CASTLE POINT BOROUGH COUNCIL

UNAUDITED STATEMENT OF ACCOUNTS FOR THE FINANCIAL YEAR 2025/26

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Contents

1 Introduction

The Statement of Accounts summarises the Council's transactions for the 2025/26 financial year and the Council's financial position at the year-end date, 31 March 2026.

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

The Narrative Report is split into the following sections:

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

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

2 Financial Overview and Commentary

2.1 – The framework for completion of the Statement of Accounts

The Council is required to prepare an annual Statement of Accounts in accordance with the statutory framework established for England by the Accounts and Audit Regulations 2015 and in accordance with proper accounting practices. These practices primarily comprise of The Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 ("the Code"), based on International Financial Reporting Standards (IFRS), and the associated Guidance Notes for Practitioners, both as published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

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

The Code of Practice sometimes requires accounting policies to be changed, and this may require prior year information to be restated. There are no such changes applicable for the 2025/26 accounts.

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

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

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

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

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

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

Budgets are allocated to services through the annual budget setting and service planning process which culminates in reports to Cabinet and Council in February each year which set Council Tax and HRA Rent charges for the new financial year. These reports may be found in the Agendas and Minutes Library on the Council website: https://castlepoint.cmis.uk.com/castlepoint/Home.aspx.

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

Unspent budgets meeting specific criteria may be carried forward into the following financial year. These arise when at year end, goods have been ordered and not received, or works and services have been committed to, but not commenced or completed. After adjusting for these carried forward budgets and any reserve movements, the overall outturn position at the end of 2025/26 including these adjustments can be found in a comparison of spend against budget in section 4 below.

2.3 – Council priorities and the Corporate Plan

To achieve its long-term vision for the Borough, the Council focused on its five ambitions with specific areas for monitoring. The below shows some of the Council's achievements against these ambitions:

Ambition 1: Working for a Prosperous Future

"We want to ensure the best possible local economy, with opportunities for our residents to succeed and achieve."

Monitoring Progress

- Supporting a vibrant local economy
- Education & skills
- Better transport
- Attracting investment

Achievements

- The Visitor Economy Action Plan was approved by Cabinet, supporting tourism and cultural objectives.
- The Council secured external grant funding from Sport England to support play space partnership work.

Ambition 2: Healthier and Safer Communities

"Residents should feel safe in our Borough and supported to be more active in order to improve their health and wellbeing."

Monitoring Progress

- Housing
- Feeling safe
- Healthier
- Community resilience

Achievements

- The Council has been upgraded to a C3 grading by the Regulator of Social Housing, recognising significant improvements in management, processes, and procedures.
- The Building Control Team achieved full accreditation for all staff, ensuring a higher-quality service can be provided.
- Cabinet took a decision to provide funding to reinstate full night-time street lighting, helping residents feel safer at night.

Ambition 3: A Greener and Cleaner Environment

"It's important to everyone that we look after our environment."

Monitoring Progress

- Reducing carbon footprint
- Recycling more
- Street scene
- Natural habitats

Achievements

- Climate Action Plan has been approved by Cabinet, setting out how the Council will reduce its carbon footprint and the budgets required to enable this.
- Decisions taken on how to implement Simpler Recycling; thus enabling new vehicles to be ordered to support delivery from autumn 2026.

Ambition 4: Restoring Our Council to Good Health

"We will place our Council on a sound financial footing and ensure resilience – delivering the service our residents deserve and expect."

Monitoring Progress

- Good governance
- Balanced budget and value for money
- Customer satisfaction
- Modern ways of working

Achievements

- Set a significant HRA capital budget which provides funding for all of the Council's housing stock to meet Decent Homes Standards by the end of 2026/27, informed by the 2025/26 Stock Condition surveys that have completed.
- Launched a new Council website, improving customer interaction and providing a modern platform for future development.
- Conducted a resident survey to gather perspectives on Council services and inform the future direction for how some services could be changed or improved.
- Introduction of a new e-learning platform to encourage staff development.

Ambition 5: We ♥ Castle Point

"We will help create and maintain the best possible place to live in, work in and visit."

Monitoring Progress

- Town centres
- Pride of place
- Investing in Council and community assets
- Parks and open spaces

Achievements

- Significant progress made on a £1m investment in Council-owned parks and open spaces, including securing a contractor to deliver improvements in spring/summer 2026.
- The Paddocks Community Centre reopened after major refurbishment and is now a popular, well-used community asset.
- The Castle Point Plan was submitted, marking a major milestone and providing greater certainty for future planning decisions.

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

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

The Council publishes its Corporate Performance Scorecard on its website and is discussed at the relevant Cabinet meeting. The Quarter 4 scorecard can be found on this link following Agenda publication on 7 July 2026. This report incorporates all indicators that align with the administrations goals and the Council's ambitions outlined in the Corporate Plan.

Section 4 of this report outlines the Council's financial performance against budget.

2.5 – Financial Reserves and looking ahead

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

- The budget must be balanced, meaning that expenditure does not exceed income and the Council does not have to rely on the sustained use of unallocated reserves to support ongoing spending; and
- Reserves must be maintained at or above the minimum recommended level determined by the Council's Chief Financial Officer (s151 Officer) within the Medium Term Financial Strategy. This level is set after consideration of potential risk factors and for 2025/26 is **£2.5m** for General Fund reserves and **£0.694m** for Housing Revenue Account reserves.

The Council's budget for 2026/27 does not require the use of general reserves to balance for ongoing expenditure. However, **£0.25m** is allocated in 2026/27 and a further **£0.5m** in 2027/28 to help meet the Council's costs as part of Local Government Reorganisation. Aside from this one-off spend, the budget within each of the next four years is currently balanced. Financial year 2026/27 is the first year of the new Government financial settlement, and this has enabled a balanced budget to be set, however business rates could be a risk in future years with the removal of first year support grants, so will need to be monitored closely as the new financial year progresses.

The Council was issued with a "minded to" decision on the way forward for the Council under Local Government Reorganisation (LGR). From 1 April 2028 it is intended that Castle Point Borough Council will be joining with Southend-One-Sea City Council and Rochford District Council to form South East Essex Council. Working groups are looking at how this will be managed and taken forwards, and the official confirmation of this decision will be made in the autumn when legislation is laid before parliament. This reorganisation will also see the new Council taking on some existing functions from Essex County Council (ECC). This will require internal management of resources for the delivery of business as usual activities alongside the work required for the creation of the new Council. It also creates a risk around staff retention due to uncertainty which is being managed through regular and transparent communication from the Senior Leadership Team.

The Housing Revenue Account continues to be reviewed following the Regulator's review, therefore there continues to be volatility in the predicted reserve balances. Additionally, there are Housing pressures in the General Fund through increased requirement for Temporary Accommodation.

More information in relation to the Council's budget can be found in reports presented to Cabinet and Council in February each year, located in the Agendas and Minutes Library on the Council website: https://castlepoint.cmis.uk.com/castlepoint/Home.aspx.

2.6 – Other areas of financial uncertainty

As part of the process of completing the Statement of Accounts the Council must consider other areas of financial uncertainty. The Council must review if any provisions or contingencies are required. Accounting Policy AP21, Provisions and Contingencies, provides further information on the nature of these items.

- Provisions are liabilities of either uncertain timing and/or uncertain value. The Council had outstanding provisions as at 31 March 2026 of **£0.258m**, primarily in relation to business rates appeals. The provisions are explained in Note 22 to the Core Financial Statements.
- Contingent assets and contingent liabilities are assets and liabilities that are dependent on future events which may or may not occur. The Council had one contingent assets as at 31 March 2026 but did also have two contingent liabilities. These items are also disclosed in Note 22 to the Core Financial Statements.

The Council must also make allowance for the possibility that some of the amounts outstanding and due to be paid to the Council at 31 March 2026 may not actually be paid. The allowances are determined in accordance with Accounting Policy AP20 and serve to reduce the value of the outstanding debts included on the Balance Sheet. These allowances are disclosed in Note 14 to the Core Financial Statements, with further analysis in Note 19.

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

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

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

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

2.7 – Borrowing and financing of the Capital Programme

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

Total capital expenditure for 2025/26, across both General Fund and Housing Revenue Account, was **£9.4m**, as shown in Section 4 of this Narrative Report. The main items of capital expenditure during 2025/26 included:

- Council house improvements;
- Completion of an HRA new build project;
- Disabled Facilities and other home improvement grants; and
- Acquisition of a new building to be used as the Council's new vehicle maintenance workshop.

The Local Government Act 2003 includes provisions relating to capital expenditure and borrowing controls. These provisions require local authorities to determine and keep under review the amount of their affordable borrowing. They must also have regard to the Prudential Code for Capital Finance in Local Authorities issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). In accordance with these provisions and the Prudential Code the amount the Council can afford to borrow is called the Affordable Borrowing Limit. This limit ensures that total capital investment remains within affordable and sustainable limits and that any impact on future Council Tax and Dwelling rent levels is acceptable.

The Council's General Fund borrowing now consists of two fixed rate loans at interest rates ranging from **1.08%** to **4.1%** per annum. The Council's HRA borrowing consists of fixed rate loans at interest rates ranging from **3.05%** to **4.42%** per annum.

As at 31 March 2026 the Council had **£3.6m**, of borrowing outstanding, relating to the purchase of the Knightswick Shopping Centre) and **£1.0m** of other outstanding General Fund borrowing in support of the capital programme, as well as **£27m** of outstanding Housing Revenue Account borrowings.

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

2.8 – Pension Scheme

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

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

The scheme deficit or liability shows the underlying commitment that the Council has in the long run to pay future post-employment benefits. The current pension scheme asset means that the benefits earned by past and current employees are more than the resource the Council has set aside to meet them. The net liability of **£1.31m** as at 31 March 2026 is recorded in the Balance Sheet. Employer contributions take into account the forecast position of the pension fund and will be adjusted as necessary, up or down, to ensure the fund position balances in the long term.

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

3 Descriptions of the Financial Statements

3.1 – Core Financial Statements

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

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

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

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

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

The line "(Surplus) / Deficit on the provision of services" shows the increase or decrease in the net worth of the Council as a result of incurring expenses and generating income. For 2025/26 this was a decrease of **£2.73m**.

The line "Other Comprehensive Income and Expenditure" shows the increase or decrease in the net worth of the Council as a result of movements in the fair value of its assets and also from movements on pension fund assets and liabilities. For 2025/26 this amount increased by **£7.1m**.

3.1.2 – Movement in Reserves Statement (MIRS)

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

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

3.1.3 – Balance Sheet

The Balance Sheet summarises the Council's overall financial position at the end of the financial year i.e. as at 31 March 2026. It shows the value of assets and liabilities recognised by the Council, which are presented in the top section. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council, which are reported in the bottom section. Reserves are reported in two categories, as follows:

- The first category of reserves is Usable Reserves, i.e. those reserves that the Council may use to fund the provision of services and meet future expenditure, both revenue and capital in nature. These are subject to the need to maintain a prudent level of reserves and any statutory limitation on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The total as at 31 March 2026 was **£26.1m**.
- The second category of reserves is Unusable Reserves. These are reserves that the Council is not able to use to provide services. This category includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets were sold, and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations." These represent the differences between the outcome of applying proper accounting practices, and the requirements of statutory arrangements for funding expenditure from Council Tax and Housing Rent receipts. The total as at 31 March 2026 was **£191.2m**.

3.1.4 – Cash Flow Statement

The Cash Flow Statement shows changes in cash and cash equivalents during the accounting period. The statement shows how the Council generates and uses cash and cash equivalents and classifies cash flows as operating, investing and financing activities. The net cash flow arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting future cash flows for items such as borrowing and loan repayments.

Cash and Cash Equivalents are defined in accounting policy AP5, Cash and Cash Equivalents. The total movement in Cash and Cash Equivalents during 2025/26 was an increase of **£0.108m**.

3.2 – Connections between the core financial statements

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

• The Movement in Reserves Statement (MIRS) shows the changes in the Council's financial resources over the year;
• The Comprehensive Income and Expenditure Statement (CI&ES) shows the gains and losses that have contributed to the change in resources;
• The Balance Sheet shows how the resources available to the Council are held in the form of the Council's assets and liabilities; and
• The Cash Flow Statement shows how the movement in reserves has been reflected in cash flows.

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

3.3 – Expenditure and Funding Analysis (EFA)

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

3.4 – Supplementary Financial Statements

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

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

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

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

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

The total on the HRA Income and Expenditure Statement for 2025/26 was a decrease of **£0.705m**.

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

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

The HRA balance at the end of 2025/26 was **£0.852m**.

3.4.3 – Collection Fund Income and Expenditure Account

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

At the end of 2025/26 the Collection Fund reported a surplus on Council Tax of **£1.72m** and a surplus on NDR of **£1.82m.** These amounts will be shared in subsequent years between the Council, Central Government and the other major precepting authorities (Essex County Council, Essex Police, Fire and Crime Commissioner (PFCC) - Fire and Rescue Authority and Essex PFCC - Policing and Community Safety).

4 Outturn for the Financial Year and Comparison to Budget

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

4.1 - The General Fund	Note	Actual (Income) & Expenditure £000s	Revised Net Budget £000s	Difference £000s	Budget Carried Forward £000s	Final Residual Difference £000s
Net Expenditure item						
Commercial & Assets		6,008	5,225	783	(21)	762
Corporate & Customer		4,773	4,950	(177)	2	(175)
Place & Communities		6,303	4,783	1,520	312	1,832
Net cost of services		**17,084**	**14,958**	**2,126**	**293**	**2,419**
Other operating expenditure/(income)		102	542	(440)	0	(440)
Financing and investment income and expenditure		(1,035)	(414)	(621)	0	(621)
(Surplus) / deficit on continuing operations		**16,151**	**15,086**	**1,065**	**293**	**1,358**
Council Tax income from the Collection Fund		**(9,367)**	(9,367)	0	0	0
Council Tax surplus from the Collection Fund		**(103)**	0	(103)	0	(103)
General Government Grants		**(1,497)**	(1,490)	(7)	0	(7)
National Non-domestic Rates (Net of tariffs and levies and safety net)		**(4,854)**	(4,499)	(355)	0	(355)
Capital grants and contributions		**(176)**	0	(176)	0	(176)
Council tax, business rates and non specific grant income and expenditure		(15,997)	(15,356)	(641)	0	(641)
(Surplus) / deficit on the provision of services		**154**	**(270)**	**424**	**293**	**717**
Adjustments between accounting basis and funding basis under regulations	1	2,061	4,347	(2,286)	0	(2,286)
Net transfer to / (from) Earmarked Reserves	2	(1,680)	(3,975)	2,295	(293)	2,002
Transfer (to) / from General Fund balance		**535**	**102**	**433**	**0**	**433**

4.2 - The Housing Revenue Account	Note	Actual (Income) & Expenditure £000s	Revised Net Budget £000s	Difference £000s	Budget Carried Forward £000s	Final Residual Difference £000s
Income and expenditure						
Service Income		(9,424)	(9,506)	82	0	82
Service Expenditure		11,060	9,990	1,070	0	1,070
Net Expenditure / (Income) of HRA Services		**1,636**	**484**	**1,152**	**0**	**1,152**
HRA Share of other whole Council income and expenditure	3	937	666	271	0	271
(Surplus) / deficit on the provision of HRA services		**2,573**	**1,150**	**1,423**	**0**	**1,423**
Adjustments between accounting basis and funding basis under regulations	1	(662)	(55)	(607)	0	(607)
Net transfer to / (from) Earmarked Reserves	2	(1,206)	(75)	(1,131)	0	(1,131)
Transfer (to) / from HRA reserve		**705**	**1,020**	**(315)**	**0**	**(315)**

4.3 - The Capital programme	Note	Actual Expenditure £000s	Revised Budget £000s	Difference £000s	Budget Carried Forward £000s	Final Residual Difference £000s
Capital Expenditure by service						
Corporate & Customer		394	809	(415)	416	1
Commercial & Assets		2,249	8,002	(5,753)	3,089	(2,664)
Place & Communities		1,651	2,074	(423)	490	67
Total General Fund Capital Expenditure		**4,294**	**10,885**	**(6,591)**	**3,995**	**(2,596)**
Housing - Housing Revenue Account		5,119	6,688	(1,569)	0	(1,569)
Total Capital Expenditure		**9,413**	**17,573**	**(8,160)**	**3,995**	**(4,165)**

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

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

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

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

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

4.4 - Notes on outturn and comparison to budget

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

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

Note 2 – The Council maintains several earmarked reserves for specific purposes. The balance remaining at 31 March 2026 in each of these reserves will be carried forward into the new financial year. Details of the movements and balances in these reserves are set out in Note 12.1 to the Core Financial Statements.

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

Statement of Responsibilities for the Statement of Accounts

Responsibilities of the Council

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs (known as the section 151 officer). For Castle Point Borough Council, that officer is the Assistant Director, Finance & Procurement, Lance Wosko ACMA CGMA;

- manage its affairs to secure the economic, efficient and effective use of resources and safeguard its assets; and

- approve the Statement of Accounts.

Responsibilities of the Financial Services Manager

The section 151 officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

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

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

The section 151 officer has also:

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

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Council as at 31 March 2026 and its income and expenditure for the year ended 31 March 2026.

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

Date: 30 June 2026

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

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

Councillor
Chair of Audit Committee

Date:

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Comprehensive Income and Expenditure Statement

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

*Restated Gross Expend 2024/25 £000s	*Restated Gross Income 2024/25 £000s	*Restated Net Expend 2024/25 £000s		Notes	Gross Expend 2025/26 £000s	Gross Income 2025/26 £000s	Net Expend 2025/26 £000s
			Gross Expenditure, Gross Income and Net Expenditure of Continuing Operations				
15,206	(10,797)	4,409	Commercial & Assets		15,321	(10,669)	4,652
20,903	(13,208)	7,695	Corporate & Customer		19,298	(10,493)	8,805
8,341	(5,326)	3,015	Place & Communities		10,164	(5,384)	4,780
7,140	(9,794)	(2,654)	Housing: Housing Revenue Account (HRA)		9,907	(9,424)	483
51,590	**(39,125)**	**12,465**	**Net Cost of Services - Continuing Operations**		**54,690**	**(35,970)**	**18,720**
			Other Operating Expenditure				
		422	(Gain) / loss on disposal / derecognition of non-current assets				151
		288	Payment of precept to Canvey Island Town Council				298
		67	Pensions - IAS19 administration expenses	18.3			46
			Financing and Investment Income and Expenditure				
		1,130	Interest payable on debts and finance leases, and similar charges	19.3			1,160
		(47)	Movement on Bad Debt Provision				383
		(1,759)	Interest and investment income receivable, and similar income				(1,493)
		(128)	Rental income received from Investment Properties				(125)
		(7)	Changes in the fair value of Investment Properties				(98)
		(135)	Investment Properties - income, expenditure, changes in the fair value of assets, and (gains) / losses on disposal or derecognition	13.8			(223)
		13	Pensions - net interest on the net defined benefit liability	18.3			(6)
		12,444	**(Surplus) / Deficit on Continuing Operations**				**19,036**

*Restated Gross Expend 2024/25 £000s	*Restated Gross Income 2024/25 £000s	*Restated Net Expend 2024/25 £000s		Notes	Gross Expend 2025/26 £000s	Gross Income 2025/26 £000s	Net Expend 2025/26 £000s
			Taxation and Non-Specific Grant Income and Expenditure				
		(9,189)	Council Tax income				(9,367)
		(49)	Council Tax surplus transferred from the Collection Fund				(103)
		(9,297)	Non-Domestic Rates (NDR) income				(9,767)
		4,746	NNDR Tariff, Levy and safety net payments and receipts				4,913
		(1,156)	Revenue Support Grant and General Government Grants	10.3			(1,497)
		(1,800)	Capital grants and contributions	10.3			(487)
		(16,745)	**Total Taxation and Non-Specific Grant Income and Expenditure**				**(16,308)**
		(4,301)	**(Surplus) / Deficit on the Provision of Services**				**2,728**
			Other Comprehensive Income and Expenditure				
			Items non-reclassifiable to (Surplus) / Deficit on Continuing Operations:				
		(6,130)	• (Surplus) / deficit on revaluation of non-current assets	12.6 & 13			(8,299)
		277	• Pensions - remeasurements of the net defined benefit (assets) / liabilities	12.5 & 18.3			1,244
		(5,853)	**Total Other Comprehensive Income and Expenditure**				**(7,055)**
		(10,154)	**Total Comprehensive Income and Expenditure**				**(4,327)**

*Details of the restatement can be found in note 2 to these accounts.

Movement in Reserves Statement

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

		Usable Reserves:							Unusable Reserves:					
	Notes	General Fund (GF) Balance	Housing Revenue Account	GF & HRA Earmarked Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Pensions Reserve	Revaluation Reserve	Capital Adjustment Account	Other Adjustment Accounts	Total Unusable Reserves	Total Council Reserves
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance as at 1 April 2025		**4,001**	**877**	**22,571**	**2,997**	**2,001**	**82**	**32,529**	**(1,302)**	**78,868**	**91,329**	**1,345**	**170,240**	**202,769**
Surplus / (Deficit) on Provision of Services (accounting basis)		3,765	536	0	0	0	0	**4,301**	0	0	0	0	**0**	**4,301**
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	**0**	(277)	6,130	0	0	**5,853**	**5,853**
• Actuarial gains / (losses) on pension fund	0	0	0	0	0	0	0	**0**		0	0	0	**0**	**0**
assets and liabilities														
Total Comprehensive Income and Expenditure		3,765	536	0	0	0	0	**4,301**	(277)	6,130	0	0	**5,853**	**10,154**
Movement in reserves during the year														
Adjustments between accounting basis and funding basis under regulations	11 & 12	(4,107)	350	0	(631)	(777)	0	**(5,165)**	454	(1,268)	6,000	(21)	**5,165**	**0**
Increase / (decrease) in the year before transfers to and from Earmarked Reserves		(342)	886	0	(631)	(777)	0	**(864)**	177	4,862	6,000	(21)	**11,018**	**10,154**
Transfers to and (from) Earmarked Reserves	12.1	2,144	(206)	(1,938)	0	0	0	**0**	0	0	0	0	**0**	**0**
Net increase / (decrease) during the year		**1,802**	**680**	**(1,938)**	**(631)**	**(777)**	**0**	(864)	177	4,862	6,000	(21)	11,018	**10,154**
Balance as at 1 April 2025		**5,803**	**1,557**	**20,633**	**2,366**	**1,224**	**82**	**31,665**	**(1,125)**	**83,730**	**97,329**	**1,324**	**181,258**	**212,923**
Balance as at 1 April 2025		**5,803**	**1,557**	**20,633**	**2,366**	**1,224**	**82**	**31,665**	**(1,125)**	**83,731**	**97,328**	**1,325**	**181,259**	**212,924**
Surplus / (Deficit) on Provision of Services (accounting basis)		(155)	(2,573)	0	0	0	0	**(2,728)**	0	0	0	0	**0**	**(2,728)**
Other Comprehensive Income and Expenditure	12.5 & 12.6	0	0	0	0	0	0	**0**	(1,244)	8,299	0	0	**7,055**	**7,055**
• Actuarial gains / (losses) on pension fund	12.5	0	0	0	0	0	0	**0**		0	0	0	**0**	**0**
assets and liabilities														
Total Comprehensive Income and Expenditure		(155)	(2,573)	0	0	0	0	**(2,728)**	(1,244)	8,299	0	0	**7,055**	**4,327**
Movement in reserves during the year														
Adjustments between accounting basis and funding basis under regulations	11 & 12	(2,060)	662	0	(621)	(825)	0	**(2,844)**	1,060	(1,480)	3,348	(84)	**2,844**	**0**
Increase / (decrease) in the year before transfers to and from Earmarked Reserves		(2,215)	(1,911)	0	(621)	(825)	0	**(5,572)**	(184)	6,819	3,348	(84)	**9,899**	**4,327**
Transfers to and (from) Earmarked Reserves	12.1	1,680	1,206	(2,886)	0	0	0	**0**	0	0	0	0	**0**	**0**
Net increase / (decrease) during the year		**(535)**	**(705)**	**(2,886)**	**(621)**	**(825)**	**0**	(5,572)	(184)	6,819	3,348	(84)	9,899	**4,327**
Balance as at 31 March 2026		**5,268**	**852**	**17,747**	**1,745**	**399**	**82**	**26,093**	**(1,309)**	**90,550**	**100,676**	**1,241**	**191,158**	**217,251**

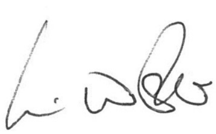
Balance Sheet

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

31 March 2025		Notes	31 March 2026	
£000s			£000s	£000s
	Non-Current (Long Term) Assets			
221,840	Property, plant and equipment	13	233,396	
558	Heritage assets	13	718	
1,207	Investment properties	13	1,306	
2,656	Right of Use Assets	13	1,905	
161	Intangible assets	13.9	128	
186	Long term debtors	14 & 19	194	
226,608	**Total Non-Current (Long Term) Assets**			**237,647**
	Current Assets			
27,506	Short term Investments	19	25,395	
114	Inventories		90	
7,878	Short term debtors	14	6,155	
627	Cash and cash equivalents	15	734	
36,125	**Total Current Assets**			**32,374**
	Current Liabilities			
(6,510)	Short term borrowing and finance lease liabilities	19	(8,846)	
(3,471)	Revenue and capital grants receipts in advance		(4,754)	
(11,468)	Short term creditors	17	(12,324)	
(322)	Provisions	22	(257)	
0	Cash and cash equivalents (net overdrawn total)	15	0	
(21,771)	**Total Current Liabilities**			**(26,181)**

31 March 2025		Notes	31 March 2026	
£000s			£000s	£000s
	Non-Current (Long Term) Liabilities			
(26,471)	Long term borrowing and finance lease liabilities	19	(25,038)	
(441)	Long term creditors	17	(240)	
0	Collection Fund - Government and major preceptors	16	0	
(1,125)	Liability related to defined benefit pension scheme	18	(1,309)	
(28,037)	**Total Non-Current (Long Term) Liabilities**			**(26,587)**
212,925	**Net Assets**			**217,253**
	Usable Reserves			
5,802	General Fund		5,267	
1,557	Housing Revenue Account		852	
20,635	Earmarked Reserves	12.1	17,748	
1,224	Major Repairs Reserve	12	399	
2,367	Capital Receipts Reserve	12	1,746	
81	Capital Grants Unapplied Account	12	81	
31,666	**Total Usable Reserves**			**26,093**
	Unusable Reserves			
(1,125)	Pensions Reserve	12.5 & 18	(1,309)	
83,731	Revaluation Reserve	12.6	90,550	
97,328	Capital Adjustment Account	12.7	100,678	
	Other Statutory Adjustment Accounts:			
886	• Collection Fund Adjustment Account	12.8	958	
(130)	• Accumulated Absences Account	12.8	(211)	
569	• Financial Instruments Adjustment Account	12.8	494	
0	Deferred capital receipts	2 & 3.8	0	
181,259	**Total Unusable Reserves**			**191,160**
212,925	**Total Reserves**			**217,253**

I certify that the accounts present to the best of my knowledge a true and fair view of the financial position of the Authority as at 31 March 2026 and the income and expenditure for the year then ended.



Lance Wosko
Assistant Director, Finance & Procurement (s151 officer)
Date: 30 June 2026

Cash Flow Statement

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

2024/25		Notes	2025/26	
£000s			£000s	£000s
	Operating Activities			
	Cash Outflows on Operating Activities			
12,178	Cash paid to and on behalf of employees		15,962	
288	Precept paid to Canvey Island Town Council		298	
6,628	Housing Benefit paid		4,717	
4,574	Non-domestic Rates - net total of tariff, levy and safety net amounts to/from Central Government		5,064	
1,180	Interest paid, including interest on finance lease liabilities		1,131	
22,976	Cash paid to suppliers of goods and services, and other payments for Operating Activities		27,612	
47,824	**Total Cash Outflows on Operating Activities**			**54,784**
	Cash Inflows on Operating Activities			
(3,956)	Rents (after rebates)		(4,669)	
(9,417)	Council Tax received		(9,263)	
(9,170)	Non-domestic Rates received		(9,889)	
(4,437)	Revenue Support Grant and General Government Grants		(4,663)	
(11,887)	Housing Benefit Subsidy		(8,876)	
(9,350)	Cash received from the sale of goods and the rendering of services		(9,277)	
(1,961)	Interest received		(1,766)	
(128)	Rental income received from Investment Properties		(125)	
(2,441)	Other cash receipts from Operating Activities		(9,198)	
(52,747)	**Total Cash Inflows on Operating Activities**			**(57,726)**
(4,923)	**Net Cash (Inflow)/Outflow from Operating Activities**			**(2,942)**

2024/25 £000s		Notes	2025/26 £000s	£000s
	Investing Activities			
7,616	Purchase and enhancement of non-current (long term) assets		9,060	
(444)	Proceeds from the sale of non-current (long term) assets		(1,241)	
(1,665)	Government capital grants received		(36)	
0	Other capital grants and capital cash receipts		(1,165)	
166,258	Purchase of short term and long term investments		169,592	
(171,421)	Proceeds from redemption of short term and long term investments		(171,422)	
344	**Net Cash (Inflow)/Outflow from Investing Activities**			**4,788**
	Financing Activities	16		
6,900	Repayments of short term and long term borrowing		5,400	
(4,500)	Cash receipts from short term and long term borrowing		(7,000)	
887	Cash payments for the reduction of the outstanding liability relating to finance leases		877	
	Collection Fund - Agency Adjustments:			
390	• Council Tax relating to major preceptors		(1,624)	
(447)	• Non-Domestic Rates relating to Central Government and major preceptors		393	
3,230	**Net Cash (Inflow)/Outflow from Financing Activities**			**(1,954)**
(1,349)	**Net (Increase)/Decrease in Cash and Cash Equivalents**			**(108)**
722	**Cash and Cash Equivalents as at 1 April**			(627)
(627)	**Cash and Cash Equivalents as at 31 March**	15		**(734)**

Contents

The following notes to the accounts are intended to aid the interpretation of the preceding financial statements:

Page:

Summary of Significant Accounting Policies:

Page:

Notes relating to the Comprehensive Income and Expenditure Statement:

Notes relating to the Movement in Reserves Statement:

Notes relating to the Balance Sheet:

Other Notes to the Core Financial Statements:

AP1 - Accounting Policies – Introduction and General Principles

The Statement of Accounts summarises the Council's transactions for the 2025/26 financial year, 1 April 2025 to 31 March 2026, and its position at the year-end date, 31 March 2026. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, and it has been prepared in accordance with proper accounting practices. These practices primarily comprise The Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, based on International Financial Reporting Standards (IFRS) ("the Code"), and the associated Guidance Notes for Practitioners, both as published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

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

The following abbreviations are used throughout these policies:

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

Basis of preparation of the accounts

These accounts have been prepared on a going concern basis.

The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the 2025/26 Code of Practice on Local Authority Accounting in the UK ('the Code') in respect of going concern reporting requirements, reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

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

The Council's investments and cash balances totalled **£26.1m** at 31 March 2026, which was held in either short term investments (maturing in 2026/27) or cash balances. These accessible balances are forecast to remain above **£10m** for 2026/27.

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

In addition to General Reserves (**£5.27m** at 31 March 2026) the Council holds Earmarked Reserves to the value of **£17.748m** at 31 March 2026. These reserves are either supported by detailed spending plans which span several financial years, earmarked for transformation and spend to save initiatives or are held in respect of grants given to the Council for specific purposes (e.g. ringfenced grants). Earmarked Reserves are forecast to reduce to **£7.67m** by 31 March 2028.

Going forward there remains uncertainty around Business Rates receipts under the new local government funding settlement. The Council's financial plans are designed as far as possible to smooth any detrimental impact which may arise, at least in the short term.

The assumption in the MTFS is for government income to continue as set out within the 2026/27 Final Local Government Finance Settlement.

The Council is part of the Greater Essex Local Government Reorganisation. This means, subject to legislation being laid before parliament later in 2026, that as at 1 April 2028, Castle Point Borough Council will cease to exist and will form part of South East Essex Council. Its assets and liabilities will be transferred to the new Council at that date.

AP2 - Accounting Policy Changes

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

In 2025/26 there are no changes to Accounting Policy.

The Council is also required to disclose information on the impact of a change in accounting policy that will be required by an accounting standard that has been issued but not yet adopted. This applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (i.e. 1 January 2025 for the 2025/26 financial year). This disclosure is reported in Note 23 to the Core Financial Statements.

AP3 - Accruals of Income And Expenditure

The financial statements are prepared under the accrual's basis of accounting. This means that transactions are accounted for in the financial year that the relevant activity took place, rather than when cash payments were made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Revenue from Council Tax and Non-Domestic Rates is measured at the full amount receivable, net of any impairment losses, as these are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.
- Supplies are recorded as expenditure when they are used. Supplies received and not yet used at the Balance Sheet date are held as inventories on the Balance Sheet.
- Expenditure incurred by the Council is recorded as such when the associated services are received, as opposed to when payment is made.
- Interest receivable and payable to and from the Council are accounted for as income and expenditure based on the effective interest rate for the associated financial instruments rather than by the actual cash flows received and made.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to the CI&ES for the income that might not be collected.

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

AP4 - Administrative Overheads and Support Services Costs

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

AP5 - Cash and Cash Equivalents

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

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

AP6 - Collection Fund – Agency Arrangements

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

The shares of debtors, creditors, the appeals provision and impairment allowances balances on Council Tax and NDR payers which are attributable to Central Government and the precepting authorities are derecognised to reflect the agency arrangement. This is done by netting off these amounts against those bodies' share of the collection fund balance. The resulting net balances are shown in current debtors or creditors on the Balance Sheet depending on the net position in that year.

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

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

AP7 - Employee Benefits – Benefits Payable During Employment

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

AP8 - Employee Benefits – Post-Employment Benefits

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

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

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

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

AP9 - Employee Benefits – Termination Benefits

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

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

AP10 - Events after the Balance Sheet Date

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

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

Details of any events are reported in note 21 to the Core Financial Statements.

AP11 - Fair Value Measurement

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

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

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

Inputs to valuation techniques are categorised into the following hierarchy:

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

AP12 - Financial Assets and Financial Liabilities

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

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

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

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

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

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

Grants with outstanding conditions which have not yet been met are held as Liabilities on the Balance Sheet, in either the Revenue Grants or Capital Grants Receipts in Advance Accounts. If any conditions are not satisfied, grants are repaid direct to the grant provider from these accounts. A grant or contribution may be received subject to a condition that it be returned to the grantor if a specified future event does or does not occur (for example, a grant may need to be returned if the Council ceases to use the asset purchased with that grant for a purpose specified by the grant provider). In these cases, an obligation to return does not arise until such time as it is expected that the condition will be breached and a liability is not recognised until that time. Such conditions do not prevent the grant or contribution being recognised as income in the CI&ES.

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

- **Capital grants and contributions** - the grant is recognised under Taxation and Non-Specific Grant Income on the CI&ES, and then transferred through the MIRS, to an appropriate capital reserve on the Balance Sheet, as follows:
    - If capital expenditure has been incurred the grant is credited to the CAA, to reflect the application of capital resources to fund capital expenditure.
    - If capital expenditure has not yet been incurred the grant is credited to the Capital Grants Unapplied Account. When capital expenditure subsequently occurs, the grant is then transferred from the Capital Grants Unapplied Account to the CAA.
- **Revenue grants and contributions** - general revenue government grants, which are not ring-fenced and not provided for a specific purpose, are recognised under Taxation and Non-Specific Grant Income and Expenditure on the CI&ES. Other grants which are for specific purposes are recognised as income for the relevant service line under Net Cost of Services. If a grant has been recognised but expenditure has not occurred, then the Council may hold the balance of the grant in an earmarked reserve until such time as expenditure takes place. The analysis of the amounts recognised in the relevant service lines shown in Note 10.1 to the Core Financial Statements generally excludes immaterial grants below **£1,000.**

- **Capital grants and contributions funding Revenue Expenditure Funded from Capital under Statute (REFCUS)** - grants to fund REFCUS are deemed to be revenue grants, as these amounts are only capital for statutory capital control purposes. These grants are therefore treated in accordance with the above revenue grant principles. However, an additional adjustment is required through the MIRS to transfer the grant to the CAA if expenditure has occurred, or the Capital Grants Unapplied Account, if expenditure has not occurred. Where a capital grant is held and expenditure has not yet been incurred, and the decision has yet to be taken whether the grant will fund capital expenditure or REFCUS expenditure, the unused grant is deemed to be a capital grant and is held under either the Capital Grants Receipts in Advance account or the Capital Grants Unapplied Account, depending on whether the grant has outstanding conditions or not. Please also refer to policy note AP23 on REFCUS for further information.

AP14 - Leasing Arrangements

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

- **Council is lessee -** the Council has adopted IFRS 16 (Leases) for leased in assets and Right of Use Assets with effect from 1 April 2024. The main impact of the requirements of IFRS 16 is that, for arrangements that were previously accounted for as payments to suppliers (i.e. without recognising leased vehicles, plant, equipment and property or their corresponding future rents as a liability), a right of use asset is now included on the balance sheet from 1 April 2024. The Council has elected to apply recognition exemptions to low value assets (below £10,000 when new) and to short term leases with less than 12 months to run. A contract is, or contains a lease, if the contract conveys the right to control the assets. The council is required to recognise the lease as an asset and corresponding liability on the Balance Sheet, at an amount equal to the Fair Value of the asset, or the present value of the minimum lease payments, if that is lower. Minimum lease payments are apportioned between the finance charge, which is the interest element of the lease and is recognised under Financing and Investment Income and Expenditure on the CI&ES, and the reduction in the outstanding liability on the Balance Sheet. The asset is subsequently depreciated over the term of the lease, or, if longer, over the useful life of the asset when it is certain that the Council will purchase the asset at the end of the lease term. Depreciation is applied in accordance with policy note AP16.9. See also policy note AP15 regarding the Minimum Revenue Provision for finance leases.
- **Finance leases - Council is lessor -** the Council is required to derecognise the asset leased out and recognise a debtor for the net investment in the lease. The lease repayments made to the Council are apportioned between repayment of the outstanding liability on the Balance Sheet and a receipt of interest from the finance charge. The finance charge is recognised as income under Financing and Investment Income and Expenditure on the CI&ES. The Council has set a de minimis level of **£2.5k**, whereby any lease with annual rental income below that amount that would otherwise be classified as a finance lease, will be treated as an operating lease, on grounds of materiality.
- **Operating leases – Council is lessor** - Assets which the Council leases out under operating lease arrangements remain on the Council's Balance Sheet under Property, Plant and Equipment or Investment Properties and are accounted for in accordance with policy notes AP16 and AP17. Operating lease receipts relating to Investment Properties are recognised under Financing and Investment Income and Expenditure on the CI&ES. Other operating lease receipts are credited to the relevant lines reported under Net Cost of Services on the CI&ES.

AP15 - Minimum Revenue Provision (MRP)

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

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

AP16.1 – Recognition

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

AP16.2 – Initial measurement

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

AP16.3 – Subsequent measurement after initial recognition

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

- Current value determined using the basis of existing use value for social housing (EUV-SH). As part of this valuation method, a vacant possession factor is applied to the valuation of the Council dwellings to represent their continued use as residential accommodation.
- Current value, determined as the amount that would be paid for the asset in its existing use (EUV)
- Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.
- Vehicles, plant and equipment assets which are either of a low value or have a short life are included at depreciated historical cost, which is deemed to be a materially sufficient proxy for depreciated replacement cost.

The valuation methods for PPE assets are summarised as follows:

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

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

AP16.4 – Revaluations

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

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

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

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

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

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

AP16.5 – Impairments

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

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

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

AP16.6 – Treatment of revaluations and impairments

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

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

AP16.7 – Disposals

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

The gain or loss on disposals is not a proper charge to the General Fund and / or Housing Revenue Account. As such, the carrying value of the asset is appropriated to the CAA, through the MIRS. Any residual revaluation gains in the Revaluation Reserve are transferred from the Revaluation Reserve to the CAA, again through the MIRS, and the net disposal proceeds are credited to the Capital Receipts Reserve.

AP16.8 – Capital Receipts

The proceeds from sales where Housing tenants have exercised the right to purchase their dwellings under the Right to Buy (RTB) scheme, as well as from other asset disposals, are known as capital receipts.

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

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

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

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

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

AP16.9 – Depreciation

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

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

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

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

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the CAA. This transfer is also reported through the MIRS.

AP16.10 – Componentisation

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

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

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

AP16.11 – Enhancement and derecognition

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

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

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

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

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

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

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

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

- **Memorials, statues, and other miscellaneous heritage assets** - This includes various war memorials found around the borough, as well as other memorials, statues, and other similar items. These items are accounted for using annual insurance valuations.
- **Other Heritage Assets not recognised** - The Council holds other assets not recognised on the Balance Sheet as either cost or valuation information is not available, or the assets are considered immaterial in value.
- **Dutch Cottage** - A 17th century property on Canvey Island. The building and land are measured in accordance with the accounting policies for other land and buildings, as disclosed in policy AP16.9. It is included as part of the five-year revaluation programme carried out by the Council's external valuers. Further information can be found on the Council's website: http://www.castlepoint.gov.uk/dutch-cottage-museum.

- **Civic Regalia** - Items of office that reflect the Council's status as a borough, such as chains, badges and robes. These items are recognised at their value for insurance purposes. Insurance valuations are updated on an annual basis. As the carrying amount from the insurance valuation is equivalent to their recoverable amount they are not depreciated. Further information can be found on the Council's website: https://www.castlepoint.gov.uk/w/the-civic-insignia-the-mace.

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

AP19 - Prior Period Errors and Adjustments

Prior period errors and adjustments are omissions or misstatements in the Council's financial statements, relating to one or more prior periods, arising from a failure to use, or incorrect use of, information that was available when the statements for the affected periods were authorised for issue and could reasonably have been expected to have been obtained and taken into consideration when preparing those statements. For material errors the Council is required to correct prior period errors retrospectively in the next set of financial statements after the discovery of the error, by amending the affected opening balances and comparative amounts for the prior period. See Note 2 for a restatement in relation to 2024/25.

AP20 - Provision For Bad and Doubtful Debts

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

AP21 - Provisions and Contingencies

AP21.1 – Provisions

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

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

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

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

Current provisions are reported as part of Note 22 to the Financial Statements.

AP21.2 – Contingencies

There are two types of contingencies required to be disclosed, as described below. They are not recognised in the Balance Sheet; instead, they are disclosed in the notes. Current items under these categories are also reported as part of Note 22 to the Financial Statements.

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

AP22 - Reserves

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

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

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

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

AP24 - Value Added Tax (VAT)

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

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

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

1 - Expenditure and Funding Analysis

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

*Restated Net Expenditure chargeable to the GF & HRA balances	* Restated Adjustments (See note 1.3 below)	Restated Net Expenditure in the CI&ES	1.1 Expenditure and Funding Analysis	Net Expenditure chargeable to the GF & HRA balances	Adjustments (See note 1.3 below)	Net Expenditure in the CI&ES
2024/25	2024/25	2024/25		2025/26	2025/26	2025/26
£000s	£000s	£000s		£000s	£000s	£000s
4,655	(247)	4,408	Commercial & Assets	5,645	(993)	4,652
4,182	3,512	7,694	Corporate & Customer	4,872	3,933	8,805
3,883	(866)	3,017	Place & Communities	5,707	(927)	4,780
(1,530)	(1,123)	(2,653)	Housing: Housing Revenue Account (HRA)	1,102	(619)	483
11,190	**1,276**	**12,466**	**Net Cost of Services**	**17,326**	**1,394**	**18,720**
(11,734)	(5,035)	(16,767)	Other income and expenditure	(13,199)	(2,793)	(15,992)
(544)	**(3,759)**	**(4,301)**	**(Surplus) / Deficit**	**4,127**	**(1,399)**	**2,728**
			GF, HRA and earmarked reserves balances (See note 1.2 below):			
(27,449)			Total opening balance at 1 April	(27,993)		
(544)			Add (surplus) / less deficit for the year	4,127		
(27,993)			**Total closing balance at 31 March**	**(23,866)**		

Note: Table may not cross cast due to roundings.

***Details of the restatement can be found in note 2 to these accounts**

The total closing balance in table 1.1 above is analysed below:

GF 2024/25 £000s	HRA 2024/25 £000s	Earmarked Reserves 2024/25 £000s	1.2 Analysis of Reserve Balances	GF 2025/26 £000s	HRA 2025/26 £000s	Earmarked Reserves 2025/26 £000s
(4,000)	(878)	(22,572)	Opening balances at 1 April	(5,801)	(1,558)	(20,634)
343	(886)	0	Add (surplus) / less deficit for the year	2,214	1,911	0
(2,144)	206	1,938	Transfers to and from Earmarked Reserves	(1,680)	(1,206)	2,886
(5,801)	**(1,558)**	**(20,634)**	**Closing balances at 31 March**	**(5,267)**	**(853)**	**(17,748)**

Capital (note 1.4.1) 2024/25 £000s	*Restated Pensions (note 1.4.2) 2024/25 £000s	Other (note 1.4.3) 2024/25 £000s	Total 2024/25 £000s	1.3 Adjustments from the GF and HRA to arrive at the CI&ES amounts	Capital (note 1.4.1) 2025/26 £000s	Pensions (note 1.4.2) 2025/26 £000s	Other (note 1.4.3) 2025/26 £000s	Total 2025/26 £000s
1,038	(294)	(990)	(244)	Commercial & Assets	831	(473)	(1,350)	(992)
70	(114)	3,555	3,511	Corporate & Customer	171	(322)	4,085	3,934
761	(74)	(1,553)	(868)	Place & Communities	770	(199)	(1,498)	(927)
(55)	(51)	(1,017)	(1,123)	Housing: Housing Revenue Account (HRA)	642	(105)	(1,155)	(618)
1,814	**(533)**	**(5)**	**1,276**	**Net Cost of Services**	**2,414**	**(1,099)**	**82**	**1,397**
(5,139)	79	25	(5,035)	Other income and expenditure	(2,837)	39	3	(2,795)
(3,325)	**(454)**	**20**	**(3,759)**	**Difference between GF and HRA (surplus) / deficit and CI&ES (surplus) / deficit**	**(423)**	**(1,060)**	**85**	**(1,398)**

1.4 - Explanatory notes to the adjustments

1.4.1 - Adjustments for capital purposes:

- **Service lines -** these adjustments add in depreciation and impairment, revaluation gains and losses and expenditure on Revenue Expenditure Funded from Capital Under Statute (REFCUS) as well as grants that fund that expenditure.
- **Other income and expenditure -** includes the following three sub-categories of adjustments:
  - **Other operating expenditure -** adjustments for capital disposals with a transfer of income, or amounts written off, relating to those assets.
  - **Financing and investment income and expenditure -** statutory charges for capital financing, i.e. Minimum Revenue Provision and other revenue contributions, are deducted as these are not chargeable under generally accepted accounting practices.
  - **Taxation and non-specific grant income and expenditure -** Capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

1.4.2 - Adjustments for net change to pensions:

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

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

1.4.3 - Other adjustments:

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

- **Service lines -** statutory adjustments for accumulated absences are applied to the CI&ES. This column also includes adjustments to reflect those recharges between services are no longer reported in the CI&ES but are still included in the Net Expenditure chargeable to the General Fund & HRA balances on the Expenditure and Funding Analysis.
- **Other income and expenditure -** this represents the difference between what is chargeable under statutory regulations for Council Tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the Collection Fund.

2 - Prior Period Restatement

During 2025/26, changes to Assistant Director responsibilities resulted in the realignment of certain services between directorates. Accordingly, the 2024/25 comparative figures have been restated within the CIES and EFA to reflect the revised directorate structure. Additionally, the bad debt provision has been moved to central financing and investing activities. The tables below show how these amendments have impacted the previously published data. Only those lines impacted are shown. There is nil impact on General Fund balances.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT									
	Per 2024/25 Audit Statements			Amendments			Per restated comparative in 2025/26 Statements		
	Gross Expend 2024/25 £000s	Gross Income 2024/25 £000s	Net Expend 2024/25 £000s	Gross Expend 2024/25 £000s	Gross Income 2024/25 £000s	Net Expend 2024/25 £000s	Gross Expend 2024/25 £000s	Gross Income 2024/25 £000s	Net Expend 2024/25 £000s
Gross Expenditure, Gross Income and Net Expenditure of Continuing Operations									
Commercial & Assets	14,962	(10,692)	4,270	243	(105)	138	15,206	(10,797)	4,409
Corporate & Customer	20,815	(13,209)	7,606	88		88	20,903	(13,208)	7,695
Place & Communities	8,575	(5,431)	3,144	(233)	105	(129)	8,341	(5,326)	3,015
Housing: Housing Revenue Account (HRA)	7,191	(9,794)	(2,603)	(50)		(50)	7,140	(9,794)	(2,654)
Net Cost of Services - Continuing Operations	**51,542**	**(39,126)**	**12,416**	**47**	**0**	**47**	**51,590**	**(39,125)**	**12,465**
Financing and Investment Income and Expenditure									
Movement on Bad Debt Provision			-			(47)			(47)
(Surplus) / Deficit on Continuing Operations			**12,444**			**-**			**12,444**

HOUSING REVENUE ACCOUNT									
	Per 2024/25 Audit Statements			Amendments			Per restated comparative in 2025/26 Statements		
			2024/25 £000s			2024/25 £000s			2024/25 £000s
Expenditure									
Increase / (decrease) in allowance for bad or doubtful debts			50			(50)			-
Total Expenditure			**7,191**			**(50)**			**7,141**
Net Expenditure / (Income) of HRA Services as included in the Comprehensive Income and Expenditure Statement			**(2,603)**			**(50)**			**(2,653)**
Net Expenditure / (Income) of HRA Services			**(1,583)**			**(50)**			**(1,633)**
HRA Share of the Operating Income and Expenditure Included in the Comprehensive Income and Expenditure Statement									
Increase / (decrease) in allowance for bad or doubtful debts			-			50			50
(Surplus) / Deficit for the Year on HRA Services			**(536)**			**-**			**(536)**

EXPENDITURE FUNDING ANALYSIS (Note 1)

	Per 2024/25 Audit Statements			Amendments			Per restated comparative in 2025/26 Statements		
	Net Expenditure chargeable to the GF & HRA balances 2024/25 £000s	Adjustments 2024/25 £000s	Net Expenditure in the CI&ES 2024/25 £000s	Net Expenditure chargeable to the GF & HRA balances 2024/25 £000s	Adjustments 2024/25 £000s	Net Expenditure in the CI&ES 2024/25 £000s	Net Expenditure chargeable to the GF & HRA balances 2024/25 £000s	Adjustments 2024/25 £000s	Net Expenditure in the CI&ES 2024/25 £000s
Commercial & Assets	4,515	(245)	4,270	140	(2)	138	4,655	(247)	4,408
Corporate & Customer	4,094	3,512	7,606	88	-	88	4,182	3,512	7,695
Place & Communities	4,013	(868)	3,145	(131)	2	(129)	3,883	(866)	3,018
Housing: Housing Revenue Account (HRA)	(1,480)	(1,123)	(2,603)	(50)	-	(50)	(1,530)	(1,123)	(2,652)
Net Cost of Services	**11,142**	**1,276**	**12,418**	**47**	**-**	**47**	**11,190**	**1,276**	**12,467**
Other income and expenditure	(11,686)	(5,035)	(16,719)	(47)	-	(47)	(11,734)	(5,035)	(16,769)
(Surplus) / Deficit	**(544)**	**(3,759)**	**(4,301)**	**(0)**	**-**	**(0)**	**(544)**	**(3,759)**	**(4,301)**

EXPENDITURE FUNDING ANALYSIS (Note 1.3)

	Per 2024/25 Audit Statements			Amendments			Per restated comparative in 2025/26 Statements		
		Pensions 2024/25 £000s	Total 2024/25 £000s		Pensions 2024/25 £000s	Total 2024/25 £000s		Pensions 2024/25 £000s	Total 2024/25 £000s
Commercial & Assets		(292)	(244)		(2)	(2)		(294)	(246)
Corporate & Customer		(114)	3,511					(114)	3,511
Place & Communities		(76)	(868)		2	2		(74)	(866)
Housing: Housing Revenue Account (HRA)		(51)	(1,123)					(51)	(1,123)
Net Cost of Services		**(533)**	**1,276**		**-**	**-**		**(533)**	**1,276**

EXPENDITURE AND INCOME ANALYSED BY THEIR NATURE (Note 3)

	Per 2024/25 Audit Statements			Amendments			Per restated comparative in 2025/26 Statements		
			2024/25 £000s			2024/25 £000s			2024/25 £000s
Expenditure:									
Other service expenses			32,443			46			32,489
Movement on Bad Debt Provision			-			(46)			(46)

3 - Expenditure and Income Analysed by their Nature

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

	*Restated 2024/25 £000s	2025/26 £000s
Expenditure:		
Employee expenses	15,204	18,728
Other service expenses	32,489	31,419
Support service recharges from other services	15,595	16,946
Capital charges - depreciation, amortisation, revaluation & impairment	3,914	4,545
Payment of precept to Canvey Island Town Council	288	298
National Non-Domestic Rates tariffs and levies and safety net	4,746	4,913
(Gain) / loss on disposal / derecognition of non-current (long term) assets	422	151
Interest payable and similar charges, including Finance Leases interest	1,130	1,160
Pensions - net interest on the net defined benefit liability, and IAS19 pension administration expenses	80	40
Movment on Bad Debt Provision	(46)	383
Total Expenditure	**73,822**	**78,583**
Income:		
Fees, charges and other service income	(23,416)	(22,424)
Government and other grants & contributions	(15,727)	(13,549)
Support service recharges to other services	(15,595)	(16,945)
Changes in the fair value of Investment Properties	(7)	(98)
Rental income received on Investment Properties	(128)	(125)
Interest and investment income	(1,759)	(1,493)
Council Tax income	(9,238)	(9,470)
National Non-Domestic Rates income	(9,297)	(9,767)
General grants and contributions	(1,156)	(1,497)
Capital grants and contributions	(1,800)	(487)
Total Income	**(78,123)**	**(75,855)**
(Surplus) / Deficit on the provision of services	**(4,301)**	**2,728**

*Details of the restatement can be found in note 2 to these accounts

4 - Segmental Income

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

Operating segment	2024/25 £000s	2025/26 £000s
Place & Communities	(3,242)	(3,038)
Commercial & Assets	(9,708)	(9,348)
Corporate & Customer	(664)	(671)
Housing: Housing Revenue Account (HRA)	(9,802)	(9,367)
Total fees, charges and other service income	**(23,416)**	**(22,424)**

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

Income stream	31/03/2025 £000s	31/03/2026 £000s
Community halls bookings	(19)	(17)
Development control fees and charges	(92)	(93)
Leisure - open spaces	(2)	(4)
Garden waste bin collections	(308)	(414)
Trade waste bin collections, and other miscellaneous income	(279)	(1,015)
Total	**(700)**	**(1,543)**

5 - Audit Fees

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

Audit fees category	2024/25 £000's	2025/26 £000's
Fees payable to EY for external audit services	197	182
Fees payable to KPMG for certification of grant claims and returns	97	53
Fees payable to KPMG for certification of housing capital receipts return	6	15
Other external audit fees payable	4	3
Total audit fees	**304**	**253**

6 - Members' Allowances

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

Allowance category	2024/25 £000's	2025/26 £000's
Basic allowances	139	172
Special responsibility allowances	93	125
Mileage allowances	7	8
Mayor and Deputy Mayor's allowances	9	11
Total members' allowances	**248**	**316**

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

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

7 - Related Party Transactions

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

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

Donations to voluntary bodies	2024/25 £000's	2025/26 £000's
The Peabody Group	41	41
Citizens Advice Bureau	19	19
Carer's Choices	34	34
Castle Point Association of Voluntary Services	41	-
Total donations	**135**	**94**

Payments to other organisations	2024/25 £000's	2025/26 £000's
South Essex Councils (SEC) - membership subscriptions and other contributions	60	-
Wyvern Community Transport – community transport services	10	10
Vine HR Ltd – a not-for-profit human resources company formed by all 15 Essex councils – member subscription and other contributions	4	4
Total donations	**74**	**14**

8 - Termination Benefits (Exit Packages)

The Council is required to provide for termination benefits in relation to employees who are made compulsorily redundant or take other exit packages. There were four packages in 2025/26 (three packages in 2024/25), as shown below. The amounts include payments made direct to the relevant employee and where applicable payments made to the pension scheme on their behalf. There were no further planned terminations as at 31 March 2026.

Exit Packages – 2025/26				
Package band	**Number of compulsory redundancy packages**	**Number of other packages**	**Total number of packages**	**Total cost of exit packages £000's**
£0 - £20,000	0	1	1	17
£20,001 - £40,000	0	1	1	30
£40,001 - £60,000	1	0	1	59
£80,001 - £100,000	1	0	1	82
Total	**2**	**2**	**4**	**188**

An additional payment of £10k was made in year to a package awarded in 2023/24.

Exit Packages – 2024/25				
Package band	**Number of compulsory redundancy packages**	**Number of other packages**	**Total number of packages**	**Total cost of exit packages £000's**
£0 - £20,000	1	0	1	13
£40,001 - £60,000	1	0	1	42
£100,001-£150,000	1	0	1	135
Total	**3**	**0**	**3**	**190**

9 - Officers' Remuneration

9.1 – Remuneration bandings

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

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

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

Remuneration band	2024/25	2025/26
£50,000 – £54,999	12	12
£55,000 – £59,999	9	9
£60,000 – £64,999	2	5
£65,000 - £69,999	0	1
£70,000 – £74,999	8	2
£75,000 – £79,999	0	7
£80,000 - £84,999	1	0
£95,000 – £99,999	0	1
£100,000 - £104,999	0	1
£105,000-£109,999	0	1
Total	**32**	**39**

9.2 – Senior officer remuneration

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

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

9.2.1 – Remuneration for 2025/26

Position	Salary £000's	Total excluding pension conts. £000's	Employer's pension £000's	Total including pension conts. £000's
Chief Executive	144	**144**	32	**176**
Director Corporate & Customer	100	**100**	22	**122**
Director Commercial & Assets	95	**95**	21	**116**
Director Place & Communities	98	**98**	21	**119**
Assistant Director S151 Officer	87	**87**	19	**106**
Assistant Director Monitoring Officer	87	**87**	19	**106**
Total	**611**	**611**	**134**	**745**

9.2.2 – Remuneration for 2024/25

Position	Salary £000's	Total excluding pension conts. £000's	Employer's pension £000's	Total including pension conts. £000's
Chief Executive	139	**139**	31	**170**
Director Corporate & Customer	95	**95**	21	**116**
Director Commercial & Assets	89	**89**	19	**108**
Director Place & Communities	93	**93**	20	**113**
Assistant Director S151 Officer	80	**80**	18	**98**
Assistant Director Monitoring Officer	80	**80**	18	**98**
Total	**576**	**576**	**127**	**703**

10 - Grants and Other Contributions

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

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

10.1 – Grants towards Revenue Expenditure

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

Service line and grant or contribution name	2024/25 £000s	2025/26 £000s
Place and Communities		
• Housing and homelessness grants	(511)	(674)
• UKSPF revenue funding	(428)	(275)
• Warm and Decent Homes	0	(254)
• Miscellaneous grants	(1)	(57)
• Biodiversity Net Gain	(11)	(27)
• Asylum Dispersal	(21)	(22)
• Renters Right Act (New Burdens)	0	(20)
• Pride in Place (Revenue)	0	(20)
• Community safety partnership core	0	(12)
• Planning skills fund	(70)	0
• Green Belt Fund	(70)	0
• Digitalising Planning	(29)	(0)
• Crime and Disorder Grant	(15)	0
Corporate and Customer		
• Housing Benefit subsidy	(11,887)	(9,379)
• Benefits administration grant	(155)	(156)
• Discretionary Housing Payments	(148)	(148)
• Local Land Charges Transition / Land Registry	0	(64)
• Miscellaneous grants relating to Benefits and Business rates	(305)	(52)
• Miscellaneous grants relating to Elections and Electoral Registration	(28)	(25)
• Redmond review	(22)	0
Commercial and Assets		
• Essex County Council (ECC) Recycling schemes	(850)	(947)
• Public health grant (ECC)	(61)	(134)
• Sport England Grant	0	(64)
• Wellbeing development fund	0	(65)
• Essex County Council (ECC) Grounds Maintenance contribution	(28)	(66)
• Miscellaneous grants relating to sports and fitness	(13)	(18)
• Various grants and contributions for parks and open spaces works	(13)	(15)
• Salix Grant	(80)	(1)
Housing: Housing Revenue Account (HRA)		
• Housing Strategies Funding	0	(46)
• Employers NI Contribution	0	(11)
• Tenants Satisfaction Measures	(10)	0
Total Revenue Grants and Contributions	**(14,756)**	**(12,552)**

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

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

Service line and grant or contribution name	2024/25 £000s	2025/26 £000s
Environment		
• Disabled Facilities Grant	(970)	(990)
Total REFCUS Grants and Contributions	**(970)**	**(990)**

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

Grant or Contribution name	2024/25 £000s	2025/26 £000s
General Government Grants		
Extender Producer Responsibility Grant	0	(829)
Funding Floor Grant	0	(269)
Revenue Support Grant	(92)	(110)
Preceptors Council Tax technical changes funding	(271)	(107)
Employer's National Insurance Contribution	0	(95)
Recovery Grant	0	(84)
New Homes Bonus Grant	0	(3)
New Burdens Grants	(88)	0
Funding Guarantee Grant	(689)	0
Service Grants	(16)	0
Total General Government Grants	**(1,156)**	**(1,497)**

Capital Grants and Contributions	2024/25 £000s	2025/26 £000s
Place and Communities		
• Coastal communities	(1,124)	(105)
• Third Party Contributions	0	(30)
• Regeneration Industrial Estates	0	(24)
• Local Safer Streets Fund	0	(12)
• UKSPF Grant	(368)	(5)
• South Essex Parking Partnership	(135)	0
• Solar Panel Grant	(99)	0
• Lawn Tennis Association Contribution	(70)	0
• Football Grant	(4)	0
Housing: Housing Revenue Account (HRA)		
• Section 106 Developer Contribution towards new build	0	(301)
Total Capital Grants and Contributions	**(1,800)**	**(477)**

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

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

11.1 - Adjustments for 2025/26	Usable Reserves: General Fund (GF) Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Unusable Reserves: Pensions Reserve	Revaluation Reserve	Capital Adjustment Account	Other Adjustment Accounts
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Adjustments to Revenue Resources								
Adjustments for the amounts included in the Comprehensive Income and Expenditure Statement (CI&ES) which are different from the amounts calculated in accordance with regulations for:								
• Pension costs	955	105	0	0	(1,060)	0	0	0
• Council Tax and Non-Domestic Rates income	72	0	0	0	0	0	0	(72)
• Accumulated Absences (holiday pay)	(80)	(1)	0	0	0	0	0	81
• Early Repayment Disounts	(43)	(32)	0	0	0	0	0	75
Adjustments between Revenue and Capital Resources								
Adjustments for depreciation, amortisation, revaluation and impairment of non-current assets	(1,773)	(641)	0	(2,131)	0	0	4,545	0
Adjustment for recognised capital grants and contributions (applied and unapplied)	1,166	301	0	0	0	0	(1,467)	0
Adjustment for Revenue Expenditure Funded from Capital Under Statute	(995)	0	0	0	0	0	995	0
Capital receipts arising other than from the disposal of a non current asset	0	0	(228)	0	0	0	228	0
Adjustment for disposal/derecognition of non-current assets & Investment Properties	242	(394)	(1,013)	0	0	0	1,165	0
Adjustment for changes in the fair value of Investment Properties	98	0	0	0	0	0	(98)	0
Provisions for the repayment of debt and finance lease liabilities	1,646	0	0	0	0	0	(1,646)	0
Revenue contribution to finance capital expenditure	772	0	0	0	0	0	(772)	0
Adjustments to Capital Resources								
Transfer from the Major Repairs Reserve to finance capital expenditure	0	0	0	2,956	0	0	(2,956)	0
Transfer from Usable Capital Receipts to finance capital expenditure	0	0	1,862	0	0	0	(1,862)	0
Adjustment for the difference between fair value depreciation and historical cost depreciation	0	0	0	0	0	989	(989)	0
Adjustment to write out accumulated gains on disposal and derecognition of non-current assets	0	0	0	0	0	491	(491)	0
Total Adjustments	**2,060**	**(662)**	**621**	**825**	**(1,060)**	**1,480**	**(3,348)**	**84**

11.1 - Adjustments for 2024/25	Usable Reserves: General Fund (GF) Balance £000s	Housing Revenue Account £000s	Capital Receipts Reserve £000s	Major Repairs Reserve £000s	Unusable Reserves: Pensions Reserve £000s	Revaluation Reserve £000s	Capital Adjustment Account £000s	Other Adjustment Accounts £000s
Adjustments to Revenue Resources								
Adjustments for the amounts included in the Comprehensive Income and Expenditure Statement (CI&ES) which are different from the amounts calculated in accordance with regulations for:								
• Pension costs	403	51	0	0	(454)	0	0	0
• Council Tax and Non-Domestic Rates income	49	0	0	0	0	0	0	(49)
• Accumulated Absences (holiday pay)	6	(1)	0	0	0	0	0	(5)
• Early Repayment Disounts	(43)	(32)	0	0	0	0	0	75
Adjustments between Revenue and Capital Resources								
Adjustments for depreciation, amortisation, revaluation and impairment of non-current assets	(1,865)	55	0	(2,106)	0	0	3,916	0
Additional transfers between the HRA and the Major Repairs Reserve	0	0	0	0	0	0	0	0
Adjustment for recognised capital grants and contributions (applied and unapplied)	2,770	0	0	0	0	0	(2,770)	0
Adjustment for Revenue Expenditure Funded from Capital Under Statute	(975)	0	0	0	0	0	975	0
Capital receipts arising other than from the disposal of a non current asset	0	0	(29)	0	0	0	29	0
Adjustment for disposal/derecognition of non-current assets & Investment Properties	0	(423)	(415)	0	0	0	838	0
Adjustment for changes in the fair value of Investment Properties	7	0	0	0	0	0	(7)	0
Provisions for the repayment of debt and finance lease liabilities	1,676	0	0	0	0	0	(1,676)	0
Revenue contribution to finance capital expenditure	2,079	0	0	0	0	0	(2,079)	0
Transfer from Capital Receipts Reserve for the Housing Capital Receipts Pool	0	0	0	0	0	0	0	0
Adjustments to Capital Resources								
Transfer from the Major Repairs Reserve to finance capital expenditure	0	0	0	2,883	0	0	(2,883)	0
Transfer from Usable Capital Receipts to finance capital expenditure	0	0	1,075	0	0	0	(1,075)	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash			0	0	0	0	0	0
Adjustment for the difference between fair value depreciation and historical cost depreciation	0	0	0	0	0	937	(937)	0
Adjustment to write out accumulated gains on disposal and derecognition of non-current assets	0	0	0	0	0	331	(331)	0
Total Adjustments	**4,107**	**(350)**	**631**	**777**	**(454)**	**1,268**	**(6,000)**	**21**

12 - Analysis of the Movement in Reserves Statement

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

12.1 – Usable Revenue Reserve: Earmarked Reserves

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

Earmarked Reserve	Balance 01/04/2024 £000s	Additions in 2024/25 £000s	Deductions in 2024/25 £000s	Balance 31/03/2025 £000s	Additions in 2025/26 £000s	Deductions in 2025/26 £000s	Balance 31/03/2026 £000s
Coronavirus Impact	413	0	(413)	0	0	0	0
Carbon reduction	591	53	(99)	545	0	0	545
Interest Smoothing Reserve	817	0	0	817	0	(122)	695
Revenue grants unspent	1,045	71	(78)	1,038	71	(609)	500
Future asset maintenance	3,650	293	(1,213)	2,730	843	(783)	2,790
Members' Initiatives	1,950	769	(1,510)	1,209	326	(346)	1,189
Insurance	348	0	0	348	0	(348)	0
Non-domestic rates equalisation	2,604	2,931	(4,135)	1,400	2,734	(2,757)	1,377
Council tax support scheme	1,211	17	(50)	1,178	0	(81)	1,097
Vehicle replacements	400	313	(400)	313	276	(313)	276
Improvement fund	252	795	(505)	542	0	(128)	414
Pension deficit payment	1,517	250	0	1,767	271	0	2,038
Planning - local development scheme and plan	1,629	0	(616)	1,013	0	(413)	600
Planning - joint strategic plan	173	0	0	173	0	0	173
Planning - Town Centre	0	250	0	250	0	(250)	0
ICT projects	2,020	1,123	(811)	2,332	646	(1,039)	1,939
Knightswick shopping centre	2,016	1,498	(1,247)	2,267	1,140	(1,177)	2,230
Commitments from previous year	183	114	0	297	71	(183)	185
Other earmarked reserves (note 1)	753	657	(200)	1,210	1,045	(554)	1,701
HRA earmarked reserves	1,000	206	0	1,206	0	(1,206)	0
Total Earmarked Reserves	**22,572**	**9,340**	**(11,277)**	**20,635**	**7,423**	**(10,309)**	**17,749**

12.2 – Usable Capital Reserve: Major Repairs Reserve

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

12.3 – Usable Capital Reserve: Capital Receipts Reserve

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

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

12.4 – Usable Capital Reserve: Capital Grants Unapplied Account

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

12.5 – Unusable Revenue Reserve: Pensions Reserve

This statutory reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding those benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the CI&ES as the benefits are earned by employees accruing years of service, and updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid. The table below shows the movements in the Pension Reserve each year. Further information on pensions is reported in note 18 to the Financial Statements.

Pensions Reserve	2024/25 £000s	2025/26 £000s
Balance as at 1 April	**(1,302)**	**(1,125)**
Remeasurements of the net defined benefit liability, reported in Other Comprehensive Income and Expenditure on the CI&ES	(277)	(1,244)
Total adjustments included in the MIRS, as shown in note 11	454	1,060
Balance as at 31 March	**(1,125)**	**(1,309)**

12.6 – Unusable Capital Reserve: Revaluation Reserve

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

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

Revaluation Reserve	2024/25 £000s	2025/26 £000s
Balance as at 1 April	**78,868**	**83,731**
Revaluations and impairments of assets, reported in Other Comprehensive Income and Expenditure on the CI&ES:		
Increases in asset values	9,207	10,871
Decreases in asset values	(3,077)	(2,573)
Total reported in Other Comprehensive Income and Expenditure	**6,130**	**8,298**
Total adjustments included in the MIRS, as shown in note 11	(1,267)	(1,479)
Balance as at 31 March	**83,731**	**90,550**

12.7 – Unusable Capital Reserve: Capital Adjustment Account

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

12.8 – Unusable Revenue Reserve: Other Statutory Adjustment Accounts

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

- **Collection Fund Adjustment Account -** This account manages the differences arising from the recognition of Council Tax and Non-Domestic Rate income in the CI&ES as it falls due from payers, compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.
- **Accumulated Absences Account -** This account manages the differences that would otherwise arise on the General Fund (GF) and Housing Revenue Account (HRA) balances from accruing for compensated absences (i.e., leave entitlement) earned but not yet taken in the year. Statutory arrangements require that the impact on GF and HRA balances are neutralised by transfers to or from this account.
- **PWLB Adjustment Account –** This account manages the recognition of early repayment discounts received on the repayment of General Fund (GF) and Housing Revenue Account (HRA) loans in 2023/24. The benefit will be recognised over ten years into the GF and HRA accounts.

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

Other Statutory Adjustment Accounts	Collection Fund Adjustment Account		Accumulated Absences Account		PWLB Adjustment Account	
	2024/25 £000s	2025/26 £000s	2024/25 £000s	2025/26 £000s	2024/25 £000s	2025/26 £000s
Balance as at 1 April	**835**	**885**	**(136)**	**(131)**	**644**	**569**
Total adjustments included in the MIRS, as shown in note 11	50	73	5	(80)	(75)	(75)
Balance as at 31 March	**885**	**958**	**(131)**	**(211)**	**569**	**494**

13 - Non-Current (Long Term) Assets

13.1 - Asset movements during 2025/26 All assets are owned by the Council	Property, Plant and Equipment: Council Dwellings & Garages	Other Land & Buildings	Vehicles, Plant & Equipment (Owned)	Infra-structure	Community Assets	Assets under construction	Total Property, Plant and Equipment	Heritage Assets	Investment Properties	Right of Use Assets	Total Assets
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cost or valuation (Gross Book Value)											
1 April 2025	**151,116**	**66,060**	**6,430**	**374**	**596**	**2,929**	227,506	**572**	**1,207**	**3,609**	**232,894**
Additions & enhancements	2,861	22	73	0	0	5,431	8,386	0	**0**	**151**	**8,537**
Accumulated Depreciation & Impairment Written Out	(2,091)	(751)	0	0	0	0	(2,842)	(19)	**0**	**0**	**(2,861)**
Derecognition on disposal	(564)	0	(252)	0	0	0	(816)	0	**0**	**0**	**(816)**
Other derecognitions	(846)	0	0	0	0	0	(846)	0	**0**	**0**	**(846)**
Other Reclassifications	802	1,791	0	0	0	(2,593)	0	0	**0**	**0**	**0**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	2,204	5,930	**0**	**0**	**0**	**0**	8,134	**164**	**0**	**0**	**8,299**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(642)	237	0	0	0	0	(406)	0	**98**	**0**	**(308)**
31 March 2026	**152,840**	**73,288**	**6,250**	**374**	**596**	**5,768**	**239,115**	**718**	**1,306**	**3,760**	**244,899**
Depreciation and Impairments											
1 April 2025	**(20)**	**(110)**	**(5,313)**	**(221)**	**(0)**	**0**	(5,664)	**(14)**	**0**	(953)	**(6,631)**
Depreciation charged	(2,130)	(713)	(310)	(14)	(0)	0	(3,166)	(5)	0	(901)	**(4,073)**
Accumulated Depreciation written out	2,091	751	0	0	0	0	2,842	19	0	0	**2,861**
Accumulated Impairment written out	0	0	0	0	0	0	0	0	0	0	**0**
Derecognition - Disposals	3	0	252	0	0	0	255	0	0	0	**255**
Derecognition - Other	13	0	0	0	0	0	13	0	0	0	**13**
Other movements in Depreciation and Impairment	0	0	0	0	0	0	0	0	0		**0**
31 March 2026	**(43)**	**(71)**	**(5,371)**	**(235)**	**(0)**	**0**	**(5,720)**	**0**	**0**	**(1,854)**	**(7,574)**
Balance Sheet Amount (Net Book Value)											
1 April 2025	**151,096**	**65,949**	**1,117**	**153**	**596**	**2,929**	221,840	**558**	**1,207**	**2,656**	**226,261**
31 March 2026	**152,797**	**73,217**	**879**	**139**	**596**	**5,768**	**233,395**	**718**	**1,306**	**1,905**	**237,324**

The Right of Use assets in the table above are a new addition resulting from the implication of IFRS16. These are all leases and contracts which whilst we do not own the asset, we have a right of use and therefore these assets have to be reflected in our balance with a corresponding finance liability. More detail on these can be found in Note 20 to these accounts.

13.1 - Asset movements during 2025/26 All assets are owned by the Council	Property, Plant and Equipment: Council Dwellings & Garages	Other Land & Buildings	Vehicles, Plant & Equipment (Owned)	Infra-structure	Community Assets	Assets under construction	Total Property, Plant and Equipment	Heritage Assets	Investment Properties	Right of Use Assets	Total Assets
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cost or valuation (Gross Book Value)											
1 April 2025	**151,116**	**66,059**	**6,430**	**374**	**596**	**2,929**	227,504	**572**	**1,207**	**3,609**	**232,892**
Additions & enhancements	2,861	22	73	0	0	5,431	8,387	0	**0**	**151**	**8,538**
Accumulated Depreciation & Impairment Written Out	(2,091)	(751)	0	0	0	0	(2,842)	(19)	**0**	**0**	**(2,861)**
Derecognition on disposal	(564)	0	(252)	0	0	0	(816)	0	**0**	**0**	**(816)**
Other derecognitions	(846)	0	0	0	0	0	(846)	0	**0**	**0**	**(846)**
Other Reclassifications	802	1,791	0	0	0	(2,593)	0	0	**0**	**0**	**0**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	2,204	5,931	**0**	**0**	**0**	**0**	8,135	**164**	**0**	**0**	**8,300**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(642)	237	0	0	0	0	(405)	0	**98**	**0**	**(307)**
31 March 2026	**152,840**	**73,289**	**6,250**	**374**	**596**	**5,768**	**239,117**	**718**	**1,306**	**3,760**	**244,900**
Depreciation and Impairments											
1 April 2025	**(20)**	**(110)**	**(5,313)**	**(221)**	**(0)**	**0**	(5,664)	**(14)**	**0**	**(953)**	**(6,631)**
Depreciation charged	(2,130)	(713)	(310)	(14)	(0)	0	(3,167)	(5)	0	(901)	**(4,074)**
Accumulated Depreciation written out	2,091	751	0	0	0	0	2,842	19	0	0	**2,861**
Accumulated Impairment written out	0	0	0	0	0	0	0	0	0	0	**0**
Derecognition - Disposals	3	0	252	0	0	0	255	0	0	0	**255**
Derecognition - Other	13	0	0	0	0	0	13	0	0	0	**13**
Other movements in Depreciation and Impairment	0	0	0	0	0	0	0	0	0		**0**
31 March 2026	**(43)**	**(71)**	**(5,371)**	**(235)**	**(0)**	**0**	**(5,721)**	**0**	**0**	**(1,854)**	**(7,575)**
Balance Sheet Amount (Net Book Value)											
1 April 2025	**151,096**	**65,948**	**1,117**	**153**	**596**	**2,929**	221,839	**558**	**1,207**	**2,656**	**226,260**
31 March 2026	**152,797**	**73,218**	**879**	**139**	**596**	**5,768**	**233,396**	**718**	**1,306**	**1,905**	**237,324**

13.2 – Valuation basis

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

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

The tables over the preceding pages show the movements in assets during 2025/26, with comparative figures for 2024/25. The Gross Book Value (GBV) of land and buildings shown on these pages, where relevant including subsequent enhancement costs and excluding amounts derecognised, are based on valuations made over the following timescales, as part of the rolling five-year programme. There is a significant increase in value of assets valued in 2025/26 as there is a new requirement for all assets to be revalued on a 5-year basis and if they have not been subject to a full valuation, should instead be subject to an indexation review.

Revaluation timescale	GBV at 31/03/25 £000's	GBV at 31/03/26 £000's
Revaluations performed in 2025/26	0	203,068
Revaluations performed in 2024/25	48,281	7,575
Revaluations performed in 2023/24	2,166	1,438
Revaluations performed in 2022/23	637	36
Revaluations performed in 2021/22	3326	29
Revaluations performed in 2020/21	0	0
Valued at Historic Cost	11,650	21,201
Total land and buildings gross book value	**66,060**	**233,347**

13.3 – Capital expenditure

The Council undertook capital expenditure during 2024/25 and 2025/26 as follows:

Capital expenditure item	2024/25 £000's	2025/26 £000's
Council house improvements	2,882	2,851
Council housing acquisitions and new developments	191	2,163
Housing System	-	105
Temporary Accomodation Schemes	-	93
Disabled facilities and other home improvement grants	970	990
Seafront regeneration	1,258	309
Abbeyfield house	1,139	272
CCTV	-	12
Refurbishment of Farmhouse Depot	-	65
Tennis Court Refurbishment	83	0
Capitalised IT systems expenditure – hardware, software, licences	307	394
Swimming pool plant	245	0
Kiln Road Refurbishments	-	22
Parks and Play Space Rejuvenation	-	25
Replacement gym equipment	-	0
The Paddocks Community Centre	2,252	17
3G Pitch	437	0
Vehicle Replacement Programme	87	37
New vehicle workshop	7	2,016
UKSPF Grant spend	22	5
Knightswick shopping centre refurbishment	70	37
Total capital expenditure	**9,950**	**9,413**

13.4 – Financing of capital expenditure

The type of capital expenditure incurred in 2024/25 and 2025/26 is shown in the table below. The table also shows the resources that have been used to finance the capital expenditure. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR). The CFR is a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

	2024/25 £000s	2025/26 £000s
Opening Capital Financing Requirement at 1 April	**42,365**	**45,443**
Capital Expenditure		
Acquisition / enhancement of Property, Plant and Equipment assets	8,846	8,392
Acquisition of intangible assets	134	32
Revenue expenditure funded from capital under statute (REFCUS)	970	990
Additions related to IFRS 16	3,609	151
Sources of Finance		
Capital receipts applied	(1,075)	(772)
Government grants and other contributions applied	(5,652)	(5,513)
Sums set aside from revenue or charged direct to revenue	(2,856)	(1,535)
Finance Lease RCCO	(899)	(883)
Closing Capital Financing Requirement at 31 March	**45,442**	**46,305**
Explanation of the movements in the Capital Financing Requirement during the year		
Increase / (decrease) in underlying need to borrow (unsupported by Government financial assistance)	3,078	861
Assets acquired under finance leases, and associated reduction in outstanding liability	(2,722)	(732)
Increase/(Decrease) in Capital Financing Requirement	**356**	129

13.5 – Commitments under capital contracts

As at 31 March 2026 the Council had **£1.717m** committed for capital expenditure (**£3.066**m as at 31 March 2025) of this, **£0.640m** relates to a new warden call system, **£0.197m** for a new Housing Management System, **£0.133m** to equipment for the new vehicle workshop and **£0.694m** for new waste vehicles.

13.6 – Revaluation and Impairment review

The Council's independent valuers, Wilks Head and Eve LLP, carry out an annual market and impairment review at the end of each financial year, reporting on any issues arising at the Balance Sheet date of 31 March. The review performed during April 2026 providing data as at 31 March 2026 concluded that movements in values during 2025/26 had resulted in a decrease of 1.5% in the value of the Council's flats and maisonette dwelling stock, and 1% on all other dwellings at March 2026. Further information on the Housing Revenue Account revaluations can be found in note 3 to the Housing Revenue Account.

All General Fund assets are now required to be valued in a five-year cycle, and reviewed via indexation on the years not valued, unless there is no comparable index available, in which case they should then be revalued every three years. The indexations applied in 2025/26 can be found in the table below.

Asset Category	Index applied
DRC Building	2.24%
DRC Land	-4.65%
Industrial	1.38%
Office	-3.05%
Retail	-0.61%
Residential	3.23%
Residential Land (Greenfield)	-1.95%
Reisdential Land(Brownfield)	-2.95%
Commercial Land	0.00%
Agricultural Land	-4.23%
Amenity Land	0.00%
Car Parks	Revalue every 3 years
Beach Huts	Revalue every 3 years
Markets	Revalue every 3 years
Childrens Nurseries	Revalue every 3 years
Non-specialsed Community Assets	Revalue every 3 years

13.7 – Depreciation

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

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

13.8 – Investment Properties

13.8.1 – General Information on Investment Properties

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

Investment properties	**2024/25 £000's**	**2025/26 £000's**
Expenses incurred on investment properties	0	0
Rental income received from investment properties	(128)	(125)
Changes in the fair value of investment properties	(7)	(98)
Total reported on the CI&ES	**(135)**	**(223)**

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

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

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

- **Significant observable inputs (Level 2):** assets have been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions for these asset types are such that the level of observable inputs is significant, leading to the properties being categorised at level 2 in the fair value hierarchy.

  Our Valuers WH&E confirmed that the investment property within the portfolio should be classified at Level 2 in the Fair Value hierarchy.

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

Recurring fair value measurement being used	**Significant Observable Inputs (Level 2) £000's**
Values at 31 March 2026	
Land,offices and similar assets	1,306
Total	**1,306**
Values at 31 March 2025	
Land,offices and similar assets	1,207
Total	**1,207**

There are no Investment Properties classified as level 1 or level 3. There were no non-recurring valuations in 2025/26.

13.9 – Intangible non-current (long term) assets

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

Intangible assets	2024/25 £000s	2025/26 £000s
Balance at 1 April		
Gross book value	615	745
Accumulated amortisation	(562)	(584)
Net balance at 1 April	**53**	**161**
Purchases in year	130	32
Amortisation in year	(22)	(65)
Disposals In year		
Write off Amortisation of disposals		
Net balance at 31 March	**161**	**128**
Comprising of:		
Gross book value	745	777
Accumulated amortisation	(584)	(649)
	161	**128**

14 - Debtors

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

Debtor category	31/03/2025 £000s		31/03/2026 £000s	
Short Term Debtors (amounts falling due within one year)				
Trade receivables	2,846		2,198	
Less impairment allowances for bad and doubtful debts	(699)		(676)	
Net trade receivables		2,147		1,522
Prepayments		453		514
Other receivable amounts	7,292		6,027	
Less impairment allowances for bad and doubtful debts	(2,014)		(1,908)	
Net other receivable amounts		5,278		4,119
Net Total Short Term Debtors		**7,878**		**6,155**
Long term Debtors (amounts falling due after one year)				
Other receivable amounts		186		194
Total long term Debtors		**186**		**194**
Total Debtors		**8,063**		**6,349**

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

15 - Cash and Cash Equivalents

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

Cash and cash equivalent elements	31/03/25 £000s	31/03/26 £000s
Petty cash floats held by the Council	2	2
Bank current accounts: net credit / (overdrawn balance)	625	732
Total cash and cash equivalents as at 31 March	**627**	**734**

16 - Reconciliation of Liabilities Arising from Financing Activities

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

	31/03/2026	01/04/2025	Financing	Non-cash changes		31/03/2026
			cash flows	Acquistions	Other	
	£	£000s	£000s	£000s	£000s	£000s
Long Term Borrowings	**23,700,000**	24,600	0	0	(900)	**23,700**
Short Term Borrowings	**7,900,000**	5,400	2,500	0	0	**7,900**
Long Term Finance Lease Liabilities	**1,338,223**	1,871	125	0	(658)	**1,338**
Short Term Finance Lease Liabilities	**657,595**	851	(851)	0	658	**658**
Collection Fund Agency Adjustments (Long Term & Short Term)	**2,372,368**	1,139	1,231	0	0	**2,370**
	35,968,187	**33,861**	**3,005**	**0**	**(900)**	**35,966**

	01/04/2024	Financing	Non-cash changes		31/03/2025
		cash flows	Acquistions	Other	
	£000s	£000s	£000s	£000s	£000s
Long Term Borrowings	25,500	0	0	(900)	**24,600**
Short Term Borrowings	6,900	(2,400)	0	900	**5,400**
Long Term Finance Lease Liabilities	0	0	2,722	(851)	**1,871**
Short Term Finance Lease Liabilities	0	(887)	887	851	**851**
Collection Fund Agency Adjustments (Long Term & Short Term)	1,082	57	0	0	**1,139**
	33,482	**(3,230)**	**3,609**	**0**	**33,861**

17 - Creditors

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

Creditor category	2024/25 £000s	2025/26 £000s
Short Term Creditors		
Trade Payables	6,073	6,650
Other Payables	5,394	5,674
Total Short Term	**11,468**	**12,324**
Long Term Creditors		
Trade Payables	441	240
Total Creditors	**11,909**	**12,564**

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

18 - Post-Employment Benefits and Net Pension Liability

18.1 – Characteristics of defined benefit plans and associated risks

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

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

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

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

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

- **Data Risk** - There is a risk that member, cashflow, or asset data provided to the actuary is inaccurate resulting in an inaccurate balance position.
- **Orphan risk -** As many unrelated employers participate in each fund, there is an orphan liability risk where employers leave the fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers in that fund.

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

18.3 – Transactions relating to post-employment benefits

The Council recognises the cost of post-employment benefits in the (Surplus) / Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement (CI&ES) when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against Council Tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement (MIRS). The transactions are as shown on the following table:

18.3 Comprehensive Income and Expenditure Statement	2024/25 £000s	2025/26 £000s
Net Cost of Services:		
• Service costs:		
○ Current service costs	1,500	1,378
○ Past service costs, including curtailments	118	0
○ Net Settlement costs	0	0
Other Operating Expenditure:		
• Administrative expenses	67	46
Financing and Investment Income and Expenditure:		
• Net interest on defined benefit liability	13	(6)
Other Comprehensive Income and Expenditure:		
• Remeasurements of the net defined benefit liability:		
○ Return on plan assets (in excess of interest)	(214)	(4,056)
○ Actuarial (gains) / losses: changes in demographic assumptions	(214)	2,921
○ Actuarial (gains) / losses: changes in financial assumptions	(9,940)	(2,545)
○ Other actuarial (gains) / losses on assets	0	(164)
○ Experience (gain) / loss on defined benefit obligation	(190)	5,631
○ Changes in Asset Ceiling	10,835	(543)
Net charge / (credit) to the CI&ES	**1,975**	**2,662**
Movement in Reserves Statement		
• Reversal of net charges made for post-employment benefits in accordance with IAS 19	(1,698)	(1,418)
• Employer's contributions payable to the scheme	2,152	2,478
Net adjustment in the Movement in Reserves Statement	**454**	**1,060**

18.4 – Pension assets and liabilities recognised in the Balance Sheet

18.4.1 Net Liability	2024/25 £000s	2025/26 £000s
Present value of the funded defined benefit obligation	71,626	79,086
Fair value of the scheme assets	114,304	123,415
Deficit/(Surplus)	**(42,678)**	**(44,329)**
Impact of Asset Ceiling	42,678	44,610
Present value of the unfunded defined benefit obligation	1,125	1,028
Net liability /(asset) arising from defined benefit obligation	**1,125**	**1,309**

At 31 March 2026, the Standard states that if an employer has an accounting surplus, it should only be recognised to the extent that it is able to recover the surplus either through reduced contributions in the future, or through refunds. The present value of such economic benefits is commonly referred to as the “asset ceiling”. The Council does not have an unconditional right to a refund of surplus on the basis that such a payment would be at the discretion of the Essex Pension Fund. The net liability remaining at 31 March 2026 is the present value of the unfunded obligation.

At 31 March 2026 the scheme reported a net defined benefit liability of £1.31m.

18.4.2 Reconciliation of Movements in the Fair Value of the Scheme Assets	2024/25 £000s	2025/26 £000s
Balance as at 1 April	**111,387**	**114,304**
Interest income on assets	5,394	6,583
Remeasurement gain / (loss):		
• Return on plan assets (in excess of interest)	214	4,056
• Other actuarial (gains) / losses on assets	0	164
Contributions from employer	2,152	2,478
Contributions from employees	594	736
Benefits paid	(5,370)	(4,860)
Administration expenses	(67)	(46)
Balance as at 31 March	**114,304**	**123,415**

18.4.3 Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)	2024/25 £000s	2025/26 £000s
Balance as at 1 April	**82,333**	**72,751**
Current service costs	1,500	1,378
Past service costs, including curtailments	118	0
Interest cost	3,920	4,102
Contributions by scheme participants	594	736
Remeasurement gains / (losses):		
• Actuarial (gains) / losses: changes in demographic assumptions	(214)	2,921
• Actuarial (gains) / losses: changes in financial assumptions	(9,940)	(2,545)
• Experience gain / (loss) on defined benefit obligation	(190)	5,631
Benefits paid	(5,370)	(4,860)
Balance as at 31 March	**72,751**	**80,114**

18.4.4 – Analysis of Scheme Assets

18.4.4 Analysis of scheme assets	31/03/2025		31/03/2026	
	£000s	%	£000s	%
Estimated allocation of Fund assets for the Council by asset type:				
Equities*	62,759	55	66,815	54
Government bonds (Gilts)	1,733	2	1,766	1
Property*	9,226	8	11,150	9
Cash	2,229	2	2,494	2
Alternative assets	17,229	15	19,545	16
Other Managed Funds	21,128	18	21,645	18
Total Assets	**114,304**	**101**	**123,415**	**100**

NB – Percentages may not total 100% due to rounding

*The plan assets are partially disaggregated between quoted and unquoted values. Assets with a quoted market price represent 54% of total assets and include UK index-linked government securities (1%), overseas equities (50%), and property (3%). The remaining 46% of assets are classified as unquoted, reflecting investments without a quoted market price. Certain Asset classes (e.g. derivatives, asset – based securities and structured debt) are not separately disclosed within the report.

18.5 – Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, i.e., an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Estimates for the fund are based on the latest full valuation of the scheme as at 1 April 2026, amended for updated expectations subsequently. The principal assumptions used by the actuary were as shown in the following table:

Basis for estimating assets and liabilities	2024/25	2025/26
Rate of CPI inflation	2.90%	2.90%
Rate of RPI inflation	3.20%	3.30%
Rate of increase in salaries	3.90%	3.90%
Rate for discounting scheme liabilities	5.80%	6.05%
Life expectancy assumptions from 65 years of age, in years:		
• Males retiring today	20.7	22.0
• Females retiring today	23.3	24.2
• Males retiring in 20 years	22.0	23.5
• Females retiring in 20 years	24.7	25.9
Other actuarial assumptions:		
• Commutation - Members will exchange pension to get 50% of the maximum available cash on retirement. For every £1 of pension that members commute, they will receive a cash payment of £12 as set out in the Regulations		
• Normal retirement - Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age.		
• 50:50 take up - The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same		

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses on the following page have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes whilst all other assumptions remain constant. In practice however this is unlikely to occur, and changes in some of the assumptions are more likely to be interrelated. The table shows the impact on the defined benefit obligation and projected service cost of changes of plus and minus 0.1% or 1 year on various assumptions.

Sensitivity analysis	£000s	£000s	£000s
Adjustment to discount rate:	+0.1%	Base	-0.1%
• Present value of total obligation	79,136	80,114	81,114
• Projected service cost	1,501	1,556	1,613
Adjustment to long term salary increase:	+0.1%	Base	-0.1%
• Present value of total obligation	80,159	80,114	80,069
• Projected service cost	1,556	1,556	1,556
Adjustment to pension increases and deferred revaluation:	+0.1%	Base	-0.1%
• Present value of total obligation	81,129	80,114	79,367
• Projected service cost	1,617	1,556	1,497
Adjustment to life expectancy assumptions:	+ 1 Year	Base	-1 Year
• Present value of total obligation	83,383	80,114	76,985
• Projected service cost	1,612	1,501	1,501

18.6 – Asset and liability matching strategy

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

18.7 – Impact on the Council's cash flows

The objectives of the Local Government Pension Scheme (LGPS) are to maintain employer contribution rates at as constant a level as possible while ensuring the long-term solvency of the Fund. The Council participates in the Essex Pension Fund, and the administering authority (Essex County Council) has agreed a funding strategy with the Fund's actuary to achieve and maintain a funding level of 100% over the long term. Funding levels are monitored annually, and formal valuations are carried out every three years.

The most recent triennial valuation was completed as at 31 March 2025, with the resulting employer contribution rates implemented from 1 April 2026.

The scheme operates under the framework set by the Public Service Pensions Act 2013, which introduced career average revalued earnings (CARE) schemes from 1 April 2014 for the LGPS. Benefits earned before this date remain protected under transitional arrangements.

The Council anticipates paying approximately £2.339m in employer contributions to the scheme during 2026/27. These contributions are determined by the funding valuation and agreed strategy and are therefore independent of the IAS 19 accounting position reported within these financial statements.

Difference between Funding Valuation and IAS 19 Accounting Position

The triennial funding valuation sets employer contribution rates to ensure the Fund remains solvent over the long term, using assumptions based on expected investment returns and funding strategy. In contrast, IAS 19 is an accounting standard that measures pension liabilities using a discount rate based on high-quality corporate bond yields and includes all future obligations. These different objectives and assumptions mean the IAS 19 position can differ significantly from the funding valuation. Importantly, the IAS 19 figures do not determine cash contributions - they are for financial reporting purposes only.

Asset Ceiling

Under IAS 19 and IFRIC 14, any surplus in a defined benefit plan can only be recognised to the extent that the employer can obtain an economic benefit, either through refunds or reductions in future contributions. The present value of those benefits is called the asset ceiling, which limits the amount of surplus recognised on the balance sheet. As at 31 March 2026, the scheme reported a net asset of £44.6m, but after applying the asset ceiling, the recognised position was a net defined benefit liability of £1.31m. Changes in the effect of the asset ceiling are recorded in Other Comprehensive Income as part of remeasurements.

18.8 – Further information

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

19 - Financial Instruments

19.1 – Financial instruments

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

Discounts on PWLB Loan were achieved through early repayment of loans in 2022/23. This discount is being credited over 10 years to the HRA balance through the MIRS.

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

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

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

19.2 – Nature of financial instruments and financial instruments balances

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

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

Nature of financial instruments and balances	Non-Current	Current	Non-Current	Current
	31/03/2025	31/03/2025	31/03/2026	31/03/2026
	£000s	£000s	£000s	£000s
Borrowings (including accrued interest) at amortised cost	3,600	924	2,700	1,950
Borrowings re HRA reform	21,000	4,735	21,000	6,238
Creditors	441	6,732	195	6,576
Finance lease liabilities	1,871	851	1,338	658
Total liabilities	**26,912**	**13,242**	**25,233**	**15,422**
Short term investments	0	27,506	0	25,395
Cash and cash equivalents	0	625	0	734
Debtors	186	4,836	194	3,800
Total assets	**186**	**32,967**	**194**	**29,929**

Under accounting requirements, the financial instrument value as shown in the Balance Sheet includes the principal amount borrowed plus accrued interest. Accrued interest of **£288k** (**£259k** at 31 March 2025), although relating to long-term liabilities, is due within one year. An analysis of the maturity profile of borrowing is shown in note 19.6.5.

19.3 – Financial instruments income, expense, gains and losses

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

Income, expense, gains and losses	2024/25 £000s	2025/26 £000s
Financial Liabilities, measured at amortised cost		
Interest expense, including interest on finance leases	1,130	1,160
Financial Assets - loans and receivables		
Interest income	1,759	1,493

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

The figures quoted for debtors and creditors exclude statutory amounts such as Council Tax, NNDR and other taxation/levy amounts.

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

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

- IFRS13 states fair value is a market-based measurement with prices determined by transactions between market participants. However, for Public Works Loan Board (PWLB) loans, premature repayment rates from PWLB (**5.13%** for General Fund borrowing and varying from **5.09%** to **5.77%** for HRA borrowing) have been used to calculate the fair value, which is **£0.71m** less than the carrying amount. This is a level 2 valuation within the fair value hierarchy, as defined in accounting policy AP11.
- PWLB loan early repayment discount has been recognised through the PWLB Adjustment Account.
- No other early repayment or impairment is recognised.
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate the fair value, and is taken to be the principal outstanding plus accrued interest.
- The fair value of trade debtors and creditors is taken to be the invoiced or billed amount.
- Cash and cash equivalent assets can be accessed without notice, and therefore fair value and carrying value are the same.

Details of carrying amount and fair value are shown below:

Fair value of assets and liabilities carried at amortised cost	Carrying Amount 31/03/2025 £000s	Fair Value 31/03/2025 £000s	Carrying Amount 31/03/2026 £000s	Fair Value 31/03/2026 £000s
PWLB & Local Authority debt (borrowing) - Interest Rates: 1.08% to 4.10%	4,524	4,258	4,650	3,383
PWLB debt (borrowing) re HRA - Interest Rates: 3.05% to 4.42%	25,735	20,339	27,238	19,607
Finance leases liability	2,993	2,993	1,996	1,996
Creditors	6,903	6,903	6,771	6,771
Total financial liabilities	**40,155**	**34,493**	**40,655**	**31,757**
Investments	27,506	27,506	25,395	25,395
Long term debtors	186	186	194	194
Trade debtors	4,836	4,836	3,800	3,800
Cash and cash equivalents	625	625	734	734
Total financial assets	**33,153**	**33,153**	**30,123**	**30,123**

19.5 – Analysis of investments

The Council had funds invested of **£25.31m** as at 31 March 2026 (**£27.14m** as at 31 March 2025):

Category		£000s
Money Market Funds:	Aviva Investors GBP Liquidity Fund	5,000
	LGIM Sterling Liquidity Fund	5,000
	Deutsche Managed GBP LVNAV Reserved	1,073
	Federated Hermes Short-Term GBP Prime Class F	5,000
	BNY Insight GBP Liquidity Plus Class 5	234
Local authorities:	Surrey County Council	5,000
	City of Bradford Metropolitan District Council	3,000
	Santander plc notice account	1,000
Total		**25,307**

The carrying and fair value amounts for investments in the balance sheet are higher than the principal amount in the table above due to the inclusion of accrued interest of **£88k** (**£370k** at 31 March 2025) which is not reflected in the above amounts.

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

19.6.1 – Key risks

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

- **Credit risk –** the possibility that other parties might fail to pay amounts due to the Council.
- **Liquidity risk –** the possibility that the Council might not have funds available to meet its commitment to make payments.
- **Re-financing risk –** the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms.

- **Market risk –** the possibility that financial loss might arise for the Council as a result of changes in interest rates.

19.6.2 – Overall procedures for managing risk.

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

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

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

  The 2025/26 strategy included sections on:

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

These policies are implemented by the Financial Services team. The full documents for 2025/26 are available on request and the equivalent Strategies for 2026/27 can be found on the Council's website: www.castlepoint.gov.uk/council-strategies-and-policies

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

19.6.3 – Credit risk

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

The credit criteria in respect of financial assets held by the Council during 2025/26 are detailed as follows:

Specified investments for the financial year 2025/26			
Investment	**Counterparty limit**	**Security / Minimum Credit Rating**	**Maximum period of investment**
Debt Management Agency Deposit Facility (DMADF) (this facility is at present available for investments up to 6 months)	No limit	The Debt Management Office is an agency of the UK Government	6 months (DMO imposed time limit)
Treasury Bills issued by the UK Government (currently maximum 6-month duration)	No limit	The Debt Management Office is an agency of the UK Government	364 days
Term Deposits with the UK Government or with UK local authorities (i.e. local authorities as defined under section 23 of the 2003 Act)	The lesser of **£5m** or 33% of total investments	High quality as either directly invested or via agencies of UK Government. (Although local authorities are not specifically credit rated)	364 days
Term Deposits with institutions, part nationalised by the UK Government	The lesser of **£5m** or 33% of total investments	long-term A-, short-term F1 (Lowest common denominator Fitch, Moody's & S&P)	364 days
Money Market Funds (i.e. a collective investment scheme as defined in SI 2004 No 534) CNAV, LVNAV and VNAV These funds do not have a maturity date	The lesser of **£5m** or 33% of total investments	Fitch, Moody's or Standard and Poors AAA (Minimum of two ratings)	n/a (repayable on demand)
Current accounts, notice accounts or term deposits with credit-rated deposit takers (UK banks and building societies)	The lesser of **£4m** or 25% of total investments	long-term A-, short-term F1 (Lowest common denominator Fitch, Moody's & S&P)	364 days (Call deposits repayable on demand)
Forward deals with credit rated banks and building societies < 1 year (i.e. negotiated deal period plus period of deposit)	The lesser of **£4m** or 25% of total investments	long-term A-, short-term F1 (lowest common denominator Fitch, Moody's & S&P)	364 days
Certificates of Deposit issued by UK institutions	The lesser of **£4m** or 25% of total investments	long-term A-, short-term F1 (Lowest common denominator Fitch, Moody's & S&P)	364 days
Covered bonds (maximum 364-day period includes borrower extension option)	The lesser of **£4m** or 25% of total investments	long-term AA-, short-term F1 (Lowest common denominator Fitch, Moody's & S&P)	364 days
Reverse repurchase agreements "repos" (a form of secured lending with enhanced security)	The lesser of **£4m** or 25% of total investments	long-term AA-, short-term F1 (Lowest common denominator Fitch, Moody's & S&P)	364 days

Non-specified investments for the financial year 2025/26			
Investment	**Counterparty limit**	**Security / Minimum Credit Rating**	**Maximum period of investment**
Term deposits with the UK Government or with UK local authorities (i.e. local authorities as defined under section 23 of the 2003 Act)	The lesser of **£5m** or 25% of total investments	High quality as either directly invested or via agencies of UK Government. (Although local authorities are not specifically credit rated)	2 years
Current accounts, notice accounts or term deposits with credit-rated deposit takers (UK banks and building societies)	The lesser of **£4m** or 25% of total investments	long-term A-, short-term F1 (Lowest common denominator Fitch, Moody's & S&P)	2 years
Property funds	The lesser of **£4m** or 25% of total investments	Unrated	n/a
Bond funds	The lesser of **£4m** or 25% of total investments	Unrated	n/a
Multi-asset funds	The lesser of **£4m** or 25% of total investments	Unrated	n/a
Equity funds	The lesser of **£4m** or 25% of total investments	Unrated	n/a

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

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

Writing off Debts

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

a) **The Debtor is deceased, insolvent or has absconded;**
b) **The debt is stature barred;**
c) **It is uneconomical to pursue the debt;**
d) **The debt is uncollectable after exhausting all options**.

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

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

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of **£16.36m** and AAA rated money market funds and other counterparties of **£9.34m**, cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. The Council monitors credit ratings of investment counterparties and other market information on a monthly basis as part of the on-going assessment of change in credit risk since initial recognition of the financial asset. A risk of non-recovery applies to all of the Council's deposits but there was no evidence at 31 March 2026 that this was likely to crystallise.

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

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

Debtor loss allowance	2024/25 £000s	2025/26 £000s
Opening Balance 1 April	2,076	1,739
Amounts written off	(70)	(202)
Other changes	(267)	301
As at 31 March	**1,739**	**1,838**

The analysis below summarises the Council's potential maximum exposure to credit risk as at 31 March 2026, based on experience of default assessed by the ratings agencies and the Council's experience over previous years, adjusted to reflect current market conditions. The amount stated for customers excludes impairment allowances for bad debts.

Gross Carrying Amounts Amortised Cost	Gross Balances £000s	Impairment £000s	Total not Impaired £000s	Of Which: Financial Instruments £000s	Non Financial £000s
Investments (no provision)					
AAA rated counterparties	16,363	0	16,363	16,363	0
AA rated counterparties	0	0	0	0	0
A-1 rated counterparties	1,003	0	1,003	1,003	0
Government bodies	8,029	0	8,029	8,029	0
Total Investments	**25,395**	**0**	**25,395**	**25,395**	**0**
Debtors (by provision percentage):					
0%	1,509	0	1,509	1,509	0
1% to 25%	559	(79)	480	109	(11)
26% to 50%	532	(198)	334	414	(137)
51% to 75%	0	0	0	0	0
76% to 99%	1,853	(1,530)	323	1,573	(1,369)
100%	625	(634)	(9)	379	(379)
Total Debtors	**5,078**	**(2,441)**	**2,637**	**3,984**	**(1,896)**
Overall Total	**30,473**	**(2,441)**	**28,032**	**29,379**	**(1,896)**

The simplified approach, not the twelve-month approach or lifetime losses approach for impairment is used for all debtors. No impairment is provided for investments, including bank balances and money market funds, as they are expected to be repaid in full and the expected credit loss is minimal below **£0.001m.**

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

Reconciliation of Debtors from Balance Sheet to Debtors Past Due Date and Not Impaired	31/03/2026 £000s
Total Balance Sheet long term and short term debtors	6,349
Add back impairment allowances	2,584
Total Balance Sheet Debtors (before impairment allowances)	**8,933**
Adjust to exclude debtors not exposed to credit risk:	
Statutory and other debtors	(2,642)
Prepayments	(514)
CTAX and NNDR court costs	(699)
Total Debtors exposed to credit risk	**5,078**
Less impairment allowances	(2,584)
Less debtors not yet due for payment	(715)
Total debtors past due date and not impaired	**1,779**

Debts past due date and not impaired as at 31/3/26	Council Tax & NNDR £000s	Benefit Over Payments £000s	Other Customers £000s	Total £000s
Less than one month	11	2	232	245
One to three months	48	16	146	210
Three to six months	14	4	128	146
Six months to one year	84	10	119	213
More than one year	249	174	540	965
Total	**406**	**206**	**1,165**	**1,779**

Debts past due date and not impaired as at 31/3/25	Council Tax & NNDR £000s	Benefit Over Payments £000s	Other Customers £000s	Total £000s
Less than one month	5	26	120	151
One to three months	15	13	398	426
Three to six months	13	13	119	145
Six months to one year	72	56	86	214
More than one year	227	412	276	915
Total	**332**	**520**	**999**	**1,851**

During the year the Council held no collateral as security.

19.6.4 – Liquidity risk

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

19.6.5 – Re-financing and maturity risk

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

Maturity Term	31/03/2025 £000s	31/03/2026 £000s
Less than one year	5,659	8,188
Between one and two years	900	7,900
Between two and five years	9,700	9,300
Between five and ten years	12,500	5,000
More than ten years	1,500	1,500
Total	**30,259**	**31,888**

19.6.6 – Market risk

Interest rate risk

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

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

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

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

	2024/25 £000s	2025/26 £000s
Increase in interest payment on variable rate investments	338	299
Impact on Comprehensive Income and Expenditure Statement	**338**	**299**

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

Price risk

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

Foreign exchange risk

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

20 - Leases

20.1 - Council as Lessee

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

Right-of-Use Assets - This table shows the change in value of right of use assets held under leases by the authority in each category of asset. The total value is incorporated into the table of non-current assets in Note 13:

Movements	Land and Buildings £'000s	Vehicles, plant and equipment £'000s
Balance at 1 April 2025	2,015	641
Additions	0	0
Revaluations/Modifications	151	0
Depreciation	(688)	(214)
Disposals	0	0
Balance at 31 March 2026	**1,478**	**427**

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

	2024/25	2025/26
Comprehensive income and expenditure account		
Interest expenses on lease liabilities	161,823	119,337
Income from sub-letting right of use assets	(751,483)	(785,235)
Net income in CIES	(589,660)	**(665,898)**
Cash Flow Statement		
Minimum Lease Payments	(1,048,750)	(996,612)

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 March 2025 £'000s	31 March 2026 £'000s
Less than 1 year	967	738
One to five years	2,026	1,417
Total undiscounted liabilities	**2,993**	**2,155**

20.2 – Council as Lessor

The Council holds a number of leases for land and buildings where they are the lessor. These leases are generally with local community and sports groups with a nominal rent, however one of these leases relates to the Castle Point Golf Course, which is an asset held for investment, and is recorded in the balance sheet as an investment property, see note 13.8 for more information on investment properties. The Council also owns a shopping centre, and therefore lease income is received in relation to the units rented out.

The table below shows the lease receivables due to be collected over the following time bands (these are undiscounted cash receipts).

Maturity Analysis of lease assets	31 March 2026 £'000s
Less than one year	1,397
One to two years	1,247
Two to three years	1,154
Three to four years	1,061
Four to five years	986
Over five years	3,127

21 - Events after the Balance Sheet Date

Events after the Balance Sheet Date are accounted for in accordance with Accounting Policy AP10. The financial statements were signed and authorised for issue on 30 June 2026 by the Assistant Director, Finance & Procurement (s151 Officer), the Council's responsible financial officer. This establishes the date after which events have not been recognised in the Statement of Accounts. The Council had no events after the Balance Sheet date to report.

22 - Provisions, Contingent Assets and Contingent Liabilities

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

22.1 – Provisions

The Council holds the following total provisions balance as at 31 March 2026:

2025/26	Total Provisions £000's
Balance as at 1 April 2025	**323**
Amounts used	(15)
Additional provisions made	(50)
Balance as at 31 March 2026	**258**

The balance relates entirely to the following provision:

- **Business rates provision for rateable loss –** Under the Local Government Finance Act 2012 local authorities retain a portion of the business rates generated in their area. This means the local authority assumes part of the liability for refunding ratepayers who had successfully appealed against the rateable value of their properties on the rating list. Each year the Council re-estimates the required level of provision as at 31 March to take into account the latest information on successful and unsuccessful appeals and those which are still unresolved and adjusted the provision accordingly. Please also refer to Note 23.

22.2 – Contingent Assets

As at 31 March 2026 the Council has issued a £1.420m (plus interest) High Court claim seeking payment under an agreement under S106 of the Town and Planning Act 1990.

22.3 – Contingent Liabilities

The Council has the following contingent liabilities to report as at 31 March 2026:

- The Council signed agreements with the Homes and Communities Agency (HCA) in March 2010 in order to secure funding in relation to projects for the regeneration of Hadleigh and Canvey Island Town Centres. Failure to meet future regeneration targets could result in some of the funding becoming repayable to the HCA, now known as Homes England. Funding may also become repayable in the event that the Crown public house site is sold, and a capital receipt realised as part of the regeneration of the Hadleigh Island site.
- In September 1992 Municipal Mutual Insurance (MMI) went into receivership. Zurich took over the vast majority of MMI's staff and renewal business and changed their name to Zurich Municipal. Zurich did not however take over MMI's residual liabilities and therefore Castle Point Borough Council along with other major creditors, agreed to a Scheme of Arrangement (SOA), under s425 of the Companies Act 1985. This became effective in January 1994. A Supreme Court judgement was handed down in March 2012 and found against MMI in respect of the Employer Liability Policy Trigger Litigation for cases of negligent exposure to asbestos. In November 2012 the SOA was triggered by the MMI board of directors as it was no longer foreseen that a solvent run-off of MMI would be achieved and as a consequence Councils would now be required to contribute. The Council's maximum remaining exposure is approximately **£0.348m** (out of a total possible **£0.442m**). However, the current expectation, as reported within MMI's Statement of Accounts, is that there is sufficient assets to meet all liabilities during the remaining run-off period (currently forecast to be 2060).

23 - Accounting Standards Issued But Not Yet Adopted

The Council is required to disclose information on the impact of a change in accounting policy that will be required by an accounting standard that has been issued but not yet adopted. This applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (i.e. 1 January 2025 for the 2025/26 financial year). The applicable changes for 2025/26 are as follows:

- **Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets)** there is to impact on this Council.
- **Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)** There is no impact on this Council.
- **Annual improvements to IFRS accounting standards – Volume 11** There is no impact on this Council.
- **Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)** There is no impact on this Council.

24 - Critical Judgements in Applying Accounting Policies

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

- There is a continuing uncertainty about the sufficiency of future levels of funding for local government. However, the Council has determined that this uncertainty is not enough to provide an indication that the Council's assets might be impaired, for example as a result of a need to close facilities and reduce levels of service provision.

- The Council has previously estimated the likelihood of having to make payment under the Municipal Mutual Insurance receivership case described in the preceding notes, and this is currently being reported as a contingent liability under note 22 above.
- The Council has estimated the likelihood of success of appeals against National Non-Domestic Rates liabilities submitted to the Valuation Officer by rate payers, and has made provision, as disclosed in note 22. The provision is calculated considering data and experience from appeals to date. A 5% change in the closing provision equates to a **£0.013m** change for the Council.

25 - Future Assumptions and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future that are uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with absolute certainty, actual results could be different from these assumptions and estimates. The items in the Balance Sheet as at 31 March 2026, for which there could be a risk of material adjustment in the forthcoming financial year, are as follows:

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

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

Estimated effect if results differ from assumptions - If the useful lives of assets were to reduce, then the annual depreciation charges on these assets would increase and their carrying value on the Balance Sheet would decrease. It is estimated that the annual depreciation charge for all General Fund operational buildings would increase by **£0.016m** for each year that the useful lives were decreased.

Estimated effect if results differ from assumptions – The impact of a **1%** valuation change on the Knightswick Shopping Centre would be **£0.13m**.

25.2 - Pensions Liability (See Note 18)

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

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

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

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

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

Housing Revenue Account Income and Expenditure Statement

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

*Restated 2024/25 £000s		Notes	2025/26 £000s
	Income		
(8,643)	Dwelling rents		(8,378)
(74)	Non-dwelling rents		(66)
(1,077)	Charges for services and facilities		(980)
(9,794)	**Total Income**		**(9,424)**
	Expenditure		
2,333	Repairs and maintenance		3,059
2,362	Supervision and management		3,752
396	Rents, rates, taxes and other charges		322
2,050	Depreciation, revaluation and impairment of non-current assets	3	2,773
7,141	**Total Expenditure**		**9,906**
(2,653)	**Net Expenditure / (Income) of HRA Services as included in the Comprehensive Income and Expenditure Statement**		**482**
3	HRA services' share of Corporate and Democratic Core		4
1,017	HRA services' share of other amounts included in the whole Council net cost of services - continuing operations, but not allocated to specific services, plus HRA services' share of other recharges from the General Fund		1,150
(1,633)	**Net Expenditure / (Income) of HRA Services**		**1,636**
	HRA Share of the Operating Income and Expenditure Included in the Comprehensive Income and Expenditure Statement		
423	(Gain) / loss on disposal / derecognition of non-current (long term) assets		394
(267)	Interest and Investment income		(168)
891	Interest payable on debt, and similar charges		942
50	Increase / (decrease) in allowance for bad or doubtful debts		80
0	Capital grants and contributions		(311)
(536)	**(Surplus) / Deficit for the Year on HRA Services**		**2,573**

Movement on the Housing Revenue Account Statement

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

2024/25 £000s		Notes	2025/26 £000s	2025/26 £000s
(877)	**Housing Revenue Account Balance Brought Forward**			**(1,557)**
(536)	**(Surplus) / Deficit for the Year on the HRA Income and Expenditure Statement**			**2,573**
	Adjustments between accounting basis and funding basis under statute			
55	Revaluation and impairment of non-current (long term) assets	3	(642)	
(424)	Net gain / (loss) on disposal or derecognition of non-current (long term) assets		(395)	
0	Adjustment for recognised capital grants and contributions (applied and unapplied)		301	
(116)	Reversal of net charges made for post-employment benefits in accordance with IAS 19		(125)	
0	Adjustment for Accumulated Absences (holiday pay)		0	
167	Employer's contributions payable to pension fund		230	
(32)	Adjustment for PWLB early repayment discount		(32)	
0	Transfer to / (from) the Major Repairs Reserve	1	0	
(350)	**Total adjustments**			**(663)**
(886)	**Net Decrease / (Increase) Before Transfers To / (From) HRA Earmarked Reserves**			**1,911**
206	Transfers to / (from) HRA Earmarked Reserves			(1,206)
(680)	**Decrease / (Increase) in the HRA Balance for the Year**			**705**
(1,557)	**Housing Revenue Account Balance Carried Forward**			**(852)**

Notes to the Housing Revenue Account

1 HRA Capital Expenditure and Receipts

Capital expenditure during 2024/25 and 2025/26 was as follows:

Item	2024/25 £000's	2025/26 £000's
Enhancement works	2,883	2,851
Property acquisitions and new developments	191	2,163
Housing System	-	105
Total capital expenditure	**3,074**	**5,119**
Funded from:		
Major repairs reserve (note 1)	(2,883)	(2,956)
Grants and capital receipts	(191)	(2,163)
Total funding sources	**(3,074)**	**(5,119)**

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

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

Gross capital receipts from the disposal of Council dwellings and repayment of Right to Buy discounts received during 2025/26 totalled **£988k** (**£417k** in 2024/25), from which **£9k** was deducted for costs incurred. The balance of unused HRA capital receipts held as at 31 March 2026 was **£1.002m**, of which **£0.549m** must be used for replacement housing purposes. Any of this portion not used within five years of the year end from the date of original receipt is repayable to Central Government.

2 Housing Assets

The Council sold seven council properties during 2025/26 (two in 2024/25) The housing assets included in the Balance Sheet are as follows:

Dwelling type – property numbers	31/03/25	31/03/26
	Number	Number
1 bedroom	504	503
2 bedrooms	362	359
3 bedrooms	411	410
4 bedrooms	11	11
Bedsits	203	203
Total dwellings	**1491**	**1486**
Total garages	**245**	**247**

Dwelling type – valuation	31/03/25 £000s	31/03/25 £000s
Council dwellings	150,444	152,084
Garages	651	713
Total balance sheet net book value at 31 March	**151,095**	**152,797**

When compared to the vacant possession value, the Balance Sheet values of HRA dwellings show the economic cost of providing council housing at less than open market rents. The Balance Sheet value shows the effect of the discounted valuation methodology, as described in Accounting Policy AP16.4, as well as depreciation charges. The value is based on an adjustment factor of 33% and the vacant possession value is £359.239m

3 Revaluation and Impairment Reviews of Non-Current Assets

Council houses are re-valued using the Guidance on Stock Valuation for Resource Accounting issued by the Ministry of Housing, Communities and Local Government (MHCLG), as detailed in Accounting Policy AP16.4. The Council's independent valuers, Wilks Head and Eve, carry out an annual market and impairment review at the end of each financial year, reporting on any issues arising at the Balance Sheet date of 31 March. The review performed during April 2026 providing data as at March 2026 concluded that movements in values during 2025/26 had resulted in a 1.5% decrease in the value of the Council's flat and maisonette dwelling stock and a 1% decrease on all other dwelling assets at March 2026.

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

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

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

Item	2024/25 £000s	2025/26 £000s
Dwellings and garages depreciation charge	2,105	2,130
Revaluation losses / (gains)	(55)	642
Total	**2,050**	**2,772**

4 Housing Rent Arrears

The total value of housing rent arrears included on the Balance Sheet, less an allowance to meet possible future bad debts, is **£0.227m** and is included in Note 14 to the Core Financial Statements, Debtors.

Collection Fund Income and Expenditure Statement

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

BUSINESS RATES 2024/25 £000s	COUNCIL TAX 2024/25 £000s	TOTAL 2024/25 £000s		Notes	BUSINESS RATES 2025/26 £000s	COUNCIL TAX 2025/26 £000s	TOTAL 2025/26 £000s
			Income				
0	(68,004)	(68,004)	Council Tax income receivable	1	0	(70,624)	(70,624)
(16,820)	0	(16,820)	Non-domestic rates income receivable	2	(17,159)	0	(17,159)
(16,820)	**(68,004)**	**(84,824)**	**Total Income**		**(17,159)**	**(70,624)**	**(87,783)**
			Expenditure				
			Apportionment of previous year surpluses / (deficits)				
346	0	346	Central Government		676	0	676
277	173	450	Castle Point Borough Council		541	(128)	413
62	863	925	Essex County Council		122	(671)	(549)
0	139	139	Essex PFCC - Policing and Community Safety		0	(109)	(109)
7	48	55	Essex PFCC - Fire and Rescue Authority		14	(36)	(22)
			Precepts, demands and shares				
7,551	0	7,551	Central Government		8,323	0	8,323
6,041	9,141	15,182	Castle Point Borough Council		6,658	9,367	16,025
1,359	47,833	49,192	Essex County Council		1,498	49,373	50,871
0	7,742	7,742	Essex PFCC - Policing and Community Safety		0	8,138	8,138
151	2,596	2,747	Essex PFCC - Fire and Rescue Authority		166	2,737	2,903

BUSINESS RATES 2024/25 £000s	COUNCIL TAX 2024/25 £000s	TOTAL 2024/25 £000s		Notes	BUSINESS RATES 2025/26 £000s	COUNCIL TAX 2025/26 £000s	TOTAL 2025/26 £000s
			Other charges to the Collection Fund				
75	0	75	Costs of collection		77	0	77
0	0	0	Write-offs of bad debts and appeals		0	0	0
322	322	644	Increase / (decrease) in allowance for bad and doubtful debts		(354)	236	(118)
195	0	195	Increase / (decrease) in allowance for appeals		(163)	0	(163)
16,386	**68,857**	**85,243**	**TOTAL EXPENDITURE**		**17,558**	**68,907**	**86,465**
(434)	853	419	(Surplus) / deficit for the year		399	(1,717)	(1,318)
(1,784)	(850)	(2,634)	(Surplus) / deficit brought forward		(2,218)	2	(2,216)
(2,218)	**3**	**(2,215)**	**(SURPLUS) / DEFICIT CARRIED FORWARD**		**(1,819)**	**(1,715)**	**(3,534)**

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

2024/25 £000s	2024/25 £000s	2024/25 £000s			2025/26 £000s	2025/26 £000s	2025/26 £000s
(1,109)	0	(1,109)	Central Government		(910)	0	(910)
(887)	1	(886)	Castle Point Borough Council		(727)	(230)	(957)
(200)	4	(196)	Essex County Council		(164)	(1,215)	(1,379)
0	(1)	(1)	Essex PFCC - Policing and Community Safety		0	(202)	(202)
(22)	(1)	(23)	Essex PFCC - Fire and Rescue Authority		(18)	(68)	(86)
(2,218)	**3**	**(2,215)**	**(SURPLUS) / DEFICIT CARRIED FORWARD**		**(1,819)**	**(1,715)**	**(3,534)**

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

Notes to the Collection Fund Income and Expenditure Statement

1 Council Tax Base

The Council's tax base for 2025/26, i.e. the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of band D dwellings, was calculated as follows:

Band	A	B	C	D	E	F	G	H	Total
Number of dwellings after discount	1,873	4,731	11,647	7,762	4,077	1,790	729	58	32,667
Ratio to band D	06:09	07:09	08:09	09:09	11:09	13:09	15:09	18:09	
Number of band D equivalent dwellings	1,249	3,680	10,353	7,762	4,983	2,586	1,215	116	31,944
Collection rate adjustment									(687)
Council tax base for 2025/26									**31,257**

2 Income Collectable from Non-Domestic Rates (NDR)

Non-Domestic Rates are organised on a national basis. The Government specified an amount of **55.5p** in 2025/26 with a small business rate of **49.9p** in 2025/26 and, subject to the effects of transitional arrangements and any reliefs, local businesses pay rates which are calculated by multiplying the rateable value of their business properties by the multiplier.

The Council is responsible for collecting rates due from the ratepayers in its area, and retains part of the amounts collected, with the remainder distributed to Central Government, Essex County Council and Essex PFCC - Fire and Rescue Authority. The Non-Domestic rateable value as at 31 March 2026 was **£49.3m** (**£47.3m** in 2024/25) before rates reliefs and other adjustments:

National non-domestic rate multiplier at 31st March	2024/25 £	2025/26 £
Multiplier Business Rate Relief	0.546	0.555
Small Business Rate Relief	0.499	0.499

Glossary of Terms

Accounting Period

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

Accruals concept

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

Actuarial Gains and Losses

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

Adjustment Account

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

Assets

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

Balance Sheet

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

Capital Adjustment Account

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

Capital Charges

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

Capital Expenditure

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

Capital Financing Requirement

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

Capital Receipt

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

Carrying Amount

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

Cash Flow Statement

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

Chartered Institute of Public Finance and Accountancy (CIPFA)

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

Code of Practice on Local Authority Accounting in the United Kingdom

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

Comprehensive Income and Expenditure Statement (CI&ES)

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

Collection Fund Income and Expenditure Account

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

Contingent Asset

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

Contingent Liability

This is either:

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

Council Tax receipts

Tax levied on properties in the Borough paid into the Collection Fund. It is collected by the billing Authority and redistributed to the precepting bodies. The Council's share of the Council Tax it has collected is approximately 14 pence of every pound collected, with the remainder going to Essex County Council, Essex PFCC - Policing and Community Safety, Essex PFCC - Fire and Rescue Authority, and for Canvey Island residents only, Canvey Island Town Council.

Corporate and Democratic Core (CDC)

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

- Democratic Representation and Management costs – includes all aspects of Members' activities including corporate, programme and service policymaking, general governance and representing local interests.
- Corporate Management costs – concerns those activities which provide the infrastructure which allows services to be provided, whether by the Council or not, and the information required for public accountability.

Creditor

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

Current Asset

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

Current Liability

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

Debtor

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

Derecognition of non-current assets

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

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

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

Depreciation

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

Earmarked Reserve

Amounts set aside for specific future commitments or potential liabilities.

Expenditure

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

Expenditure and Funding Analysis (EFA)

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

Fair Value

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

General Fund

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

Government Grants

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

Gross Book Value

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

Heritage Asset

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

Housing Revenue Account (HRA) Income and Expenditure Statement

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

Impairment

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

Income

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

Intangible Assets

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

Investment Properties

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

Leases

These can be either:

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

Liabilities

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

Materiality concept

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

Minimum Revenue Provision (MRP)

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

Movement in Reserves Statement (MIRS)

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

Movement on the Housing Revenue Account (HRA) Statement

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

National Non-Domestic Rates (NDR)

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

Net Book Value

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

Net Cost of Services

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

Net debt

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

Non-Current (Long Term) Assets

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

Non-Distributed Costs (NDC)

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

Other Comprehensive Income and Expenditure

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

Precept

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

Principal amount

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

Prudential Code

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

Public Works Loan Board (PWLB)

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

Reserves

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

Revaluation

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

Revaluation Reserve

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

Revenue Expenditure Funded from Capital under Statute (REFCUS)

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

Substance over Form

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

(Surplus) / Deficit on the provision of services

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

Tangible Assets

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

Unusable Reserves

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

Usable Reserves

Revenue and Capital resources available to fund future expenditure and liabilities, as reported on both the Balance Sheet and the Movement in Reserves Statement. These reserves represent the accumulation of previous years’ surpluses of revenue income above revenue expenditure, and also other sources of income, such as from the sale of non-current assets.

Useful Life

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

Value Added Tax (VAT)

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

There are two elements to VAT:

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

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

Castle Point Borough Council
Annual Governance Statement 2025/26

1 Scope of responsibility

1.1 The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised.

1.2 In discharging this overall responsibility, the Council must put in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.

1.3 Castle Point Borough Council has approved and adopted a Local Code of Governance – a revised version was approved for adoption by the Audit & Governance Committee in March 2026 – which is consistent with the principles of the *CIPFA/SOLACE Delivering Good Governance in Local Government: Framework*, around which the details presented in section 4 are structured. A copy of this Local Code of Governance is available on the Council's website.

1.4 This Annual Governance Statement explains how the Council has complied with the Code and also meets the requirements of the Accounts and Audit (England) Regulations 2015, which requires all relevant bodies to prepare and publish an Annual Governance Statement. It also gives regard to the Addendum to the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework, published in May 2025 covering the annual review of governance and the Annual Governance Statement.

2 The purpose of the governance framework

2.1 The governance framework comprises the vision, culture and values, systems and processes and structure by which the Council is organised, directed and controlled as well as its activities through which it is accountable to, engages with, and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services. The framework needs to be flexible to ensure it meets the needs of the changing landscape in which local government operates.

2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure for the Council delivering its priorities and objectives and can therefore only provide reasonable, and not absolute, assurance of effectiveness.

2.3 The system of internal control is based on an ongoing process designed to:

a. identify and prioritise the risks to the delivery of the Council's priorities and objectives;
b. evaluate the likelihood and potential impact of those risks being realised; and
c. manage them efficiently, effectively and economically.

2.4 The governance framework has been in place at the Council for the year ending 31 March 2026 and up to the date of approval of the Statement of Accounts.

3 The Council's governance framework

3.1 The governance framework ensures that the Council's priorities and objectives are effectively promoted and progressed through its corporate governance arrangements and business processes. The key business processes in the governance framework are as follows:

a. Consultation and Engagement
b. Business Planning and Strategy, including Partnerships
c. Financial Planning, Reporting and Budgetary Control, including Value for Money
d. Asset Management
e. Risk Management
f. Health and Safety
g. Business Continuity
h. Corporate Performance Management
i. Workforce Management
j. Data Quality
k. Information Governance
l. Procurement
m. Project Management
n. Complaints
o. Ethical Governance, including Fraud and Corruption, and Whistleblowing.

3.2 These areas form the main sources of assurance to be considered in any review of the internal control environment. In support of the review process, the Local Code of Governance sets out further details to be reviewed in each area before an opinion on the effectiveness of the system of internal control can be expressed.

3.3 The Assistant Director – Policy Performance and Customer has been given the responsibility for overseeing the implementation and monitoring of the Code, through a process which includes:

a. two reports over the financial year to Senior Leadership Team[1] and to the Audit and Governance Committee which set out:
    i. weaknesses identified in the governance arrangements;
    ii. any corrective action necessary to resolve concerns identified; and
    iii. progress against the actions to address key governance issues identified in the previous year's Annual Governance Statement;
b. an annual review of the governance framework supported by Manager Assurance Statements, completed by service managers and reviewed and certified by Assistant Directors;
c. a year-end review of key governance business processes with nominated officers (who lead on each of the governance processes in this framework) informing the assessments presented below in paragraph 3.7; and
d. an annual report – this Annual Governance Statement – to Senior Leadership Team and the Audit and Governance Committee on the adequacy of governance arrangements, signed off by the Leader of the Council and the Chief Executive.

3.4 The Council has in place a Good Governance Group[2] - responsible for the implementation and monitoring of key governance business processes. The group provides a challenge to the operation of the processes and a sense check of individual assessments in the Manager Assurance Statements of core governance processes for which they are responsible. Some of their findings and further work have been incorporated into the views expressed in this governance statement. Each business process is subject to an overall assessment, according to one of four assessments:

a. High (majority or all requirements being met);
b. Satisfactory (significant proportion greater than 50% of requirements are met);
c. Partial (some requirements are met but less than 50%); and
d. Minimal (very few requirements are met).

Context to the Annual Governance Statement and Summary of key findings

3.5 In the Annual Governance Statement for 2023/24, context was provided in this summary section relating to phase 1 of the Council's transformation programme, "Transforming Together", which included a restructure at Tiers 2 (Director level) and 3 (Assistant Director level) of the organisation.

[1] Formed by the Chief Executive, Directors, the Section 151 and Monitoring officers.
[2] Comprising senior managers of Assistant Directors alongside the Head of Internal Audit

Whilst providing a much-needed increase in leadership capacity to support the ambitious and necessary service-delivery change required across the entire Council, this capacity has also helped to identify issues and deficiencies in key business processes, as well as providing the means to plan how to address these. Following the conclusion of "Transforming Together", phase 1a of the transformation journey commenced in April 2024, with each of the newly appointed Assistant Directors carrying out a service review looking at every line of their service areas, developing and implementing a new establishment model for Tier 4 (Service Managers) and below. As part of this service review process, the organisation has continued to uncover historic operating issues in the business areas requiring significant improvement. In the corporate core area in particular, the service reviews identified instances where much of the basic functionality was deficient, where fundamental business assurance safeguards had been eroded; and elementary principles of good organisational management and operation were missing. Transformation has, therefore, been about rebuilding the organisation from the ground up – shoring up the foundations, whilst continuing to deliver services as part of business as usual. The significance and importance of this work is reflected in one of the Administration's corporate objectives as set out in the Corporate Plan, namely "Restoring the Council to good health."

3.6 Phase 2 of the transformation journey called "Fit for the Future" was launched in April 2025, with the first board meeting held in July 2025. This phase is focussed on the cultural shift necessary to move the organisation into the 21st century in readiness for whatever Local Government Reorganisation brings. There were originally five workstreams in this programme, supplemented by two others mid-programme, many of which will further support improvement of the operation of the business processes presented in the table below and throughout this statement:

a. Customer Service
b. Digital Transformation
c. Performance Management
d. Project Management
e. Policies and Strategies
f. Equality Diversity and Inclusion
g. Ways of Working.

3.7 The programme recognises that alongside the need to continue the journey of improving services provided to residents and businesses in the Borough, there continues to be a need to focus on ensuring that the foundation blocks of good organisational governance are in place. This balance of service improvement initiatives and ongoing work to maintain organisational foundations can be difficult to strike and the Annual Governance Statement in many ways reflects this balancing act. The rest of the document should be read in this context.

3.8 The Council's key governance and business processes are also subject to audit on a risk basis. This work forms part of the evidence base in support of the Head of Internal Audit's annual opinion on the adequacy and effectiveness of the Council's risk management, control and governance framework. Over 2025/26, some additional issues have been surfaced, principally informed by the programme of these audits undertaken over the year. This additional assurance work has flagged further areas for improvement in the following areas - Information Governance, Risk Management, Data Quality and Complaints – further informing the assessments presented in this statement. As was the case in the last two years, the quality of the assessments presented in this Annual Governance Statement for 2025/26 remains high and is both an objective and transparent assessment of each of the key business processes included in the Council's governance framework.

3.9 The table below summarises the overall assessments and direction of travel from 2024/25 to 2025/26. There are two columns for direction of travel; the first of these shows direction of travel *between* the ratings, the second shows direction of travel *within* the rating (i.e. an assessment about whether improvement has been made over the year, albeit not yet sufficient improvement to move the overall assessment to the next level). It is important to recognise that progress continues to be made and that throughout 2026/27, the progress will continue in order to address identified issues. The Council is committed to reporting this progress transparently, to demonstrate how far it has come and the work that needs to be done to restore the Council to good health.

Key Governance Business Process	**Assessment 2024/25**	**Assessment 2025/26**	**Direction of Travel (between ratings)**	**Direction of Travel (within ratings)**
Consultation and Engagement	Satisfactory	Satisfactory	⇔	⬆
Business Planning and Strategy, including Partnerships	Satisfactory	Satisfactory	⇔	⬆
Financial Planning, Reporting and Budgetary Control including Value for Money	Satisfactory	Partial	⬇	n/a – as movement between assessments
Asset management	Partial	Partial	⇔	⇔
Risk Management	Partial	Satisfactory	⬆	n/a – as movement between assessments
Health and Safety	Partial	Satisfactory	⬆	n/a – as movement between assessments
Business Continuity	Partial	Partial	⇔	⬆
Corporate Performance Management	Partial	Satisfactory	⬆	n/a – as movement between assessments
Workforce Management	Satisfactory	Satisfactory	⇔	⬆
Data Quality	Partial	Partial	⇔	⇔
Information Governance	Minimal	Partial	⬆	n/a – as movement between assessments
Procurement	Partial	Satisfactory	⬆	n/a – as movement between assessments
Project Management	Partial	Partial	⇔	⬆
Complaints	Satisfactory	Satisfactory	⇔	⇔
Ethical Governance, inc. Anti-Fraud & Corruption and Whistleblowing	Satisfactory	Satisfactory	⇔	⇔

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

4 Review of effectiveness

4.1 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Directors and Assistant Directors within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and by comments made by the external auditors and other review agencies.

4.2 The Internal Audit service also produces reports throughout the year on a range of subject areas that support provision of an opinion on the adequacy and effectiveness of the Council's risk management, control and governance framework. These reports are considered when reviewing the effectiveness of the framework, with audit findings taken into account and reflected in the assessments presented in the table above.

4.3 Consistency remains a key consideration when assessing these governance and business processes. During the review of the operation of the framework for 2025/26, the Good Governance Group found that consistency had improved across the different areas of the Council's business, strengthened and supported by process, procedure and wider governance structures put in place or improved over the year. These improvements are reflected in more detail in the sections below.

4.4 This part of the statement is structured around the core principles of the *CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016 Edition)* with any reference to the key governance business processes – as summarised above in section 3 – in bold text to allow for easy referencing.

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

4.5 The Monitoring Officer is responsible for the maintenance of the Constitution and for reviewing its relevance and effectiveness. Any material changes to the Constitution are approved by Full Council; a revised version of the Constitution developed towards the end of 2023/24 was adopted by Council in May 2024. The Constitution will be reviewed annually to ensure it remains fit for purpose. Any legislative changes impacting the Constitution will be presented to Council and made as soon as reasonably practicable following the change in the legal framework. In 2025/26 there was a review and update made relating to officer employment rules and the role of The Staff Appointments and Review Panel.

4.6 An assessment of **Ethical Governance, including Fraud and Corruption, and Whistleblowing** has been undertaken, and arrangements remain Satisfactory, maintaining the position reported in 2024/25.

4.7 The Council continues to have appropriate frameworks in place for Member and staff conduct, including the Councillor Code of Conduct, Standards Committee arrangements, register of interests, the staff Code of Conduct and associated disciplinary and whistleblowing procedures. The appointment of Independent Persons in April and May 2025 has strengthened oversight arrangements across key committees. Five Independent Persons were recruited in April 2025 (two on the Standards Committee, two on the Overview and Scrutiny Committee and one on the Audit and Governance Committee), with appointments ratified by Annual Council on 21 May 2025.

4.8 Members have received code of conduct training and completed the necessary declarations; as a condition of office, all Members are required to sign an undertaking that they will observe the Code of Conduct. There is a requirement to re-sign this undertaking when there are any major revisions to the Code of Conduct as well as on election or re-election.

4.9 The Constitution remains under review to ensure it stays current and fit for purpose and to support strong governance more generally. The Constitution also includes the requirement for the Council to appoint a Standards Committee which has a role that includes promoting and maintaining high standards of conduct and behaviour as well as hearing any complaints referred to it by the Monitoring Officer for breaches of the Code.

4.10 During 2025/26 there were 30 complaints about elected Members formally recorded. One was sent for external investigation which included multiple complaints. Separately, there was one self- referral to the Standards Committee by a Member for consideration. Of the complaints, 17 were determined and did not meet the initial threshold test therefore there was no further action. Five are yet to be determined and the remaining complaints relate to the independent investigation. The Independent Persons are notified and consulted with on all complaints. They also are invited to attend Standards Committee Meetings.

4.11 Key corporate documents relating to employee conduct are also in place and supported by policy updates agreed during the year. The Code of Conduct for Staff sets out policies and expectations for staff conduct. It is published on the Intranet and a copy is issued to every new starter in their induction pack. There is assurance across the organisation that staff are trained and operating as expected in relation to ethical behaviour, and the number of staff misconduct investigations remains comparatively low, indicating that the core framework is functioning. The number of investigations into alleged staff misconduct has remained low with seven investigations in 2025/26, three of which did not proceed to a formal hearing.

4.12 In respect of fraud and corruption, the Council continues to maintain supporting policies such as the Counter Fraud Strategy, Bribery and Corruption Policy, Whistleblowing Policy and Anti-Money Laundering Policy. These provide an appropriate framework to protect the Council's assets and support action where concerns are raised. However, the organisation's response to identifying and dealing with issues has required improvement, particularly in relation to the level of service provided under the counter-fraud arrangement with Thurrock Council, which fell short of expectations during 2025/26. As a result, the Council reviewed alternative delivery options and awarded a new service level agreement to Southend-on-Sea City Council in the final quarter of 2025/26, with the revised arrangements commencing from April 2026.

4.13 The Council ensures access to its complaints procedure and whistle blowing procedures by publishing these on the Council's website. Easy access to these is important as the raising of a complaint or concern is a key part of the process, and without which an investigation cannot take place.

CIPFA Core Principle B: Ensure Openness and Comprehensive Stakeholder Engagement

4.14 The Council has the core requirements for **Consultation and Engagement** in place and this area is assessed as Satisfactory, the same assessment as reported for 2024/25 but with further improvements seen over 2025/26.

4.15 The evidence from 2025/26 points to a broader and more structured approach to consultation and engagement across the Council, although the extent of engagement activity still varies between service areas, with front-line services generally more active than support services.

4.16 The Council continues to use a dedicated consultation portal which has improved the presentation, accessibility and analysis of consultation activity, making consultation exercises more professional in appearance, easier for residents to complete and quicker to analyse.

4.17 During 2025/26 the Council has undertaken a wide range of consultations, including those relating to the Castle Point Plan; the renewal and expansion of the Public Spaces Protection Order for Roscommon Way; overnight street lighting; Canvey seafront bathing water; access to recreation; local business views on Pride in Place funding; and a range of corporate and service policies. A wider resident survey was also undertaken during February and March 2026, seeking views not only on satisfaction with the Council and its services but also on how residents receive information, their views on accessing online services and their opinions about town centres in the Borough.

4.18 Good progress has also been made in addressing the weaknesses in social housing tenant and leaseholder engagement identified by the Regulator of Social Housing. The Council has appointed Tpas, a specialist tenant engagement organisation, to support the development and embedding of a comprehensive tenant engagement framework, and the first facilitated session with tenants took place in February 2026. Dedicated resident engagement capacity has also been strengthened through the recruitment of two specialist posts and a Senior Leasehold and Customer Relations Manager. Tenant Satisfaction Measures activity has continued throughout the year, with a further tranche of the 2025/26 survey undertaken in March 2026, building on earlier survey work and helping the Council to understand trends in tenant satisfaction. Regular communication with tenants has also continued through the tenants' newsletter, with five editions distributed between February 2025 and February 2026.

4.19 Wider communication with residents has been supported through the bi-annual Castle Point Together magazine (increasing to four editions over 2026/27), delivered to households across the Borough, and through strong use of social media channels. Primarily, the channels the Council uses are Facebook (8,000+followers), LinkedIn (1,911 followers); engagement levels from residents with the Council's social media channels are high. The 'most seen' post on Facebook reached more than 49,232 people and a total of 250 direct messages have been received from residents through all social channels over the year. In late Summer of 2025, the Council launched an account on Nextdoor, a community-focused platform, reaching 21,000 residents. In April 2026, the Council also launched Instagram and Bluesky accounts to further increase reach. Use of X has been suspended due to a decline in engagement through this channel.

4.20 Business engagement continued in 2025/26 with a bi-weekly business newsletter which has around 650 subscribers.

4.21 The Council ensures its services provide clear expectations for service users and members of the public through a set of Customer Service Standards which were reviewed and revised in 2025/26.

4.22 Taken together, these developments demonstrate a more mature and better coordinated approach to consultation and engagement than was in place in 2024/25.

4.23 Compliance with processes around the handling of **Complaints** is assessed as Satisfactory, with the assessment unchanged from 2024/25, although with further improvements seen over 2025/26. This assessment has been made in the context of increasing regulatory expectations which require the Council to continue to develop its approach to complaints handling. The recent audit report on complaints concluded Partial assurance but recognised the progress that was made to deliver the new expectation of the regulators but that are not yet fully delivered. The response to the recommendations has set out a clear and comprehensive plan to address these.

4.24 The Council has continued to strengthen its approach to complaints; the framework for local government complaints has undergone several changes in recent years that has required the Council to update its Complaints Policy to ensure that it remained compliant with Ombudsman guidance. The Housing Ombudsman Service (HOS) and Local Government and Social Care Ombudsman (LGSCO) introduced a new Joint Complaint Handling Code for local authorities to use as the basis for their complaints policy. A revised complaints process was published at the end of March 2025. The policy has been reviewed by, and has sign off from, the Housing Ombudsman.

4.25 Appropriate systems are in place to record complaints at stage 1 and stage 2 and to monitor the timeliness of responses. To monitor the performance of the Council's complaint handling processes in compliance with the Joint Complaint Handling Code, an annual report will be presented to the Overview and Scrutiny Committee and then to Cabinet for endorsement. The Code provides for key details and assessment criteria to be included in the annual report including identifying any service improvements. The first annual report for complaints received by the Housing service was reported to the Audit & Governance Committee in June 2025.

4.26 The Housing Ombudsman requires social landlords to complete an annual self-assessment to evidence compliance with the Housing Ombudsman Scheme. The self-assessment sets out 72 requirements that landlords are expected to meet. These procedures were rolled out to housing staff during March 2025, with submission of the self-assessment for 2023/24 in June 2025, with the 2024/25 self-assessment submitted in September 2025. The 2025/26 self-assessment will need to be submitted within the first six months of the 2026/27 financial year.

4.27 Over 2025/26, a total of 19 complaints have been referred to the Housing Ombudsman (10) and the Local Government & Social Care Ombudsman (9). Of the ten Housing Ombudsman cases, three have now received Determinations in total—two relating to 2025/26 complaints and one relating to a 2024/25 complaint—with all three findings of maladministration and recommendations to comply. This leaves eight Housing Ombudsman cases still ongoing, with four at the Referral Assessment stage, one within the landlord's internal complaints procedure, one under investigation, and two awaiting evidence gathering. Of the nine corporate complaint cases referred to the Local Government & Social Care Ombudsman, three were closed with no further action against the Council, three were referred back for local resolution and the remaining three cases are still under review.

4.28 Most public meetings are broadcast live on the Council's YouTube channel and recorded so that members of the public can view Council business remotely. Agendas, reports, decision lists and minutes are published through the Committee Management Information System (CMIS), allowing for easier access to specific items as the system is searchable.

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

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

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

4.30 The Council continues to have arrangements in place to control its finances, supported by the Financial Regulations which were significantly improved and readopted in May 2024, strengthened quarterly reporting and a clearer approach to budget management and accountability. Quarterly monitoring to Cabinet reports the major variances contributing to the overall forecast position for both the General Fund and the Housing Revenue Account, whilst a new addition in 2025/26 was the reporting on the Council's debtors' position. Support for budget holders has been strengthened through the implementation of the Financial Services service review and the move to a business partnering model. Additional capacity of four roles (increasing the total from two to six) has been brought into the team through business partners and accounting technicians, improving the level of challenge, advice and scrutiny available to services.

4.31 The Council has ended the year with overspends on both its General Fund and Housing Revenue Account (HRA) revenue budgets, and underspends against the General Fund and HRA capital budgets. Whilst the quarterly reports to Cabinet forecasted some of the overspends, the eventual overspends were higher than expected and more service areas ended in an overspend position than expected. This has demonstrated that the arrangements in place to adequately forecast the Council's financial position to the required high level of accuracy need to be improved to ensure a greater level of support and, crucially, early and robust challenge of budget holders to ensure there is no repeat of the unsighted overspends in 2026/27. A recovery plan will be produced by the end of July 2026 in order to address any prior year adjustments deemed necessary and to mitigate projected overspends through in-year adjustments. This recovery plan will include a root cause analysis to ensure that the drivers of good budgetary stewardship are embedded and maintained throughout 2026/27.

4.32 A major area of work during 2025/26 has been the refresh of the Medium-Term Financial Strategy (MTFS) and the HRA. In response to the increased financial pressures arising from the Housing Improvement Programme, the 30-year HRA business plan was rebuilt from first principles to provide a clearer understanding of the value achieved from expenditure and the income available to support the programme. At the same time, the medium-term financial framework was strengthened, with the Section 151 Officer extending the detailed reporting period from three years to four years for the 2026/27 budget cycle. Both of these will be reviewed as part of the recovery plan work during July 2026.

4.33 The refreshed MTFS and HRA were presented to Cabinet and Council in February 2026 and supported the setting of a balanced budget for each of the four years from 2026/27 to 2029/30. The Council also remains above the minimum recommended level of reserves, helping to provide resilience in what remains a difficult local government finance environment.

4.34 Improvement work and additional resources introduced towards the end of 2025/26 are expected to support stronger assurance going forward.

4.35 Overall, **Financial Planning, Reporting and Budgetary Control, including Value for Money** is assessed as Partial, falling from the Satisfactory position reported in 2024/25.

4.36 The assessment of the Council's **Project Management** arrangements is Partial, consistent with the assessment in 2024/25, albeit recognising improvements that have been made over the year.

4.37 The establishment of the Project Board in September 2025 has been a significant step forward in strengthening oversight, providing greater visibility of projects at inception stage and improving scrutiny of delivery, risks, finance and legal considerations. The Board now receives reporting on a wider range of major projects and has helped create a more structured corporate view of delivery across the Council, with new projects added more systematically to the forward plan as they are scoped.

4.38 The Council's project toolkit and workbook remain the core framework to support project delivery. Although compliance with these requirements is not yet fully consistent, application of the toolkit has improved over 2025/26 with support from the Policy, Performance and Projects team, including from two officers and an apprentice who help the organisation scope and structure new work. The team continues to act as a critical friend to project managers, challenging project setup and helping to improve the quality of business cases, workbooks and reporting. Project managers are required to maintain their workbooks and present highlight reports covering cost, time and project objectives, and project information is now being stored more consistently, including within Teams, which has improved visibility and accessibility. In addition, a recently recruited programme manager will provide advice for the Council to achieve further coordination and assurance for 30 key priority areas of work in 2026/27.

4.39 Whilst corporate oversight and challenge has improved for many of the projects being implemented across the Council, there were some examples in 2025/26 of projects not being subject to this same level of oversight, including weaknesses subsequently identified which should have been addressed at the project scoping stage which resulted in additional requests to Cabinet for funding. As a result, the assessment remains as Partial with an action for 2026/27 to address this inconsistency of approach.

4.40 The approach to **Business Continuity** is assessed as Partial for 2025/26, but with improvement on the position reported in 2024/25.

4.41 Strengthened governance through the Emergency Planning and Business Continuity Board has supported clearer oversight and direction, with the Board meeting regularly to oversee progress and alignment across services. Over 2025/26 the Council has undertaken a full revision of its Business Impact Analysis (BIA) approach, with Assistant Directors working with their teams to complete updated BIAs for service areas so that critical functions, dependencies and recovery requirements are more clearly understood. Feedback on the revised BIA process suggests it is prompting more meaningful discussion and helping services to think more clearly about continuity needs. However, further work is still required to complete all service-level business continuity plans and implement a full programme of testing and exercising before a higher level of assurance can be concluded. Furthermore, this work is expected to improve the quality of the Corporate Business Continuity Plan.

4.42 The Council has also revised the risk basis for its business continuity arrangements through development of a new Strategic Risk Assessment to replace the previous Business Risk and Threat Assessment. This new assessment provides six strategic business continuity risk categories, aligns scoring and controls to the revised methodology and presents risks in a more consistent and auditable format.

4.43 Further practical improvements include call cascade testing and the development of an automated recording process to improve the audit trail and reliability of emergency contact arrangements.

4.44 Testing activity has also included cyber and IT-focused exercises, including National Cyber Security Centre “Exercise in a Box” activity through the Emergency Planning and Business Continuity Board, building on earlier testing of the Cyber Security Incident Response Plan.

4.45 Emergency Planning arrangements have continued to strengthen significantly, with the Gold and Silver rota now embedded, a revised rest centre programme established, and substantial officer training delivered through the Essex Resilience Forum and related workshops. A total of 15 Emergency Planning and Business Continuity training courses have been attended so far in 2026, helping to improve organisational capability

4.46 While business continuity work did not progress as quickly as originally intended earlier in the year because Emergency Planning was prioritised where risks were greater, there was renewed pace in the final quarter of 2025/26, supported by an additional resource joining the team in February 2026. With this additional resource in place, improvements to business continuity arrangements have been recognised and it is expected this will continue in the same way throughout 2026/27 and beyond.

4.47 The Council’s **Business Planning and Strategy, including Partnerships** process is assessed as Satisfactory, reflecting the improvement made since 2024/25.

4.48 The adoption of the Corporate Plan 2025–28 in March 2025, following the Administration’s Community Commitment, has provided a clearer strategic framework for the organisation and has been used to refresh the key performance indicators reported through the Corporate Performance Scorecard.

4.49 Service planning has also become more established, with a revised template introduced in January 2025 and service plans completed for all Assistant Directorates by the end of March 2025 for implementation from the beginning of 2025/26.

4.50 In addition, wider service transformation has continued through the service review programme, with all but one review substantially implemented by the end of the year and the remaining Waste and Recycling review already progressing through associated actions such as contract awards, fleet procurement and delivery of the new Roscommon Way workshop.

4.51 Progress has also been made to strengthen the Council's approach to policies and strategies. During 2025/26 a more comprehensive list of policies and strategies was compiled from the existing register and service review material and is now held within the same system used to manage performance, risks and audit actions. A central resource has been in place since April 2025 to support this work, including the development of standard templates and guidance and increased visibility for Directors on the status of policy reviews. The scale of the task has also become clearer over the year, with the identified number of policies increasing to around 160. Some service areas with the largest policy portfolios, including People and Engagement, Environmental Health and Licensing, and Housing, have put in place rolling review programmes and made good progress, but many policies remain out of date and will require continued attention during 2026/27, prioritised according to criticality.

4.52 The Partnerships element of this business process is presented in more detail in paragraph 4.54 below.

4.53 Overall, these developments demonstrate a more mature and better coordinated approach to strategic planning and partnership working than in 2024/25, while recognising that policy management remains an important area for continued focus.

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

4.54 Partnership working remains a particular strength and continues to add capacity, expertise and funding. Over 2025/26, the Council remained actively involved in the Castle Point and Rochford Health and Wellbeing Board, the South East Essex Alliance, the Coastal Navigators Network and partnership work with Sport England. In community safety, the Council has taken a more active leadership role in the Castle Point and Rochford Community Safety Partnership, supported by dedicated Community Safety Manager and Officer posts.

4.55 Through these and other partnerships the Council has secured substantial external funding, including:

- £2 million from Sport England and £227,000 through the Public Health Accelerator Bid;
- A total of £933,500 has been secured to support the delivery of the new Active Wellbeing and Partnership Hub at the Paddocks Community Centre. This includes £500,000 from Sport England, £300,000 from Pride in Place, and £133,500 from Disabled Facilities Grants.
- £9,000 through the Active Essex Places and Spaces fund to enable the installation of the first disc golf course in south Essex at Waterside Farm Recreation Ground
- £1.042 million from the Safer Streets Fund to upgrade CCTV across the Borough as well as the allocation of local community safety grant funding;
- Pride in Place programme for Canvey Island will bring £20 million of Government funding over ten years, with the required regeneration and investment plans submitted during 2025/26 and funding due to commence from April 2026;

4.56 Over 2025/26, the Council continued to invest money awarded under the UK Shared Prosperity Fund (UKSPF), including: grants to community and voluntary organisations; cultural and engagement activities with a focus on broadening participation; advice and training service for businesses and start-ups; health and wellbeing-based skills development for young people; and shopfront improvements and an art trail in Hadleigh.

4.57 The information needs of elected members to effectively develop policy and make decisions is widely considered, and reports to Cabinet and Council include considerable detail to give a full understanding of the implications of recommendations made and decisions to be taken.

4.58 Decisions made by the Cabinet, a Member of the Cabinet, or an officer decision delegated from the Cabinet may be called-in (in accordance with the procedure for a Call-in, which is shown in the Overview and Scrutiny Procedure Rules) by the Scrutiny Committee. Decisions are usually published within three working days of being made and can be called in for consideration by the Overview and Scrutiny Committee within five working days of the publication by either the Chairman of the committee or by five non-cabinet members.

4.59 The Constitution sets out the responsibilities for Overview and Scrutiny Committee, and the Audit and Governance Committee. The Audit and Governance Committee's role includes an overview of the governance arrangements, and it receives monitoring reports on its effectiveness. The Audit and Governance Committee Chairman received an induction from the Head of Internal Audit. Additional training is provided to meet identified needs and every agenda to the committee includes any relevant publications to help with good practice in governance awareness.

4.60 **Workforce Management** is assessed as having a Satisfactory level of compliance, reflecting stability and an improving direction of travel on the position in 2024/25. Good progress has been made over 2025/26 in updating the people policy framework, with a number of important policies reviewed and approved through the Staff Appointments and Review Panel, including the Disciplinary Policy, Code of Conduct and Whistleblowing Policy in December 2025, alongside ongoing work on family-friendly policies such as maternity, paternity, adoption and shared parental leave. This demonstrates a more active and systematic approach to maintaining the people policy framework than in the previous year.

4.61 Learning and development has also strengthened through the continued work of the Learning and Development Lead, the use of the online training platform for mandatory modules and the development of a training and skills matrix to identify role-specific needs across the organisation. This has supported delivery of a broader programme of training through a centralised budget, including mandatory learning for new starters and existing staff, in-person sessions on disciplinary investigations, performance management, customer service and neurodiversity awareness, and a growing programme of lunch and learn sessions on topics such as appraisals, customer service standards, report writing and project management. The Council has also made use of apprenticeship levy funding to support training in areas such as project management, AI, and data and analytics. Longer-term workforce planning and succession are being addressed through service reviews and through development of a workforce strategy planned for implementation from April 2026. A workforce development audit is also in progress, with no major concerns arising to date.

4.62 Objective-setting, mid-year review and year-end appraisal processes have been embedded more consistently during 2025/26. Managers have been required to set objectives, complete mid-year reviews and use year-end assessments to determine annual increment progression, with compliance now being monitored in response to earlier audit recommendations and reported through wider people metrics. The mid-year and year-end processes operated effectively with high levels of completion (94%) for year-end assessments.

4.63 Sickness absence at 7.9 days lost per employee was higher than the wider local government benchmark of 5.6 days. Training for managers was delivered in 2025/26 to support the proactive management of cases.

4.64 There remains a low level of workforce management employee relations cases with four disciplinaries and no concerns were raised under the whistleblowing policy. One case has progressed to an employment tribunal in 2025/26.

4.65 Taken together, these developments provide a stronger level of assurance than in 2024/25 and support the continued Satisfactory assessment.

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

4.66 Core **Corporate Performance Management** arrangements are now assessed as Satisfactory, improving from Partial in 2024/25.

4.67 The Council has made good progress over 2025/26 in strengthening its performance framework through the review and rationalisation of key performance indicators, with clearer definitions, calculation methodologies, collection methods and assigned ownership now in place. Work that began in April 2025 is now substantially complete and has enabled the Council to hold, update and report performance information through a single corporate system. This has reduced manual intervention, improved the timeliness and consistency of reporting and strengthened control over the quality and ownership of performance data. Directors, Assistant Directors and managers now have access to custom dashboards within the system, giving them clearer oversight of performance in their areas. System functionality introduced in October 2025 now sends automated reminders when updates are due and escalates where action is not taken, helping to improve compliance and reduce overdue returns. Quarterly Business Reviews continue to provide a forum in which performance issues are discussed and challenged, supported by more accessible and consistent reporting from the corporate scorecard.

4.68 A follow-up audit of performance management arrangements recognised the improvement made during the year. It reported that a number of earlier recommendations had been fully or substantially implemented, with remaining partially implemented areas relating mainly to finalising the performance management procedure, achieving fuller standardisation of processes across all service areas and strengthening escalation pathways for workforce appraisal compliance (this point is covered in 4.60 above). While some work remains to complete the supporting procedure and fully embed consistent practice across the organisation, the overall direction of travel is clearly positive, and the level of assurance has improved accordingly.

4.69 The organisation’s approach to **Risk Management** is assessed as Satisfactory, improving from Partial in 2024/25. Corporate risks are now being managed and reported more effectively through the Council’s central risk management system, with review through Quarterly Business Reviews, quarterly escalation to senior leadership and full reporting of the Corporate Risk Register to the Audit & Governance Committee each quarter. In addition, Full Leadership Team receives monthly summary updates showing when each risk was last reviewed and the status of mitigating actions, which has helped maintain management focus and improve the timeliness of updates. This has strengthened visibility of risk ownership, review dates and control activity and provided greater assurance that the corporate risk register is now being actively monitored and used.

4.70 Progress has also been made in addressing the inconsistency of risk management at service level, which was a key action from the 2024/25 AGS. Service risk registers have now been piloted in the same system in a small number of Assistant Director areas, including Environment and Environmental Health, Licensing and Community, with further service registers planned and the remainder due to be rolled out during 2026/27. Although service-level risk management is therefore not yet embedded consistently across the organisation, the pilot work has provided a clearer route to more standardised arrangements.

4.71 Risk management within project delivery has also improved, with project risks now better captured and reflected in highlight reporting to Project Board, improving the connection between risk oversight and project governance.

4.72 Internal audit work on risk management was nearing completion at the end of the year and provides further assurance on the strength of the arrangements for the corporate risk register, but the need to further embed arrangements at service level, so that this is more consistent across the Council. Some issues relating to the management of risk have been identified through a sheltered housing audit, indicating that there are still areas where the practical application of risk management can be strengthened. Further work is also planned for 2026/27 to develop and formalise the Council's wider risk management policy and procedures. Taken together, the clear improvement in corporate reporting, monitoring and oversight supports the move to a Satisfactory assessment, while recognising that service-level embedding and supporting policy development remain important next steps.

4.73 Compliance with **Health and Safety** processes is assessed as Satisfactory, improving from Partial in 2024/25. Strong progress has been made over 2025/26 in responding to the external review issued in August 2024 and in embedding a more robust health and safety culture across the organisation. Governance has been strengthened through the Health and Safety Board, which brings together senior leadership, workforce representatives and trade unions, and through the supporting Health and Safety Operations Group, which focuses on priorities, training needs and operational interventions. The Board now oversees actions, risks, incidents and key performance indicators, with reporting supported through the corporate system so that trends and areas of concern can be reviewed more systematically and acted on more quickly.

4.74 Leadership capability has been enhanced through completion of Institute of Health and Safety (IOSH) training courses by the leadership team in May 2025, and in-person risk assessment training has also been rolled out for line managers. Mandatory e-learning completion rates in key areas such as office safety, fire and asbestos are now high, reaching around 97% by the end of the year. The Council has also developed a training and skills matrix to identify role-specific requirements, and this has been used to deliver further targeted training in areas such as conflict management, manual handling and inspections. These developments indicate a more systematic and risk-based approach to workforce capability than was in place previously.

4.75 There has also been a stronger focus on the safety management of tenants and contractors, including clearer standards and expectations and stronger onboarding and compliance checks. Many of the activities introduced in response to the 2024 review are now becoming business as usual, although systems and data continue to be developed and refined. The Corporate Health and Safety Advisor continues to provide the competent person role and maintain oversight of arrangements, supported by an additional temporary Health and Safety Lead who commenced in January 2026.

4.76 Incident monitoring remains active, with 134 incidents recorded by the end of December 2025, of which 20 related to staff and 114 to members of the public, and two were reportable under RIDDOR. Positive assurance has also been received from follow-up audit work in housing health and safety and fire safety. At the time of writing, the Council was awaiting the draft audit report, which will provide an opinion of level of assurance in this area.

4.77 Overall, compliance with **Asset Management** processes is assessed as Partial, with the position maintained from 2024/25. Good progress has been made over the year, particularly in relation to housing assets and compliance and in strengthening the strategic oversight of the Council's wider asset base. Building condition survey information for the corporate estate is being brought together within the Apex Asset Management system, which is being updated to include both housing assets and corporate public building assets so that records are held in a more consistent and centralised way.

4.78 Strategic governance has continued through the monthly Asset Review Board, which has supported work on key decisions and investment priorities, while an Asset Strategy and updated Asset Management Plan were approved for adoption by Cabinet in March 2026.

4.79 The Council has also continued to use its assets more strategically to support service delivery and partnership working. At Kiln Road, space continues to be used to accommodate both Council and partner organisations, with Castle Point Association of Voluntary Services moving in during August 2025 alongside other co-located organisations including USP College, North East London NHS Foundation Trust and Essex Police. Progress has also continued on key projects recommended through the Asset Review Board, including the Roscommon Way vehicle workshop and the former Abbeyfield care home for temporary accommodation provision.

4.80 In housing, significant progress has been made in response to the Regulator of Social Housing's findings. The "Big 6 Plus 1" compliance program is now fully embedded, all required inspections and associated remedial works have been completed, and the Council has achieved full compliance across these workstreams. Fire Risk Assessment actions for higher-risk sheltered blocks have also continued to progress. The housing stock condition survey, which commenced in May 2025, had reached around 93%, with the remaining properties mainly hard to access. Even before final completion, the data collected was judged sufficiently robust to inform the Asset Management Plan and the review of the Housing Revenue Account business plan.

4.81 IT assets continue to be managed through the Council's external provider and end-user devices have now been standardised to laptops or tablets to support more flexible working. In relation to the operational fleet, the Council continues to manage increasing maintenance pressures associated with ageing vehicles and is progressing procurement of replacement vehicles alongside delivery of the new vehicle workshop

4.82 However, despite these areas of progress, weaknesses were identified towards the end of 2025/26 in the completeness and quality of statutory compliance data and associated activity for corporate assets. This issue has limited the overall assessment of asset management, although an improvement plan is in place and the overall direction of travel is positive.

Role of the Chief Financial Officer

4.83 The Section 151 Chief Financial Officer (CFO) occupies a key statutory position in the Council, managing the Council's finances and ensuring that resources are used wisely to secure positive results.

4.84 In order to support the post holder in the fulfilment of their duties and ensure that the Council has access to effective financial advice, in 2010 the Chartered Institute of Public Finance and Accounting (CIPFA) issued a Statement on the Role of the Chief Financial Officer (CFO) in Local Government, most recently updated in 2016. The statement sets out how the requirements of legislation and professional standards should be fulfilled by CFOs in the carrying out of their role and includes five key principles that define the core activities and behaviours that belong to the role of the CFO in public service organisations and the organisational arrangements needed to support them. These statements are set out below

1) *The CFO in a local authority is a key member of the Senior Leadership Team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest.*

2) *The CFO in a local authority must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and alignment with the authority's overall financial strategy.*

3) *The CFO in a local authority must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.*

4) *The CFO in a local authority must lead and direct a finance function that is resourced to be fit for purpose.*

5) *The CFO in a local authority must be professionally qualified and suitably experienced.*

4.85 The Council has the necessary arrangements and procedures in place which ensure that these principles are directly complied with. The Section 151 Officer is a member the of the Senior Leadership Team which satisfies statement number one. Statements two and three are satisfied through the day to day role carried out by the Section 151 Officer, including their involvement in various leadership team meetings and operational boards. With regard to statement four, the Section 151 Officer completed a service review during 2025/26 which ensured there is the right resource doing the right thing within the team. Finally, statement 5 is satisfied by the Section 151 Officer being a fully qualified member of the Chartered Institute of Management Accountants and having over 20 years local government finance experience, including over six years as either the deputy or Section 151 Officer.

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

4.86 The processes for **Information Governance** are assessed as Partial, improving from Minimal in 2024/25. The Council has in place two key roles relating to information governance; the Assistant Director for Legal and Democratic Services, in their role as Data Protection Officer (DPO), ensures compliance with the General Data Protection Regulations (GDPR); and the Assistant Director for Policy Performance and Customer is the Senior Information Risk Owner (SIRO) and leads on the information governance (IG) risk assessment and management processes within the Council.

4.87 Significant progress has been made over 2025/26 in responding to the findings of both the information governance and data governance audits. This has included implementation of recommendations, the immediate addition of information governance to the corporate risk register, and the development of a more structured framework of supporting documents, controls and oversight arrangements. Dedicated specialist capacity was secured through an interim Information Governance Manager during much of the year to coordinate this work, and progress has been made across the core areas of the Information Commissioner’s accountability framework.

4.88 Mandatory information governance training was rolled out across the organisation in May 2025 and a suite of information governance Key Performance Indicators (KPIs) has been introduced within the corporate performance system. Privacy notices have been reviewed and updated for most service areas, information asset registers and retention schedules have been refreshed in the majority of areas, and progress has been made with data inventories across Assistant Directorates, with 10 of 12 areas having completed these by the end of the period. The Information Governance Forum has now been established, with representation from across service areas and regular meetings helping to strengthen corporate ownership, challenge and oversight. The recommendations from the internal audit of data governance have been completed, although continued work is required to ensure information governance remains embedded as a corporate responsibility and that review triggers for key documents are maintained.

4.89 The Council has also strengthened its cyber security response arrangements through approval of the Cyber Security Incident Response Plan in July 2025 and repeat desktop testing through the Emergency Planning and Business Continuity Board in September 2025 and March 2026. Cyber awareness training has been developed using National Cyber Security Centre material, but training records identified that completion and pass rates were not yet fully consistent across the workforce. To address this, the Council intends to use its new e-learning platform, introduced in February 2026, to improve control, tracking and reminders.

4.90 Although five information breaches occurred during the year, only one required notification to the Information Commissioner’s Office because of its risk profile, and the number and nature of breaches do not outweigh the improvement in framework, documentation and oversight.

4.91 The Council has in place processes for managing any Freedom of Information (FOI) and Subject Access Requests (SARs) received. Performance for responding to FOIs is reported at the Quarterly

Business Review, with 86% of the 788 FOIs responded to on time. The Council received six SARs, but due to the complexity of the requests, the requesters were notified of any delay and all six requests have been fully responded to.

4.92 A follow-up to the 2025 Data Governance audit is due to conclude and will help confirm the final assessment, but the evidence currently available supports an improved position compared with 2024/25.

4.93 Compliance with **Procurement** processes is assessed as Satisfactory, improving from Partial in 2024/25. Good progress has been made over the year in strengthening procurement awareness, compliance and planning, supported by the near-completion of actions arising from the previous procurement audit, the continued leadership of the Procurement Manager, and greater use of Essex Procurement Partnership (EPP) support for higher-value and more complex procurement exercises.

4.94 By the end of the year the completion rate against recommendations from the procurement audit was reported as 98%, providing strong evidence that the weaknesses identified previously have been addressed to a significant degree.

4.95 The annual procurement plan is now in place and presented as an appendix to the MTFS, providing better visibility of the expected pipeline of procurements, supporting earlier planning of timescales and better use of available expertise. The Council continues to work closely with the EPP, with many more procurement exercises now being supported through that route than in prior years, and there is clear evidence that compliant processes are being followed.

4.96 Substantial improvements have also been made to the contracts register so that it now provides a more accurate and transparent live record of the Council's contracts and supports regulatory transparency requirements. Further work has commenced to develop a contracts register within the performance system so that contract management and contract risk can be monitored more systematically.

4.97 Contract management capability is also being strengthened through the rollout of the Contract Management Foundation training course and the planned recruitment of a Contract Management Officer (role offered and accepted in June 2026), approved through the service review process. These developments should help services manage contracts more consistently and improve the monitoring of performance and risk. Additionally, EPP is increasing its support with contract management, meaning that improvement will rapidly be made in the near future on this aspect.

4.98 A follow-up audit is in draft and is expected to support the improved assessment. However, some issues remain, including the need for stronger planning within service areas around larger and more complex procurements and instances where procurements have needed to be re-run due to the service not fully and properly assessing what is required from the contract and ensuring the specification put to tender met the Council's requirements from the contract. These issues indicate where further embedding of good practice is still needed, but they also reflect a growing organisational maturity and a stronger understanding of procurement risks. On balance, the progress made over 2025/26 supports the improved overall assessment.

4.99 Compliance with requirements around **Data Quality** is assessed as Partial, with the position unchanged from 2024/25. Improvements have been made in a number of areas over 2025/26, including housing, waste and recycling, and licensing, where better systems, clearer processes and more active management have improved the reliability of data.

4.100 In housing, progress linked to the Housing Improvement Programme has strengthened the quality of information relating to the "Big 6 Plus 1" compliance areas and stock condition, with data for compliance workstreams and stock condition surveys now being recorded, monitored and managed through the Apex system. This has provided a stronger basis for operational management and future planning. The stock condition survey, nearing completion, has further improved the Council's evidence base for understanding the condition of its housing assets and informing future maintenance and investment decisions. Progress towards the new integrated housing management system was slower than originally planned because of the amount of data cleansing required before transfer from the current system; this cleansing and assurance work continued to the end of 2025/26, with the new system going live in May 2026 for rent collection. Phase 2 of the Housing management system has commenced. In waste and recycling, earlier data quality issues were investigated and corrected, allowing important metrics to resume being reported from the start of 2025/26. Licensing data quality issues identified previously have also been addressed.

4.101 The Council's wider work to hold performance data in a single repository is also helping to improve consistency, transparency and control over reported information. However, the overall assessment continues to reflect ongoing weaknesses in the quality of statutory compliance information for corporate buildings, a recent issue affecting homelessness prevention and relief data, and findings from recent audit work which identified further weaknesses in the provision of data. These factors mean that, although there has been clear improvement in several important service areas, the overall level of assurance has not yet moved beyond Partial. Continued work to strengthen data management in key operational areas remains important during 2026/27.

Internal Audit

4.102 The annual risk-based audit plan was prepared in consultation with Heads of Service, Leadership Team and the Audit and Governance Committee. The audit plan has been progressed, with reports issued to senior managers at the conclusion of each audit highlighting any internal control weaknesses identified and the actions required to address them. Recommendations were also reviewed to ensure they were implemented properly, by the due date. A performance report was taken to the Audit and Governance Committee at each of its meetings. The Head of Internal Audit annual report and opinion was also considered by the Audit and Governance Committee and included an assessment of compliance with relevant professional standards. The Head of Internal Audit's annual opinion for 2025/26 states:

4.103 "The Council continued to operate and further develop risk management, internal control and governance arrangements, while addressing the challenges posed by the external environment that it operates within, including increased regulatory requirements and expectations as well as the ongoing impact of economic factors, including inflation, creating additional financial pressures for the Council, residents, the supply chain, and other stakeholders and the impact of demand for services causing further pressure for the Council, resulting in a significant overspend for the year.

4.104 Changes that have been made to the structures, working arrangements and operations of the Council are becoming embedded, including the changes being implemented through the service reviews delivered during the year, aiming to transform the culture and the way that the Council operates, so that the Council shifts to a culture, a focus, a structure, and with ways of working that are most appropriate, effective and financially sustainable, to deliver the priority outcomes in the changed circumstances that the Council is now operating within. These changes will assist the Council to deliver what is required to transform the Council into an organisation fit to meet the expectations and requirements of its stakeholders going forward.

4.105 The Council has a Corporate Plan that provides the link between the aspirations of the community and individual services. Service plans are produced annually to ensure the future allocation of resources is based on the Council's key priorities. Service plans demonstrate how each service will be delivered and inform the Council's Medium-Term Financial Forecast.

4.106 Financial performance in 2025/26 has resulted in the one-off utilisation of reserves, but the 2026/27 budget and Medium-Term Financial Forecast are setting out a financially sustainable position, with only exceptional expenditure on local government reorganisation being funded by reserves. Management needs to continue to monitor delivery of the budget and provide early warning where delivery is off track, so that mitigating action can be pursued to ensure the budget and Medium-Term Financial Forecast plans are realised.

4.107 Towards the end of the year the government confirmed the 'minded-to' decision on the formation of new unitary authorities for Greater Essex. The Council now knows that the expectation is that alongside Southend-on-Sea City Council, Rochford District Council and the services of Essex County Council covering those geographic areas, it will form a new South East Essex Council from 1 April 2028. There is a significant amount of work and resource required to deliver the transition, and the Council is alert to the risk that the diversion of resources required to deliver these changes impacts on the ongoing delivery of services to residents and other stakeholders.

4.108 Management needs to continue to monitor both the actual and potential impact of these pressures, the progress against delivery of the transformation programme and service reviews to drive change, as well as delivery of the Corporate Plan. Management and Members need to be ready to adjust, if necessary, as the situation continues to evolve and the understanding of the impact on future needs and priorities becomes clearer.

4.109 The work of the Good Governance Group and results of the audits completed continue to confirm that:

- *corporate business management processes remain generally well designed and, in some areas, work is underway to update or strengthen them further*
- *there is inconsistency in terms of application, across some services that still needs to be addressed.*

4.110 With regards to the assurance provided by audit work undertaken, the results of the work indicate that for the design of the Council's risk management arrangements satisfactory assurance can be provided – although the Risk Management Policy Statement and Strategy is due to be reviewed and refreshed – but partial assurance in respect of operation as there is a need for further embedding of the arrangements within the services so that there is increased understanding of the need to capture the conversations about risk that are happening, to provide increased visibility, transparency and accountability for decision making around the risks that sit below those on the corporate risk register.

4.111 The design and operation of internal control can be provided with satisfactory assurance, but issues have been highlighted in respect of the application of the governance framework as operated for the year, indicating that this requires improvement before it can be considered to be satisfactory overall. Therefore, partial assurance is provided for the year. Work to improve elements of the governance framework is being undertaken, as reflected in the Annual Governance Statement and the accompanying action plan.

4.112 Therefore, the remainder of this report should be read within this context.

4.113 *No issues have come to my attention this year, other than those already disclosed, that I believe need including in the Council's Annual Governance Statement*."

Audit and Governance Committee

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

External Audit

4.115 External Audit is undertaken by EY (the business name of Ernst & Young Global Limited) and their work includes:

a. providing an opinion on the financial statements, including whether they provide a true and fair view of the financial position at the end of the year and the expenditure and income for the year, and that they have been properly prepared in accordance with relevant legislation and applicable accounting standards;

b. reviewing and providing a conclusion of the arrangements in place to secure value for money.

4.116 Where the auditor identifies weaknesses in the Council’s arrangements or significant deficiencies in internal controls, these are highlighted in the final report to the Audit and Governance Committee.

4.117 During the year external audit have finalised their work on the audit of the 2024/25 year and resulted in a ‘disclaimed’ opinion on the financial statements as the assurance over the financial statements is being rebuilt.

4.118 At the conclusion of the 2024/25 audit EY issued a issued a formal letter on 25 March 2026 to the Chief Executive confirming that a Statutory Recommendation was being made. Whilst EY recognises the forward momentum in how the Council is led and is dealing with the identified matters of weakness, they have concluded that a Statutory Recommendation should be made on the basis that the Statutory Recommendation is a key enabler to addressing the issues identified in the various reports and moving the Council forward.

4.119 The Statutory Recommendation is as follows: The Council should consolidate all recommendations from recent regulatory body reports, External Audit reports and External Investigator reports, and create a detailed action plan to enable appropriate monitoring and oversight of the implementation of those recommendations to ensure progress adheres to agreed timelines. Management should monitor this document on a monthly basis and report updates on a quarterly basis to the Audit & Governance Committee and Full Council.

4.120 The action plan included with this Annual Governance Statement takes account of the requirements of the Statutory Recommendation.

4.121 This Annual Governance Statement, that forms part of the Council’s Statement of Accounts for 2025/26, will be finalised through the completion of the audit for 2025/26.

External Inspections

Corporate Peer Challenge Progress Review

4.122 The Council welcomed the Local Government Association (LGA) to conduct a Corporate Peer Challenge Progress Review in 2025. A Corporate Peer Challenge (CPC) forms a key part of the improvement and assurance framework for local government. It is underpinned by the principles of Sector-led Improvement (SLI) put in place by councils and the LGA to support continuous improvement and assurance across the sector. The CPC Progress Review revisits the full CPC that took place between 3-5 September 2024, reviewing progress against the Action Plan that was developed in response to recommendations. The Progress Review was undertaken on 18 and 19 November 2025. Although not as in depth as the full CPC, the peer team during their two days on site at the Council’s offices gathered evidence, information, and views from more than 15 meetings and four workshops, speaking with more than 50 people, including a range of Council staff, together with elected Members and Independent Persons on Council committees.

4.123 The CPC Progress Report included a number of observations across the following areas:

a. Using **procurement** to drive social value and benefit to the local economy;
b. Approach to **governance** to continue to ensure sufficient rigour around decision making balanced with the need for speed of decision making, in exceptional circumstances;
c. Demands on capacity likely to arise from **local government reorganisation**;
d. Continued programme of **Member development**, building on training already provided;
e. Use of **financial performance and risk insight** to inform the Cabinet Forward Plan and the Overview & Scrutiny work programme, as well as an associated **process for escalation**;
f. Profiling of the **Housing Revenue Account** and to stress test any assumptions;
g. Wider involvement and input from across the organisation in **budget setting**, adjustments to the timetable and review of approach to forecasting;
h. Process for capturing and tracking delivery of agreed **budget savings or increased income objectives;**
i. Creating a space for senior political and managerial leadership to engage in more **informal collective engagement on key strategic issues**;
j. Continued commitment to a culture of **transparency and openness**; and
k. Clarity over **priorities for delivery** over the remainder of the 2025/26 and over the 2026/27 municipal years.

4.124 These observations were developed into an action plan for implementation over 2026/27, approved by Cabinet on 18 March 2026.

Regulator of Social Housing

4.125 In September 2024, the Regulator of Social Housing published a C3 Regulatory Judgement which was reported to Cabinet in November 2024. In December 2024, the Regulator published a second Regulatory Judgement which downgraded the Council's compliance with the Consumer Standards to C4. The Council's response to addressing the concerns of the Regulator is the Housing Improvement Programme (HIP). The HIP is intended to drive the change required to services and provide the Regulator with the assurance that the Council has the ability to put things right and ensure that it does not happen again. It is vital, therefore, that the Council is clear about what went wrong and the lessons which it has learned. Through further discussions with the Regulator an agreed improvement plan has been established which captured the specific Consumer Standards requirements and the necessary compliance activities that were necessary to meet regulatory standard.

4.126 Progress has been reported through a HIP Board, with the first major update to Cabinet in June 2025 with further updates provided to Cabinet in October 2025 and Cabinet in January 2026. The minutes of the monthly HIP Board meetings are published on the Council's website.

4.127 On 29 April 2026, the Regulator of Social Housing confirmed that the Council's regulatory grade has been upgraded from C4 to C3, following a period of intensive engagement. On 14 May 2026 at the first meeting since the upgrade, the Regulator recognised the improvements made and confirmed that the Council is the first local authority to achieve a turnaround from a C4 to a C3 rating.

4.128 The judgement particularly recognises progress made in relation to health and safety and property condition but is clear that further improvement is required, notably in relation to tenancy services and transparency, influence and accountability. The Housing Improvement Programme has comprehensively mapped the critical path from C3 to C2 including fundamental milestones and challenges with the aim to achieve C2 by March 2027.

Housing Revenue Account: External Investigation

4.129 Following the C4 grading and subsequent Housing Improvement Programme implementation, a range of issues were raised by the Programme, including the possibility that spend had exceeded contract values or been incurred without a contract, that there was potentially miscoding of spending and that there had been potentially poor budget and private sector lease management.

4.130 In consequence, the Council agreed to carry out an independent investigation of the concerns raised. A suitably qualified and experienced investigator was appointed and given a broad scope to follow the direction that the investigation took them in.

4.131 In summary, a number of issues were investigated and a number of issues found regarding activities which happened under the previous Service Level Agreement (SLA) with South Essex Homes, as well as some areas for improvement within the Council processes and procedures too. At the time of the investigation, the SLA had already reached its conclusion, resulting in changed and improved processes. The summary paragraph from the investigator reads:

"The housing service has been poorly managed in the past, with poor procurement, poor management of contracts, inadequate resources, and multiple non-integrated data management systems. Despite these multiple weaknesses the consequences particularly in terms of VFM have been limited and the Council can be assured that in the main good levels of VFM have been secured."

Building Safety Regulator

4.132 In November 2024, the Council was notified by the Health and Safety Executive (HSE) that under the provisions of Section 58Z* of the Building Act 1984, as amended (the "Act"), the Building Safety Regulator would carry out an inspection of the Council's statutory Building Control functions which is described in the Act as a Building Control Body (BCB).

4.133 The Regulator's mandate comes from the Building Safety Act 2022 which focuses on building structural and fire safety, and was introduced following the Grenfell Tower disaster, to ensure that BCBs are safely carrying out their functions and responsibilities. These inspections are allocated by the Regulator at random and the Council's BCB is one of the first local authority BCBs in the country to be audited. Ultimately all BCBs will be inspected by the Regulator.

4.134 The Regulator commenced its inspection of the Council on 2 December 2024. The Inspection audited the Council's BCB compliance with the Operational Standards Rules (OSRs). As part of the inspection, officers attended an initial feedback meeting with the Regulator in early January 2025, during which the Regulator identified a number of areas for improvement, which would be formally reported to the Council as its assessment of the formal inspection outcome. Immediately following this meeting officers began the work to resolve those identified compliance issues.

4.135 In January 2025, the Council received a letter of contravention which identified the areas in which the Council was required to improve and gave a deadline of 25 April 2025 to evidence to the Regulator the action which the Council has taken on each of the points raised. An Action Plan was presented to Cabinet on 19 February 2025 as part of the report recommending adoption of a Building Control Enforcement Policy to address one of the Regulator's observations.

4.136 In the update to [Cabinet in April 2025] it was reported that all identified actions have been completed with the necessary processes, procedures, checks, reporting and monitoring provisions put in place to ensure compliance with the OSRs. Further to submission the Regulator in April 2025, the Regulator undertook a further assessment of the Council's compliance with the OSRs.

4.137 The Council heard from the Regulator in July 2025, stating that they required a bespoke Building Control Enforcement Policy to comply with OSR 4.1. They also requested and explanation of the rationale relating to compliance with OSR 2.1 insofar as the proactive approach to projects would be carried out for projects received on or after 20 September 2024. They gave the Council until 28 November 2025 to respond.

4.138 In an update to Cabinet in November 2025 a bespoke Building Control Enforcement Policy, including a comprehensive risk matrix, was presented in order to comply with OSR 4.1. This along with justification of the rationale supporting OSR 2.1 was provided to the Regulator by the deadline.

4.139 A response was received from the Regulator on 27 March 2026 whereby they have not objected to the bespoke enforcement policy and have provided some clarification on their stance relating to OSR 2.1.

4.140 At the time of writing this Annual Governance Statement the Council is satisfied that it is operating an OSR compliant service that secures the health, safety, welfare, convenience and wellbeing or people in and about buildings as well as environmental protection.

Progress against recommendations identified in last year's Annual Governance Statement

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

	Issue	Action 2025/26	Date of implementation	Responsible officer(/s)	Update on progress
1.	Need for an Asset Strategy and an updated Asset Management Plan to inform the strategic approach to asset management. *Governance process: Asset Management*	Develop and adopt an Asset Strategy and update the Asset Management Plan.	Adopted by end Q3 2025/26	Assistant Director Estates	An Asset Strategy and an updated Asset Management Plan, to inform the strategic approach to asset management, are substantially complete in draft form with adoption by Cabinet planned for their meeting in March 2026. Action complete.
2.	Improve and expand the application of good risk management across the organisation. *Governance process: Risk Management*	Finalise setting up service risk registers in performance risk IT system. Proactive monitoring of corporate and service risks.	Service risk registers complete and added to IT system by end Q2 2025/26 Monitoring through Quarterly Business Review – corporate already in place, service risk registers from Q3 2025/26	Assistant Director Policy, Performance & Customer All Assistant Directors	Reporting of the Corporate Risk Register continues in 2025/26 and is now reported to the Audit and Governance Committee, as well as through the Quarterly Business Review and to Senior Leadership Team. In addition, Full Leadership Team receive monthly summary updates on dates of when last assessed and status of mitigating actions. Two service risk registers have been added to the system - Assistant Director for Environment, and the Assistant Director for Environmental Health, Licensing & Community – as a pilot with a further two service registers to be added before the

	Issue	Action 2025/26	Date of implementation	Responsible officer(/s)	Update on progress
					end of March 2026. The remainder of the service risk registers will be added no later than Q2 2026/27. Action partially complete – roll forward action relating to service risk registers to 2026/27.
3.	More consistent and robust approach to managing performance. *Governance process: Corporate Performance Management*	Implement the recommendations from the audit of performance management.	End Q2 2025/26	Assistant Director Policy, Performance & Customer	A follow-up audit on performance management arrangements was issued in draft in January 2026, reporting that four recommendations (from the previous audit) have been fully implemented, two substantially implemented and three partially implemented. Partially implemented recommendations relate to development and adoption of a performance management procedure, standardisation of processes for monitoring performance across service areas, and escalation pathways for non-compliance with staff performance appraisals (this relates to the workforce side of performance management). Action complete.
4.	Strengthen approach to information governance to ensure robust and legal arrangements in place, alongside strong	Implement the recommendations from the audit of information governance and refresh of all policies and procedures.	End Jan 2026	Assistant Director Legal & Democratic Services and	The recommendations in the Internal Audit of Data Governance have now been completed. Work will continue to embed information governance as a corporate

	Issue	Action 2025/26	Date of implementation	Responsible officer(/s)	Update on progress
	processes for preventing and responding to cyber security incidents. *Governance process: Information Governance*		Plan adopted by end July 2025	Assistant Director Policy, Performance & Customer	responsibility and ensure that the triggers are in place for update and review of documents. Action complete.
		Finalise the Cyber Security Incident Response Plan (CSIRP) and conduct desktop exercises to test the plan.	Exercises conducted quarterly from start Q3 2025/26	Assistant Director Policy, Performance & Customer	The CSIRP was approved by Senior Leadership Team in July 2025, with the first desktop exercise carried out at the Emergency planning and Business Continuity Board in September 2025, with a second exercise taking place in March 2026. Action complete.
5.	Develop processes to ensure that effective procurement and contract management takes place across all Council contracts. *Governance process: Procurement*	A comprehensive review of the Council's procurement and contract management policies and procedures has been undertaken, with robust controls implemented and effective monitoring mechanisms established. Put in place mechanisms to support effective procurement and contract management, using the performance and risk	Complete End Q3 2025/26	Assistant Director Finance & Procurement Assistant Director Policy, Performance & Customer	Officers throughout the Council have completed the Contract Management Foundation training course. This will be advertised to allow new staff the opportunity and reminder to those yet to complete it. The Contract Management Officer position as been approved as part of the service review process, recruitment is now in progress.

	Issue	Action 2025/26	Date of implementation	Responsible officer(/s)	Update on progress
		management IT system where appropriate.			Work has commenced on creating the contracts register within the performance system to support officers with contract management and contract risk. Action partially complete – roll forward actions relating to contract register in performance and risk IT system.
6.	Need to adopt good practice of programme and project management and consistency of application across the Council. *Governance process: Project Management*	Policy, Performance and Projects team to support the organisation to plan and manage delivery of projects using the Council's project management toolkit and workbook. Establish Gold and Silver project boards to raise visibility on key projects and ensure delivery to time, budget and agreed quality.	From Q2 2025/26 Boards in place by end Q2 2025/26	Assistant Director Policy, Performance & Customer	The Policy, Performance and Projects team is actively supporting the organisation to plan and manage the delivery of projects. Although not assigned as project managers (there are some exceptions to this), the team has been trained in the Council's project management toolkit and workbook and acts as a "critical friend" to challenge project managers when scoping and setting up their projects. A Project Board (this is a single board that monitors both Gold and Silver projects) met for the first time in September 2025 and meets at least each month. Project Managers are required to update their project workbooks in advance of the meeting and present a highlight report. Action complete.

	Issue	Action 2025/26	Date of implementation	Responsible officer(/s)	Update on progress
7.	Refresh and test approach to business continuity to ensure that the Council has in place up to date and tested plans. *Governance process: Business Continuity*	Business continuity plans for all Assistant Directors. All plans tested at least twice a year.	End Q3 2025/26 From Q4 2025/26	Assistant Director Finance & Procurement to coordinate approach supported by the Emergency Planning and Business Continuity Lead. All Assistant Directors to update plans and carry out exercises to test plans.	Following the adoption of the updated Corporate Business Continuity Plan, work progressed on developing a new template for Service Area Business Impact Analysis (BIA). After an initial pilot within one service area, the template was refined and has now been rolled out across all service areas. Assistant Directors have been meeting with their teams to complete the new BIA template. Early feedback indicates that the revised format prompts meaningful discussion and supports a more structured thought process when considering critical functions, dependencies, and recovery requirements. This reflective approach is proving valuable in strengthening the quality of information captured and is helping services to think more deeply about their continuity needs. The new BIA process is therefore making a positive contribution toward developing more robust service-level Business Continuity Plans and supporting the Council's ambition to become a more resilient

	Issue	Action 2025/26	Date of implementation	Responsible officer(/s)	Update on progress
					organisation. Once all BIAs are completed, they will inform the next phase of Business Continuity planning and future testing and exercising. Action outstanding – roll forward action to 2026/27.
8.	Comprehensive and legal approach to Health and Safety across the organisation. *Governance process: Health and Safety*	Implement the recommendations from the Health and Safety audit.	End Q4 2025/26	Assistant Director People & Engagement supported by all Assistant Directors and the Health and Safety Lead	In October 2024 a new governance approach was implemented for health and safety with the creation of a board taking place every other month. The board tracks and is responsible for ensuring any health and safety actions from the audit were actioned and identifying any risks. The board members include members of senior leadership, trade unions and members of the workforce. Twelve months on the terms of reference of the board are being reviewed so that it can continue to evolve and fully embed a culture of safety and health across the organisation. A Health and Safety Operations Group (HSOG) has been created with operational managers to identify health and safety priorities, any training requirements and interventions required. To drive the progress of this group and a culture of safety,

	Issue	Action 2025/26	Date of implementation	Responsible officer(/s)	Update on progress
					a temporary Health and Safety Lead has been appointed. This commenced in January 2026. Action complete.
9.	Strengthened approach to data quality in the Housing service to improve the quality of the data on which decisions are made. *Governance process: Data quality*	Implement the actions relating to data quality under the Housing Improvement Programme - Workstream 1: Data Integrity & Assurance.	End Q4 2025/26	Assistant Director Housing Assets (Interim)	Data relating to the Big 6 compliance workstreams and stock condition surveys are recorded, monitored and managed by the Apex system. Progress towards the new integrated housing management system was slower than originally planned because of the amount of data cleansing required before transfer from the current system; this cleansing and assurance work continued to the end of 2025/26, with the new system going live in May 2026 for rent collection. Phase 2 of the Housing management system has commenced. Action complete.
10. NEW	Note: added during 2025/26 as issue identified in ongoing governance monitoring reports. A number of Council policies are in need of review and updating to ensure that they remain	Work across all service areas to ensure that the policy list is up-to-date and that all services have a plan in place to update any policies which are out-of-date and require review.	End March 2026 for all critical policies, work continuing into 2026/27	Assistant Director Policy, Performance & Customer working with all Assistant Directors	The list of polices has increased to 160 since last reported to Audit & Governance Committee. Good progress has been made in areas that have a large number of policies, putting in place a programme of review. The Policy Performance and Projects team have met with Directors to raise

	Issue	Action 2025/26	Date of implementation	Responsible officer(/s)	Update on progress
	relevant and, where applicable, legally sound. *Governance process: Business Planning and Strategy, including Partnerships*				the profile of this work. Policy lists will be prioritised to ensure that any critical policies are updated as soon as possible, with a clear plan of review and adoptions of remaining policies over 2026/27. Action outstanding – roll forward action to 2026/27.
11. NEW	Note: added retrospectively to AGS for 2024/25 following recommendation from external auditor. Conclude the Council's formal oversight and engagement with the Regulator of Social Housing through achievement of a compliant grading against the Consumer Standards. *Governance processes, including:* *Consultation and Engagement* *Business Planning and Strategy* *Asset Management* *Health and Safety* *Performance Management* *Data Quality* *Procurement* *Complaints*	Implement the actions currently being delivered through the Housing Improvement Programme and the Strategic Improvement Plan for the housing service.	C1 compliance by 31 March 2028	Interim Director Housing	Progress has been reported through a HIP Board, with the first major update to Cabinet in June 2025 with further updates provided to Cabinet in October 2025 and Cabinet in January 2026. The minutes of the monthly HIP Board meetings are published on the Council's website. On 29 April 2026, the Regulator of Social Housing confirmed that the Council's regulatory grade has been upgraded from C4 to C3, following a period of intensive engagement. On 14 May 2026 at the first meeting since the upgrade, the Regulator recognised the improvements made and confirmed that the Council is the first local authority to achieve a turnaround from a C4 to a C3 rating.

Key governance issues

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

	Issue	Action 2026/27	Date of implementation	Responsible officer
1.	Issue identified towards the end of 2025/26 relating to statutory compliance testing. *Governance process: Asset Management*	Establish a clear picture of the status of all statutory compliance testing across the Council's estate (excluding Housing stock) and undertake testing and remedial action to ensure compliance with legislative requirements.	Scoping of works by end Q1 2026/27 Works completed by end Q3 2026/27	Assistant Director for Estates
2.	Data quality issues identified with statutory compliance testing and relating to performance data for homelessness prevention and relief. *Governance process: Data quality*	Ensure that statutory compliance testing data is accurate and up to date [related to action above]. Address issues with data quality of homelessness prevention and relief performance data.	End Q1 2026/27 End Q3 2026/27* *subject to the agreed work plan priorities to be agreed with HAST (Homelessness Advisory Support Team) the first meeting is planned for 29th June.	Assistant Director Estates Assistant Director Housing
3.	Progress made through the production of Business Impact Assessments but service business continuity plans remain outstanding. *Governance process: Business continuity*	Business continuity plans for all Assistant Directors. All plans tested by the end 2026/27.	End Q3 2026/27 From Q4 2026/27	Assistant Director People & Engagement supported by the Emergency Planning and Business Continuity Lead All Assistant Directors to produce plans and carry out exercises to test plans

	Issue	Action 2026/27	Date of implementation	Responsible officer
4.	Develop processes to ensure that effective procurement and contract management takes place across all Council contracts. *Governance process: Procurement*	Put in place mechanisms to support effective contract management, using the performance and risk management IT system where appropriate.	End Q3 2025/26	Assistant Director Finance & Procurement Assistant Director Policy, Performance & Customer
5.	Improve and expand the application of good risk management across the organisation. *Governance process: Risk Management*	Finalise setting up service risk registers in performance risk IT system. Proactive monitoring of corporate and service risks.	Service risk registers complete and added to IT system by end Q2 2026/27 Monitoring through Quarterly Business Review – corporate already in place, service risk registers from Q3 2026/27	Assistant Director Policy, Performance & Customer All Assistant Directors
6.	A number of Council policies are in need of review and updating to ensure that they remain relevant and, where applicable, legally sound. *Governance process: Business Planning and Strategy, including Partnerships*	Work across all service areas to ensure that the policy list is up-to-date and that all services have a plan in place to update any policies which are out-of-date and require review.	End August 2026 for all critical policies, work continuing through to the end of 2026/27	Assistant Director Policy, Performance & Customer working with all Assistant Directors
7.	Consistency of oversight and challenge of projects being delivered across the Council. *Governance process: Project Management*	Ensure that there are the right processes and governance in place to provide oversight and challenge to all projects across the Council.	September 2026	Assistant Director Policy, Performance & Customer

	Issue	Action 2026/27	Date of implementation	Responsible officer
8.	Ensure processes for addressing complaints are compliant with the requirements of the Housing Ombudsman and the Local Government and Social Care Ombudsman Complaint Handling Codes. *Governance process: Complaints*	Implement the recommendations in the audit report on Complaints that has provided actions to deliver compliance with the Codes.	September 2026	Assistant Director Legal and Democratic Services Interim Director for Housing
9.	Arrangements in place to adequately forecast the Council's financial position to the required high level of accuracy need to be improved *Governance process: Financial Planning, Reporting and Budgetary Control including Value for Money*	Produce recovery plan in order to address any prior year adjustments deemed necessary and to mitigate projected overspends through in-year adjustments Provide a greater level of support and undertake robust challenge of budget holders to ensure there is no repeat of the unsighted overspends in 2026/27.	End of July 2026 Ongoing from Q1 2026/27	Assistant Director Finance & Procurement
10.	Deliver the recommendations captured in the action plan prepared in response to the external auditor's statutory recommendation on: • LGA Corporate Peer Challenge • HRA: External investigation	Work is underway to implement the recommendations that have been consolidated into a single action plan and progress will be reported to Council and the Audit & Governance Committee on a quarterly basis.	31 March 2027	Senior Leadership Team

	Issue	Action 2026/27	Date of implementation	Responsible officer
	• External audit 2024/25 audit results report • Building Safety Regulator Inspection			

5 Conclusion

Statement from the Chief Executive as Head of Paid Service

5.1 The financial year 2025/26 has been one of sustained advancement in the Council's transformation, modernisation and improvement journey. Existing issues have been addressed; and whilst new issues have been identified, these have been fully owned and are either being resolved or have already been fixed. Solid, foundational progress been made. Learning has been recognised and embedded in systems, processes and workforce. Completing the cultural shift to a high performing authority remains a priority for the Fit for the Future programme notwithstanding Local Government Reorganisation. We continue to work transparently with elected members and external auditors to tackle the Council's challenges head on.

Declaration from Leader of the Council and Chief Executive

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

Councillor Dave Blackwell Leader of the Council June 2026	Ms. Angela Hutchings Chief Executive June 2026