	-	-
Total	6,000	5,827

The Council is required to maintain a Major Repairs Reserve. The Council transfers an amount annually into the reserve to support spending on council dwellings. The reserve is only available for funding repairs of a capital nature or to repay debt. Any sums unspent are carried forward for use in future years.

H10. Rent Arrears

The arrears at 31 March 2025 totalled £1.538m. This excludes prepayments of £1.062m and is analysed as follows:

	31-Mar-25 £000's	31-Mar-24 £000's
Due from Current Tenants	1,041	995
Due from Former Tenants	497	441
Total Rent Arrears	1,538	1,436
Prepayments	(1,062)	(922)
Net Rent Arrears	476	514

These arrears include all charges due from tenants and leaseholders i.e. rent, service charges and other charges. The HRA has been setting aside funds into a provision to meet irrecoverable debts in respect of such arrears. As of 31 March 2025, the provision totalled £1.093m (31 March 2024: £1.206m).

H11. Revenue Balances

Out of the revenue balance of £6.049m, a sum of £2.049m has already been committed for future use.

	2024/25 £000's	2023/24 £000's
Revenue Balance at 1 April	4,379	4,581
Adjust for the Housing Revenue Accounts Surplus / (Deficit)	1,670	(202)
Revenue Balance at 31 March	6,049	4,379
Less: Committed Sum Investment in Housing Stock 2025/26 and Future Years	(2,049)	(2,779)
Estimate Balance Carried Forward	-	-
Uncommitted Balance	4,000	1,600

H12. Capital Expenditure Charged to Revenue

This represents the cost of capital works spent on Council housing that have been funded from revenue. The Council has decided to further supplement the resources available for capital by using part of the accumulated revenue balance to support the Housing Investment Programme. Therefore, the revenue balances carried forward above (£2.049m) will be used to support spending in future years.

Collection Fund

Collection Fund Income and Expenditure Statement

	2024/25			2023/24		
	Council Tax £000's	NNDR £000's	Total £000's	Council Tax £000's	NNDR £000's	Total £000's
Income	(140,328)	(63,837)	(204,165)	(133,250)	(64,517)	(197,767)
Precepts Demands and Shares						
Central Government	-	32,978	32,978	-	32,267	32,267
Colchester City Council	16,912	26,383	43,295	16,301	25,814	42,115
Essex County Council	100,688	5,936	106,624	95,516	5,808	101,324
Essex Fire and Rescue	5,463	659	6,122	5,288	645	5,933
Police and Crime Commissioner for Essex	16,296	-	16,296	15,377	-	15,377
Charges to the Collection Fund						
Transitional Protection Payment	-	(1,484)	(1,484)	-	-	-
Cost of Collection Allowance	-	239	239	-	241	241
Interest	-	-	-	-	-	-
Provision for Bad Debts (including write-offs)	1,854	433	2,287	1,160	561	1,722
Provision for Appeals	-	(2,083)	(2,083)	-	(2,394)	(2,394)
Apportionment of Previous Years' Surplus/(Shortfall)						
Central Government	-	857	857	-	(335)	(335)
Colchester City Council	15	686	701	(105)	(268)	(373)
Essex County Council	85	154	239	(611)	(60)	(671)
Essex Fire and Rescue	5	17	22	(33)	(7)	(40)
Police and Crime Commissioner for Essex	13	-	13	(94)	-	(94)
	141,331	64,775	206,106	132,799	62,272	195,071
Movement on the Collection Fund Balance						
(Surplus)/Deficit for the year	1,003	938	1,941	(451)	(2,245)	(2,696)
(Surplus)/Deficit at the beginning of the year	471	(3,429)	(2,958)	922	(1,184)	(262)
(Surplus)/Deficit at 31 March	1,474	(2,491)	(1,017)	471	(3,429)	(2,958)

Notes to the Collection Fund Accounts

C1. General

The Collection Fund is an agent's statement that shows the transactions of the Council as the billing authority in relation to the collection from taxpayers of Council Tax and Non-Domestic Rates (NNDR), and its distribution to local government bodies and Central Government.

The Council has a statutory requirement to operate a Collection Fund as a separate account to the General Fund. The purpose of the Collection Fund, therefore, is to isolate the income and expenditure relating to Council Tax and Non-Domestic Rates. The administrative costs associated with the collection process are charged to the General Fund.

The Collection Fund as a whole has a net surplus of £1,017m as at the 31 March 2025. Specific grant funding has been received towards the deficit, but under the accounting regulations this cannot be allocated directly to the Collection Fund. The Council's share of the grant has been allocated to an earmarked reserves as per note 10 and will be released to meet the deficit over a 3-year period.

C2. Income from Council Tax

Council Tax comes from charges raised according to the value of residential properties, which have been classified into 9 valuation bands A-H. The individual charge is calculated by estimating the amount of income required from the Collection Fund for the year ahead and dividing this by the Council Tax Base (the equivalent numbers of Band D dwellings).

The Council Tax base for 2024/25 was 71,343 (71,723 in 2023/24). For the year ended 31 March 2025, the band D Council Tax was set at £2,069.49 (£1,975.5 in 2023/24). The tax base for 2024/25 was calculated as follows:

Band	Chargeable Dwellings	Ratio to Band D	Band D Equivalent Dwellings
A	8,542	6/9	5,695
B	21,772	7/9	16,934
C	20,134	8/9	17,897
D	15,350	9/9	15,350
E	8,821	11/9	10,781
F	4,142	13/9	5,983
G	2,400	15/9	4,000
H	150	18/9	300
Contributions in lieu from the Ministry of Defence Properties			772
Total Band D			77,711
Net effect of premiums and discounts			6,368
Council Tax Base for the calculation of Council Tax			71,343

C3. Income from Business Ratepayers

The Council collects Non-Domestic Rates (NNDR) for its area based on local rateable values provided by the Valuation Office Agency, multiplied by a uniform business rate set nationally by Central Government.

As of 2024/25, Colchester were part of the 50% retention, and the local shares are as follows:

- Central Government 50%
- Colchester City Council 40%
- Essex County Council 9%
- Essex Fire and Rescue 1%.

The total Non-Domestic Rateable value at the 2024/25 year-end was £66.734m (£65.639m in 2023/24) and the Standard Non-Domestic rate multiplier for the year was 49.9p (49.9p in 2023/24) and 54.60p (51.2p in 2023/24) for small businesses.

Income from Non-Domestic Rates

	2024/25 £000's	2023/24 £000's
Gross NNDR due in the year	93,389	86,609
Less: allowances and other adjustments	(29,492)	(24,645)
NNDR Income	63,897	61,964

C4. Council Tax and NNDR Surplus/Deficit

Any surplus or deficit on the Fund is shared between the relevant precepting bodies in their respective proportions. Likewise, deficits are proportionately charged to the relevant precepting bodies in the following years. The cumulative surplus/deficit at the end of March 2025 will be distributed in proportion to the value of the respective precepts as shown below:

	2024/25			2023/24		
	Council Tax £000's	NNDR £000's	Total £000's	Council Tax £000's	NNDR £000's	Total £000's
Colchester City Council	179	(996)	(817)	59	(1,371)	(1,312)
Central Government		(1,245)	(1,245)	-	(1,714)	(1,714)
Essex County Council	1,065	(224)	841	340	(309)	31
Essex Fire and Rescue	58	(25)	33	19	(34)	(15)
Police and Crime Commissioner for Essex	172		172	53	-	53
Total (Surplus)/Deficit	1,474	(2,491)	(1,017)	471	(3,428)	(2,958)

C5. Provision for Council Tax and NNDR Bad or Doubtful Debts and Provision for NNDR for Valuation Appeals

Provisions for both bad debts and appeals are assessed annually, and adjustments are charged to the Collection Fund. The movements are detailed in the table below.

	Council Tax: Provision for Bad Debts £000's	Business Rates: Provision for Bad Debts £000's	Business Rates: Provision for Appeals £000's
Balance at 1 April	7,590	3,876	6,057
Provision utilisation	(413)	(1,349)	(3,231)
Provision made in year	1,855	432	836
Provision at 31 March	9,032	2,959	3,662

C6. Debtors for Local Taxation

The past due but not impaired amount for local taxation (Council Tax and Non-domestic rates) can be analysed by as follows:

	31-Mar-25		31-Mar-24	
	Council Tax £000's	Business Rates £000's	Council Tax £000's	Business Rates £000's
Less than one year	286	872	1,566	625
More than one year	1,288	643	598	461
Total Debtors for Local Taxation	1,573	1,515	2,164	1,086

Group Accounts

Introduction

The group accounts have been prepared under the International Financial Reporting Standards (IFRS) using the IFRS Based Code of Practice on Local Authority Accounting.

The IFRS based Code of Practice on Local Authority Accounting sets out comprehensive requirements for Group Accounts. These require local authorities to consider all their interests and to prepare a full set of group financial statements when they have material interests in subsidiaries, associates or joint ventures.

The statements are intended to present financial information about the parent (the Council) and the subsidiaries (Colchester Borough Homes Limited and Colchester Commercial Holdings Limited) by bringing together their results in a unified set of accounts. The accounts have been brought together on a line-by-line basis incorporating income and expenditure fully in the relevant service revenue account and combining assets and liabilities in the Balance Sheet. Inter-group balances and transactions have been eliminated during the consolidation of the Group Accounts.

Accounting Policies

The accounting policies reported in note 1 have been adopted by the Council in preparing the group accounts.

Group Movement in Reserves Statement

	Revenue Reserves			Capital Reserves				
	General Fund Balance	Housing Revenue Account	Earmarked Reserves	Capital Receipts Reserves	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Balance at 1 April 2024	(8,077)	(4,380)	(22,708)	(10,454)	(6)	(45,625)	(603,604)	(649,229)
Movement in Reserves in 2024/25:						-		
(Surplus)/ deficit on the provision of services (accounting basis)	33,431	37,952	-	-	-	71,383	(76,815)	(5,432)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-
Total Comprehensive Income and Expenditure	33,431	37,952	-	-	-	71,383	(76,815)	(5,432)
Adjustments between accounting and funding basis under regulation	(35,476)	(39,621)	-	-	-	(75,097)	75,097	-
						-		-
Net increase/decrease before transfers to Earmarked reserves	(2,045)	(1,669)	-	-	-	(3,714)	(1,718)	(5,432)
Transfers to/from Earmarked reserves - note 11	407	-	(407)	-	-	-	-	-
Increase/(Decrease) in Year	(1,638)	(1,669)	(407)	-	-	(3,714)	(1,718)	(5,432)
Balance at 31 March 2025	(9,715)	(6,049)	(23,115)	(10,454)	(6)	(49,339)	(605,322)	(654,661)

	Revenue Reserves			Capital Reserves				
	General Fund Balance	Housing Revenue Account	Earmarked Reserves	Capital Receipts Reserves	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Balance at 1 April 2023	(4,326)	(4,582)	(28,067)	(11,672)	(19)	(48,666)	(592,591)	(641,257)
Movement in Reserves in 2023/24								
(Surplus)/ deficit on the provision of services (accounting basis)	3,608	17,135	-	-	-	20,743	-	20,743
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	(29,443)	(29,443)
Total Comprehensive Income and Expenditure	3,608	17,135	-	-	-	20,743	(29,443)	(8,700)
Adjustments between accounting and funding basis under regulation	(2,000)	(16,933)	-	1,218	13	(17,702)	18,430	728
								-
Net increase/decrease before transfers to Earmarked reserves	1,608	202	-	1,218	13	3,041	3,054	6,095
Transfers to/from Earmarked reserves	(5,359)	-	5,359	-	-	-	-	-
Increase/(Decrease) in Year	(3,751)	202	5,359	1,218	13	3,041	(11,013)	(7,972)
Balance at 31 March 2024	(8,077)	(4,380)	(22,708)	(10,454)	(6)	(45,625)	(603,604)	(649,229)

Group Comprehensive Income and Expenditure Statement

Expenditure	Expenditure £000's	Income £000's	Net £000's	Expenditure £000's	Income £000's	Net £000's
Corporate and Democratic Core	4,471	(26)	4,445	788	(1,050)	(262)
Modern City Services	18,963	(7,641)	11,322	15,495	(7,091)	8,404
Corporate Services	47,202	(40,818)	6,384	59,158	(44,929)	14,229
Enjoy Colchester	21,808	(13,918)	7,890	17,339	(13,903)	3,436
Place and Prosperity	15,285	(8,272)	7,013	9,496	(7,733)	1,763
Senior Leadership Board	228	(318)	(90)	2,050	(313)	1,737
Transformation & Business Imp	591	(656)	(65)	1,769	1,869	3,638
Housing and Wellbeing	3,321	(9,224)	(5,903)	(832)	(9,982)	(10,814)
Housing Revenue Account	77,081	(39,132)	37,949	46,765	(36,235)	10,530
Amphora LTD	5,081	(4,956)	125	4,690	(3,150)	1,540
Colchester Borough Homes LTD	13,679	(835)	12,844	19,435	(3,316)	16,119
Cost of Services	207,709	(125,796)	81,913	176,153	(125,833)	50,320
Other Operating Expenditure	2,947	-	2,947	3,541	(115)	3,426
Financing and Investment Income and Expenditure	40,281	(10,766)	29,515	12,779	(8,587)	4,192
Taxation and non-specific grant income and expenditure	-	(42,992)	(42,992)	1	(37,196)	(37,195)
(Surplus) or Deficit on Provision of Services	250,937	(179,554)	71,383	192,474	(171,731)	20,743
Surplus on revaluation of non-current assets			(40,759)			(7,454)
Actuarial (gains)/losses on pension assets/liabilities			(36,056)			(21,989)
Other Comprehensive Income and Expenditure			(76,815)			(29,443)
Total Comprehensive Income and Expenditure			(5,432)			(8,700)

Group Balance Sheet

	Notes	31-Mar-25 £'000	31-Mar-24 £'000
Property Plant and Equipment		750,253	728,805
Heritage Assets		1,362	1,332
Investment Property		43,181	45,637
Intangible Assets		-	-
Long term Investments		6	6
Pension Scheme Asset		95,075	
Long Term Debtors		5,920	5,889
Investment in subsidiaries		1,579	-
LONG TERM ASSETS		897,376	781,669
Assets Held for Sale		-	1,165
Inventories		307	505
Short Term Debtors	<i>Note G6</i>	21,063	14,521
Short Term Loan		-	-
Cash and Cash Equivalents	<i>Cash Flow</i>	32,249	22,874
CURRENT ASSETS		53,619	39,065
Short Term Creditors	<i>Note G8</i>	(36,144)	(39,192)
Short Term Borrowing		(7,866)	(11,739)
Provisions		(1,470)	(1,715)
Capital grants receipts in advance		(4,531)	(5,179)
CURRENT LIABILITIES		(50,011)	(57,825)
Long Term Creditors		(30,578)	-
Provisions		(114)	(10,547)
Long Term Borrowing		(184,094)	(141,094)
Other Long Term Liabilities		-	(187)
Pension Liabilities		-	57,175
Capital Grants received in advance		(31,537)	(19,027)
LONG TERM LIABILITIES		(246,323)	(113,680)
NET ASSETS		654,661	649,229
Usable Reserves		(49,339)	(45,559)
USABLE RESERVES		(49,339)	(45,559)
Unusable Reserves		(605,322)	(603,670)
Issued Share Capital		-	-
UNUSABLE RESERVES		(605,322)	(603,670)
TOTAL RESERVES		(654,661)	(649,229)

Group Cash Flow Statement

	2024/25 £000	2023/24 £000
Net surplus or (deficit) on provision of services	(71,383)	(19,419)
Adjustments to net surplus or deficit on provision of services for non-cash movements	95,021	74,939
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(18,005)	(3,358)
Net cash flows from Operating Activities	5,633	52,162
Investing Activities	(68,892)	(38,543)
Financing Activities	72,634	(32,356)
Net Increase or (decrease) in cash and cash equivalents	9,375	(18,737)
Cash and cash equivalents at the beginning of the reporting period	22,874	41,611
Cash and cash equivalents at the end of the reporting period	32,249	22,874

Notes to the Group Accounts

G1 General

Specific notes for the Group Financial Statements are provided below only where there is a material difference from the Council's own accounts. Notes to the Council's Financial Statements are set out from note 2 and the Group Financial Statements are cross referenced to them where relevant.

G2 Subsidiary Companies Consolidated into the Group Accounts

Colchester Borough Homes Limited and Colchester Commercial Holdings Limited are wholly owned subsidiaries of the Council.

The Council is represented on the Board of these subsidiary companies. The Council and the Boards agree the annual delivery plans for these subsidiary companies.

G3 Consolidation of Operating Income and Expenditure

The operating income and expenditure of Colchester Borough Homes Limited has been included within the 'Housing Revenue Account' line in the Group Comprehensive Income and Expenditure Statement.

The operating income and expenditure of Colchester Commercial Holdings Limited has been included within the 'Place and Client' line in the Group Comprehensive Income and Expenditure Statement.

G4 Events after the Balance Sheet date

The Statement of Accounts was authorised for issue by the Section 151 Officer on 22 November 2024. Events taking place after this date are not reflected in the financial statements or notes.

There are no other additional items which arose after the year end of 31 March 2024 that would materially affect these Group accounts, and as such no adjustments have been made to the figures reported in the Group financial statements or notes.

G5 Short-term Debtors

	31-Mar-25 £000	31-Mar-24 £000
Amounts falling due within one year:		
Grants and Taxes	3,246	1,013
Trade Debtors	6,381	9,662
Prepayments	1,720	1,217
Housing Benefit Overpayments	374	-
NNDR ratepayers' arrears	1,661	-
Council Tax ratepayers' arrears	859	-
Central Government	38	446
Other Local Authorities	2,408	665
NHS Bodies Grants	-	278
Other Debtors	271	1,240
Total short term debtors	16,958	14,521

The above debtor values are presented net of impairments (allowances for non-collection) and have been revised to eliminate inter-group balances.

G6 Cash and Cash Equivalents

	31-Mar-25 £000	31-Mar-24 £000
Cash	10	10
Call Accounts and short term deposits	33,133	14,265
Bank Balance	(894)	8,599
	32,249	22,874

G7 Short-term Creditors

	31-Mar-25 £000	31-Mar-24 £000
Amounts falling due within one year:		
Trade Creditors	(8,515)	(17,739)
Receipts in Advance	(4,305)	(2,265)
Other Taxes and Social Security	(1,244)	(1,027)
Collection Fund Agency	-	(2,206)
NNDR Prepayments	(1,285)	(2,953)
Council Tax Prepayments	(543)	(505)
Central Government	(9,963)	(171)
Other Local Authorities	(1,266)	(5,437)
Other Creditors	(3,457)	(6,889)
Total short term creditors	(30,578)	(39,192)

G8 Officers Remuneration

The remuneration paid to the senior officers within Colchester City Council is shown in Note 34.

Colchester Borough Homes Limited

The remuneration paid to the senior officers within Colchester Borough Homes Limited is as follows:

2024/25	Salary (inc. fees & allowances) £	Pension Contributions £	Total Remuneration £
Chief Executive Officer	123,633	25,716	149,349
Director of Business Improvement	63,580	13,180	76,760
Director of Operations	94,909	19,741	114,650
	282,122	58,637	340,759

Note 1: The Managing Director left Colchester Commercial Holdings on 31st January 2023.

Note 2: Finance Manager & Company Secretary started on 20th June 2022

2023/24	Salary (inc. fees & allowances)	Pension Contributions	Total Remuneration
	£	£	£
Chief Executive Officer	109,238	22,066	131,304
Director of Business Improvement	82,324	16,629	98,953
Director of Operations	82,350	16,635	98,985
	273,912	55,330	329,242

Colchester Commercial Holdings Limited

The remuneration paid to the senior officers within Colchester Commercial Holdings is as follows:

2024/25	Salary (inc. fees & allowances)	Pension Contributions	Total Remuneration
	£	£	£
Managing Director	121,564	-	121,564
Senior Commercial Manager	86,885	4,344	91,229
Finance Manager & Company Secretary	60,339	2,056	62,395
	268,788	6,400	275,188

2023/24	Salary (inc. fees & allowances)	Pension Contributions	Total Remuneration
	£	£	£
Managing Director	99,986	6,327	106,313
Senior Commercial Manager	75,802	3,858	79,660
Finance Manager & Company Secretary	47,294	2,017	49,311
	223,082	12,202	235,284

	2024/25	2023/24
£50,000-54,999	16	6
£55,000-59,999	8	10
£60,000-64,999	7	4
£65,000-69,999	5	8
£70,000-74,999	5	6
£75,000-79,999	3	4
£80,000-84,999	6	1
£85,000-89,999	-	-
£90,000-94,999	3	-
£95,000-99,999	-	1
Over £100,000	-	1
	53	41

Glossary of Terms

Accruals Concept

Income and expenditure is recognised when it is earned or incurred, not when the money is received or paid.

Actuarial Gains and Losses

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

Amortisation

A charge to the comprehensive income and expenditure statement which spreads the cost of an intangible asset over a number of years in line with the accounting policies.

Appropriations

The transfer of resources between revenue accounts, capital accounts and reserves.

Billing Authority for Council Tax and Non-Domestic Rates

Colchester City Council is responsible for invoicing and collecting the Council Tax from all residential properties within the borough. This is undertaken on behalf of Colchester City Council, Essex County Council, Essex Fire and Rescue, Police and Crime Commissioner for Essex and Parish and Town Councils. Colchester City Council is also responsible for invoicing and collecting Non-Domestic Rates on behalf of Colchester City Council, Central Government, Essex County Council and Essex Fire and Rescue.

Budget Requirement

The requirement is net budgeted expenditure for the year adjusted for transfers to and from reserves but allowing for sums required by Parish and Town Councils. It is used to determine the amount of Council Tax to be precepted on the Collection Fund after allowing for income from Revenue Support Grant, Non-Domestic Rates and any surplus/deficit on the Collection Fund.

Capital Expenditure

Expenditure incurred relating to the acquisition or enhancements of Property, Plant and Equipment, heritage assets and investment properties.

Capital Financing Requirement

The statutory measure of a local authority's underlying need to borrow for capital purposes.

Capital Programme

The Council's budget for capital expenditure and resources over the current and future years.

Capital Receipts

Income generated from the sale of capital assets and the repayment of grants/loans given for capital purposes. Capital receipts may be used to finance new capital expenditure or repay debt.

Carry Forwards

Budget provision for specific items that are not received in the financial year and for which there is no provision in the following year. Such budgets are 'carried forward' to the following year to match the committed or planned expenditure.

Chartered Institute of Public Finance and Accountancy (CIPFA)

This is the professional body for public services. CIPFA issues the Code of Practice on Local Authority Accounting (the Code), which sets down in detail how the accounting standards are to be applied to the preparation of statement of accounts for local authorities.

Collection Fund

All receipts of Council Tax and Non-Domestic Rates are paid into this Fund. The Council uses the Collection Fund to pay Council Tax precepts to Essex County Council, Essex Fire and Rescue and Police and Crime Commissioner for Essex and the demand by the Council's General Fund. It is also used to pay the relative shares of Non-Domestic Rates income to Central Government, Essex County Council and Essex Fire and Rescue. Any surplus or deficit is shared between the various authorities (excluding Parish and Town Councils) in the subsequent financial year, in accordance with their respective proportions.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation that will only be confirmed by uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but are shown in a note to the accounts.

Creditors

Amounts owed by the Council for goods, services and works that have been received by the Council in the financial year but have not been paid as at the financial year end.

Current Assets

Assets that will be realised, sold or consumed within the next financial year.

Current Liabilities

Amounts that will be settled or could be called in within the next financial year.

Debtors

Amounts owed to the Council for goods, services and works that have been provided by the Council in the financial year for which payments have not been received by the Council as at the financial year end.

Depreciation

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

Earmarked Reserves

Amounts set aside for specific future commitments or potential liabilities.

Effective Interest Rate

The rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

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.

Financial Instruments

These are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The financial instruments held by the Council include borrowings, investments, creditors and debtors.

General Fund

The main revenue fund of the Council, which summarises the cost of all services (except the Housing Revenue Account) provided by the Council.

Gross Book Value

This represents the original price paid for an asset adjusted for subsequent revaluations, acquisitions, enhancements and disposals.

Housing Revenue Account (HRA)

This ringfenced statutory account records the revenue expenditure and income relating to the provision of Council housing. It shows the major elements of housing revenue expenditure and how this is met through rents and other income.

IFRS (International Financial Reporting Standards)

The collective name for the set of accounting standards which define the accounting treatments used by Central and Local Government in the UK, listed companies in the UK and the European Union.

Impairment

A reduction in the value of a non-current asset caused by a specific event occurring to the asset.

Intangible Assets

Assets that do not have a physical substance but are identifiable and are controlled by the Council through custody or legal rights. Examples of such assets include software licences.

Investment Properties

Property (land or a building, or part of a building, or both) held solely to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes, or sale in the ordinary course of operations.

Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

Major Repairs Reserve (MRR)

A HRA capital reserve held for investment in the replacement of structures and components of the Council's Housing stock. This reserve is funded from the HRA by transferring in the total depreciation charge for the year. Sums are transferred out to meet the cost of capital expenditure. Any balance on the reserve is carried forward to be utilised in future years. Interest earned on the MRR balance is credited directly to the HRA.

Minimum Revenue Provision (MRP)

Local authorities must make prudent provision for the repayment of its debt. MRP is the minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Council. There is no obligatory MRP for HRA debt. Authorities are free to make additional voluntary provisions from the General Fund, HRA or from capital resources.

Net Book Value (NBV)

The Net Book Value of an asset is equivalent to its gross book value, less cumulative depreciation and impairment charges. Assets are included in the Balance Sheet at their net book value.

Non-Distributed Costs

These are overhead costs that provide no benefits to services and are therefore not distributed to services. These include pensions arising from discretionary added years' service.

National Non-Domestic Rates (NNDR)

Non-domestic rates are usually termed Business Rates. Business Rates contribute to the cost of providing local authority services. It is charged on the rateable value of each non-residential property multiplied by a uniform amount set annually by Central Government. Various reliefs are in operation. NNDR income is collected by the Council and is then shared with Central Government, Essex County Council and Essex Fire and Rescue.

Precept

This is the amount of Council Tax income that local authorities providing services within the Colchester borough require to be paid from the Collection fund to meet the net cost of their services. The Council Tax requirement is made up of the sum of all the precepts levied on the Billing Authority. Precepts are raised by Colchester City

Council for Essex County Council, Police and Crime Commissioner for Essex, Essex Fire and Rescue and Town and Parish Councils.

Principal Amount

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

Property, Plant and Equipment (PPE)

Assets held by the Council, which are directly used or occupied by the Council in the delivery of the Council's services. These are tangible assets (for example, land, buildings, vehicles) which yield benefit to the Council for a period of more than a year.

Provisions

Amounts set aside where 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.

Prudential Code

This Code is published by CIPFA and sets out the system of capital financing and capital controls for local authorities. Prudential limits apply to all borrowing, qualifying credit arrangements and other long-term liabilities – whether supported by government or entirely self-financed. The system is designed to encourage authorities that need, and can afford, to borrow for capital investment to do so. The Code seeks to ensure that local authorities' capital investment plans are affordable, prudent and sustainable; that treasury management

decisions are taken in accordance with good professional practice; and that local strategic planning, asset management planning and proper option appraisal are supported.

Public Works Loan Board (PWLB)

A central government agency that offers long term loans to local authorities at interest rates marginally above the government's own cost of borrowing.

Revaluation

Revaluation is a technique used to adjust the value of certain classes of non-current assets to their fair value.

Revenue Expenditure Funded from Capital under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset.

Useful Life

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

Independent Auditor's Report to the Members of Colchester City Council