



# **Harlow District Council**

## **Statement of Accounts and Annual Governance Statement 2023/24**

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# NARRATIVE REPORT

## ***NARRATIVE REPORT***

### **Introduction**

Welcome to Harlow District Council's Statement of Accounts for the year ending 31 March 2024.

The Statement of Accounts is a statutory document and provides information on the transactions relating to the provision of services by the Council. Many of the accounting principles used in preparing the Statement of Accounts are complex. This Narrative Report is intended to aid the readers' understanding of the accounts and it provides commentary on issues relating to Harlow as a town and place to live, the most significant aspects of the Council's financial performance, its year-end financial position and its cash flows.

Harlow is an enterprising and compact New Town (post-war) in West Essex at the centre of the UK Innovation Corridor (UKIC). Designed by Sir Frederick Gibberd the town is made up of self-contained local neighbourhoods with a variety of shopping hatches and employment areas.

Harlow is home to Harlow College, The University Centre Harlow and the Sir Charles Kao University Technical College. The town also has a 51-hectare Enterprise Zone (EZ), which is one of the 48 sites across the U.K. selected by Government to provide a platform for economic growth and deliver benefits for business.

The Enterprise Zone investment is being used to develop a new Life Science Park, building on the town's pioneering traditions and bringing jobs to the area.

Harlow retains many of the features, art, cultural and leisure facilities which made it so popular in the post-war years. It has also retained a large proportion of social housing and has the second highest level of council housing in Essex. The Council has prioritised investment in this area to ensure decent homes for all.

### **Financial Context**

The Council has an annual net General Fund expenditure of £11.237 million and through its Housing Revenue Account (HRA) is the landlord for over 9,000 properties and over 2,500 leasehold properties at a gross cost of over £52.268 million. The Council currently delivers an annual capital investment programme of approximately £90.704 million.

The services it provides affect the lives of everybody who lives in, works in or visits Harlow. In response to Government funding cuts the Council has achieved significant savings in its General Fund.

The Council has achieved this whilst managing to protect front line services with partnership working and with the voluntary and private sectors being used wherever possible to maintain access to services.

Over the same period the Council's main Government grant funding to support General Fund services has reduced by 66 percent. The Governments proposed changes to local government funding arrangements have been further delayed, largely due to the outbreak of the pandemic which for Harlow and many other local authorities brings further future uncertainty. However, the Council has a three-year financial strategy setting out how it will balance the books based upon the best information it currently has available to it.

The Council has also made significant savings over the same period in its Housing Revenue Account. Again, this has been achieved whilst improving the standard of housing to meet Government Decency standards, maintaining access to services and improving performance against a backdrop of a four year centrally enforced housing rent reductions policy imposed by the Government.

Financial information, including the Council's budgets, sources of income, and the budget gaps projected by the Council is contained within the Council's Medium Term Financial Strategy. This can be found on the Council's website at: ([www.harlow.gov.uk/your-council/spending-and-performance/budget](http://www.harlow.gov.uk/your-council/spending-and-performance/budget)).

## NARRATIVE REPORT

### Revenue spending - General Fund 2023/24

Prior to the start of the new financial year each year the Council approves its annual revenue budget. The costs of providing services are monitored against this budget. This budget is also used to determine the Council's budget requirement for Council Tax setting purposes. Throughout the year the budget is reviewed to take account of changing circumstances such as policy changes and the impact of internal and external factors affecting operating cost and income levels.

The Council set a budget for spending on General Fund services in 2023/24 of £11.237 million in February 2023. The Council did not make a Surplus on the General Fund after technical adjustments between the accounting and funding basis.

The table below summarises the outturn position for the Council's General Fund.

General Fund Outturn - 2023/24	Original Estimate £'000	Revised Estimate £'000	Actual £'000	Variance to Revised £'000
<b>Council Services</b>				
Chief Executive	46	51	( )	(51)
Communities & Environment	9,928	10,008	9,861	(147)
Finance	2,014	2,114	2,822	708
Governance & Corporate Support	1,224	1,549	1,411	(138)
Housing General Fund	2,289	2,358	2,196	(162)
Strategic Growth & Regeneration	(3,653)	(3,072)	(2,120)	952
<b>Net Service Expenditure</b>	<b>11,848</b>	<b>13,008</b>	<b>14,170</b>	<b>1,162</b>
Net Interest Payable	1,247	1,247	949	(298)
MRP	626	626	927	301
Other Operating costs	500		(121)	(121)
Other Operating income	(1,072)	(1,072)	(934)	138
	<b>13,149</b>	<b>13,809</b>	<b>14,991</b>	<b>1,182</b>
<b>Transfers to/(from) Reserves</b>	(1,912)	(2,572)	3,016	5,588
<b>Net Spending Requirement</b>	<b>11,237</b>	<b>11,237</b>	<b>18,007</b>	<b>6,770</b>
Total Funding	(11,237)	(11,237)	(18,007)	(6,770)
<b>Total (Surplus)/Deficit for the year</b>			-	



## ***NARRATIVE REPORT***

### **General Fund Budget Variations (Actual Against Revised Estimate)**

During 2023/24 the Council's total net service expenditure on its General Fund was £14.169 million (£16.499 million 2022/23), which was offset by income from Council Tax and Government Grants.

Key variances include:

Additional income from Car Parks	(£0.173m)
Reduced cost of Civic Centre	(£0.190m)
Additional income from The Harvey Centre	(£0.103m)
Increased Planning and Building Control staffing costs	£0.188m
Net cost of Housing Benefits scheme	£0.361m
Reduced Refuse inflation & increased green and bulky waste income	(£0.187m)
Reduced income from Water Gardens Car Park	£0.246m
HTS pension top ups / preliminary costs	£0.457m
Reduced bad debts provision	(£0.559m)
Previous years Covid-19 grant	(£0.286m)
Increased Interest payable / Reduced interest receivable	£0.498m
Other variations	(£0.252m)

The General Fund Balance as at 31 March 2024 stands at £3.969 million. This continues to compare favourably with the Council's recommended minimum working balance of £2.5 million.

The purpose of the General Fund is to enable the Council to hold sufficient resources to help both protect itself financially into the future and to protect the services it delivers to Harlow.

### **Revenue spending - Housing Revenue Account 2023/24**

The Housing Revenue Account (HRA) is a ring-fenced account. The HRA separately identifies the Council's statutory landlord function, as a provider of social housing under the Local Government and Housing Act 1989.

The Council set a revised gross expenditure budget of £52.268 million on HRA services, which then was subsequently revised to include £1.341 million of carry forwards from 2022/23. This was offset by a planned revenue income budget of £56.279 million, to leave a planned deficit of £3.028 million after accounting for £5.485 of interest payments and receipts.

The following table summarises the updated outturn position:

## NARRATIVE REPORT

Housing Revenue Account Outturn - 2023/24	Original Budget	Revised Estimate	Actual	Variance to Revised
	£'000	£'000	£'000	£'000
<b>Expenditure</b>				
General Management	11,368	11,425	11,871	446
Special Services	9,758	9,760	9,047	(713)
Repairs & Maintenance	14,632	15,915	15,567	(348)
Rents, Rates & Taxes and Other Charges	96	96	154	58
Provision for Bad and Doubtful Debts	409	409	(206)	(615)
Supporting People Transitional Arrangements	5	5	1	(4)
Revenue Contribution to Capital	3,583	3,583	-	(3,583)
Depreciation & Impairment of Non-Current Assets	12,417	11,078	12,840	1,762
<b>Total Spending for Year</b>	<b>52,268</b>	<b>52,271</b>	<b>49,274</b>	<b>(2,997)</b>
<b>Income</b>				
Dwelling Rents	(48,501)	(48,501)	(48,405)	96
Non-Dwelling Rents	(1,131)	(1,131)	(1,081)	50
Other Rents	(65)	(65)	(64)	1
Charges for Services & Facilities	(6,582)	(6,582)	(5,690)	892
<b>Total Income for Year</b>	<b>(56,279)</b>	<b>(56,279)</b>	<b>(55,240)</b>	<b>1,039</b>
<b>Net income for HRA services</b>	<b>(4,011)</b>	<b>(4,009)</b>	<b>(5,966)</b>	<b>(1,958)</b>
Interest payable and similar charges	7,131	7,131	6,806	(325)
Interest and investment income	(69)	(69)	(1,321)	(1,252)
<b>HRA share of Other Operating Income and Expenditure</b>	<b>7,062</b>	<b>7,062</b>	<b>5,485</b>	<b>(1,577)</b>
<b>Transfer to/(from) Reserves</b>	<b>-</b>	<b>1,339</b>	<b>3,509</b>	<b>2,170</b>
<b>Net (Surplus)/Deficit on HRA at end of 23/24</b>	<b>3,051</b>	<b>4,392</b>	<b>3,028</b>	<b>(1,364)</b>

It can be seen from the above table that in 2023/24 the net variation in HRA income and expenditure was a favourable £1.364 million.

Consequently, budgets such as tenant's removal expenses, moving incentives, capital works (including repairs and maintenance) and the ability to fill vacant posts are contributing to the Budget variances (underspend). However, the predominate reason for the favourable variance, was the decision to make no contribution to Capital to safeguard HRA balances.

Summary of key variances on the HRA include:

- Due to Recruitment complexities (£168k Favourable)
- Rents (£147k Adverse)
- Leaseholder Service charges (£892k Adverse)
- Interest Charges (£311k Favourable) predominantly Internal borrowing
- Interest on revenue balances (£1.252m Favourable)
- The impact on delivery of work programmes continues to highlight supply chain availability both in terms of work force required to deliver the programme and the ongoing acute shortage of certain building materials, is continuing to have an effect.

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- The council completed 352 homeless assessments and prevented around 29% of households from becoming homeless enabling to assist in securing a home for longer than six months.
- Repairs and maintenance are predominantly delivered by HTS Property and Environment Ltd (HTS), in addition to some external companies, which provide specialist maintenance services.

### Capital spending 2023/24

In its capital investment programme aligned with both General Fund and Housing services, the Council incurred expenditure totalling £90.704 million in 2023/24 against an approved programme of £112.362 million. Schemes to the value of £17.054 million are to be carried forward for works due to be undertaken or completed during 2024/25. **Housing schemes included:**

<b>Housing Capital Programme - 2023/24</b>	<b>Expenditure £000s</b>
<b>Core Programme</b>	
HTS	7,255
External Works	5,666
Damp & Structural Works	1,870
Other Works	1,019
Fire Safety & Compliance	5,863
Energy Efficiency Works	977
Housing IT	276
Garage Demolition Programme	444
<b>Total Core Programme</b>	<b>23,370</b>
Property Conversion	132
New Build Programme	2,569
<b>Total Housing Capital Programme</b>	<b>26,071</b>
<b>Financed by:</b>	
Direct Revenue Contribution	-
Major Repairs Reserve	12,845
Capital Receipts	1,032
Other grants and contributions	779
Borrowing	11,415
<b>Total Funding</b>	<b>26,071</b>

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### Non-housing schemes included:

Non-Housing Capital Programme - 2023/24	Expenditure £000s
<b>Property Services</b>	
Latton Bush Centre	83
Commercial Properties	252
Highways & Car parks	261
Drainage Work	6
Community Buildings	65
Other Public Schemes	73
Civic centre	695
Garage Refurbishments	222
<b>Total Property Services</b>	<b>1,657</b>
<b>Other Services</b>	
Communities and Environment	1,912
Governance and Corporate Services	134
Strategic Growth & Regeneration	683
<b>Total Core Programme</b>	<b>4,386</b>
Council House Building Programme	52
Enterprise Zone	117
Innovation Park	64
Levelling Up Fund	2,010
Town Centre	56,603
Towns Fund	1,401
<b>Total Specific Projects</b>	<b>60,247</b>
<b>Total Non-Housing Capital Programme</b>	<b>64,633</b>
<b>Financed by:</b>	
Capital Receipts	94
Direct Revenue Contribution	451
Other grants and contributions	4,533
Borrowing	59,555
<b>Total Funding</b>	<b>64,633</b>

### Harlow Innovation Park

In 2015/16 the Council acquired land at London Road as part of the Harlow Enterprise Zone.

Over the period 2018 – 2021 construction work has delivered three core buildings – Arise (owned and occupied by Anglian Ruskin University) along with Nexus and Modus both owned by Harlow Council and delivered as part of the councils wider Regeneration programme.

£1.96m was secured from the Getting Building Fund (Via SELEP) towards the total cost of the Modus development. This allowed for redirected funding for the central services area of the park for development of the central Café/meeting space and public realm additions, to significantly improve the attractiveness of the park to tenants and staff members.

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### Internal Capital Financing

The Council can borrow to fund capital expenditure where prudent and affordable to do so, either from external sources such as the Public Works Loan Board, or from internal resources (known as internal borrowing which is a temporary measure).

### Funding the Capital Programme

In 2023/24 the total capital programme was £90.704 million (General Fund £64.633 million and Housing Capital Programme £26.071 million). The breakdown of the financing can be found within the Capital Spending tables above. The Complete Programme and its financing are shown in the table below.

<b>Capital Programme Financing - 2023/24</b>	<b>Expenditure £000s</b>
Housing Capital Programme	26,071
Non Housing Capital Programme	64,633
<b>Total Capital Programme</b>	<b>90,704</b>
<b>Financed by:</b>	
Capital Receipts	1,126
Capital Receipts (HRA)	-
Direct Revenue Contribution	451
Major Repairs Reserve	12,845
Other grants and contributions	5,312
Borrowing (HRA)	-
Borrowing	70,970
<b>Total Funding</b>	<b>90,704</b>

### Borrowing Facilities

The Council's normal source of external borrowing is the Public Works Loans Board (PWLB), a division of HM Treasury and a facility unique to the public sector. Whilst the projections for the non-housing capital programme are for an underlying need to borrow, the Council's policy is to use the proceeds from the sale of assets (referred to as capital receipts) as its first funding source to fund the programme. Proceeds from sales remain limited due to present economic conditions and their impact on the property market.

The Council has again decided to borrow internally supported by short term cash flow borrowing where required. Future capital receipts will be used to offset this internal borrowing. In the medium term the financial strategy assumes there will be a need to borrow externally as the disposal of assets and associated receipts become fewer and less predictable.

## ***NARRATIVE REPORT***

### **Current Assets and Current Liabilities**

The level of current assets reported in the balance sheet has decreased from £39.866 million at 31 March 2023 to £25.727 million as at 31 March 2024, an decrease of £14.138 million. The most significant movements were:

- An decrease in cash and cash equivalents of £16.012 million.
- An increase in the level of short-term debtor balances of £2.559 million.

Current liabilities have increased from £45.040 million as at 31 March 2023 (Restated) to £83.495 million as at 31 March 2024. This is largely represented by an increase in short-term Borrowing of £37.003 million due to an investment property acquisition and a decrease in sundry creditors, as shown the financial statements.

### **Pension Liability**

Pension Fund liabilities have decreased from £5.805 million as at 31 March 2023 to £5.299 million as at 31 March 2024. The overall scheme did show a surplus of £95.494 million, however this surplus has not be recognised as an asset ceiling of £95.494 million has been applied.

### **Going Concern**

The Council has prepared the 2023/24 Accounts on a going concern basis. This is on the grounds that local authorities cannot be created or dissolved without statutory prescription and it would therefore not be appropriate for their financial statements to be prepared on anything other than a going concern basis.

### **Performance Management**

Central Government requires all Councils to collect and report data relating to their function as a Local Authority in areas such as waste, planning, benefits and housing.

The Council monitors its performance against its Corporate Priorities, Principles and Goals through its Performance Management Framework. The Framework sets out the mechanisms for performance management within the Council, which utilises a range of tools to assist staff and Councillors in gathering and reporting on its performance data. Outcomes are formally reported to Councillors within the Performance, Finance and Risk (PFR) Report which are presented to every Cabinet meeting.

The Council's missions and priorities are set out in its Corporate Plan 2024-2028 available on the Council's website.

To view the Council performance data and reports, please visit our website at <https://www.harlow.gov.uk/your-council/spending-and-performance/performance>

## ***NARRATIVE REPORT***

### **Explanation of the contents of the Statement of Accounts**

Set out below are more detailed explanations relating to each of the main core elements of the Statement of Accounts, to aid further your understanding of what each key statement represents and what it can tell you regarding the Council's financial position.

Councils' accounts are prepared in accordance with proper accounting practices defined by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 ("The Code"). The Code specifies the accounting principles and practices required to present a 'true and fair' view of a council's financial position, financial performance and cash flows. It requires councils to prepare their financial statements in the manner prescribed by the International Accounting Standards Board (IASB). The IASB sets out the concepts underlying the preparation and presentation of the statements for the benefit of external users of the accounts. However, if an accounting treatment is prescribed by law, it overrides accounting concepts set by the IASB, if different.

### **Statement of Responsibilities**

Councils are required to set out the respective responsibilities of the Council and of the Deputy Chief Executive and Director of Finance (Section 151 Officer) in relation to the accounts.

### **Movement in Reserves Statement**

This shows the movement in the different reserves held by the Council during the year. These are analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. It shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to Council Tax (or rents) for the year. The Net Increase/Decrease line shows the statutory General Fund and Housing Revenue Account Balance movements in the year following those adjustments.

### **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 may differ from the accounting cost. The taxation position is shown in both the Movement in Reserves Statement and the Expenditure and Funding Analysis.

### **Balance Sheet**

The Balance Sheet shows the value of assets and liabilities recognised by the Council. The net assets (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category is usable reserves - those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve which can only be used to fund capital expenditure or repay debt). The second category is unusable reserves - those that the Council is not able to use to provide services. It includes reserves that hold unrealised gains and losses (such as 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.

## ***NARRATIVE REPORT***

### Cash Flow Statement

This statement shows the changes in cash and cash equivalents of the Council during the year. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities indicates the extent to which the operations of the Council are funded by way of taxation and grant income or from the users 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 to the Council (i.e. borrowing).

### Expenditure and Funding Analysis

The analysis shows how funding available to the Council for the year (from Government grants, rents, Council Tax and Business Rates) has been used in providing services compared to those resources consumed or earned by the Council in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's services. The income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

### Housing Revenue Account (HRA)

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. Authorities charge rents 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 basis upon which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

### Collection Fund Accounts

The Collection Fund is an "agent's" statement reflecting the Council's statutory obligation 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 the Government of Council Tax and Non-Domestic Rates (NDR, also known as Business Rates).

### Group Accounts

The Code requires local authorities to consider all their interests with external bodies and to prepare a full set of group financial statements where they have material interests in subsidiaries, associates or joint ventures. Harlow Council is the sole shareholder in the HTS (P&E) Ltd. Company and group financial statements have therefore been included within the Statement of Accounts in accordance with IFRS 10. The Group Accounts comprise the Movement in Reserves Statement; the Comprehensive Income and Expenditure Statement; the Balance Sheet; the Cash Flow Statement and associated notes.

### In Conclusion

I would like to thank finance staff and the staff in other service areas for their work in preparing these Statements. I hope the information is helpful in allowing you to have a clear understanding of how the Council's money has been spent in 2023/24.



## ***NARRATIVE REPORT***

If you would like to find out more about the Council's finances, including its budgets and earlier years' accounts, you can:

- visit our website at [www.harlow.gov.uk/your-council/spending-and-performance](http://www.harlow.gov.uk/your-council/spending-and-performance)
- contact me by e-mail at [jacqui.vanmellaerts@harlow.gov.uk](mailto:jacqui.vanmellaerts@harlow.gov.uk)
- write to me at:

Harlow District Council  
Civic Centre  
The Water Gardens  
Harlow  
Essex  
CM20 1WG

SIGNED: JACQUELINE VAN MELLAERTS

**Jacqueline Van Mellaerts CPFA**  
**Director – Finance (Section 151 Officer)**  
**11 November 2025**

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# STATEMENT OF ACCOUNTS 2023/24

## STATEMENT OF RESPONSIBILITIES

### The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs - in this Council, that officer is the Section 151 Officer.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

### The Section 151 Officer's Responsibilities

- 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 applied them consistently
- made judgements and estimates that were reasonable and prudent, and
- complied with the CIPFA Code of Practice on Local Authority Accounting.

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.

### Certification by the Section 151 Officer

The Statement of Accounts presents a true and fair view of the financial position of Harlow District Council as at 31 March 2024 and of its expenditure and income for the year ended 31 March 2024.

The unaudited accounts were issued on 16 January 2025 and, when audited the accounts are due to be presented to the Council's Audit and Standards Committee for review, immediately prior to being authorised and issued for publication.

Signed JACQUELINE VAN MELLAERTS  
.....  
Jacqueline Van Mellaerts CPFA  
Director – Finance (Section 151 Officer)

Date 11 November 2025

Signed MATTHEW SAGGERS  
.....  
Councillor Matthew Saggars  
Chair of Audit and Standards Committee

Date 11 November 2025

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# CORE FINANCIAL STATEMENTS

## MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The deficit on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement (CIES). These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting. The net (increase)/decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Note	Movement in Reserves Statement (MIRS) - 2023/24	General Fund Balance £'000	Earmarked Reserves - General Fund £'000	Housing Revenue Account Balance £'000	Earmarked Reserves - HRA £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
	<b>Balance at 1 April 2023 Brought Forward</b>	(3,969)	(22,043)	(13,810)	(6,059)	(26,394)	-	(2,677)	(74,952)	(786,640)	(861,593)
CIES	(Surplus)/Deficit on Provision of Services	(12,974)		(7,232)		-			(20,207)		(20,207)
CIES	Other Comprehensive Expenditure and Income								-	(7,753)	(7,753)
CIES	<b>Total Comprehensive Expenditure and Income</b>	<b>(12,974)</b>	<b>-</b>	<b>(7,232)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(20,207)</b>	<b>(7,753)</b>	<b>(27,960)</b>
7	Transfer of recharges from General to HRA	(4,847)		4,847					-		
	Adjustments between Accounting Basis and Funding Basis under Regulations	14,805		1,905		(6,719)	-	(64)	9,927	(9,927)	-
	<b>Net (Increase)/Decrease before Transfers to Reserves</b>	<b>(3,016)</b>	<b>-</b>	<b>(480)</b>	<b>-</b>	<b>(6,719)</b>	<b>-</b>	<b>(64)</b>	<b>(10,280)</b>	<b>(17,680)</b>	<b>(27,960)</b>
19	Transfer to/from Earmarked Reserves	3,016	(3,016)	3,509	(3,509)				-	-	-
	<b>(Increase)/Decrease in Year 2023/24</b>	<b>()</b>	<b>(3,016)</b>	<b>3,029</b>	<b>(3,509)</b>	<b>(6,719)</b>	<b>-</b>	<b>(64)</b>	<b>(10,280)</b>	<b>(17,680)</b>	<b>(27,960)</b>
	<b>Balance at 31 March 2024 Carried Forward</b>	<b>(3,969)</b>	<b>(25,060)</b>	<b>(10,781)</b>	<b>(9,568)</b>	<b>(33,112)</b>	<b>-</b>	<b>(2,741)</b>	<b>(85,232)</b>	<b>(804,320)</b>	<b>(889,552)</b>

## MIRS – Comparator 2022/23

Note	Movement in Reserves Statement (MIRS) - 2022/23	General Fund Balance	Earmarked Reserves - General Fund	Housing Revenue Account Balance	Earmarked Reserves - HRA	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Council Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Balance at 1 April 2022 Brought Forward	(4,380)	(32,071)	(11,987)	(4,709)	(18,482)	-	(5,143)	(76,772)	(679,617)	(756,389)
CIES	(Surplus)/Deficit on Provision of Services	10,314		(12,059)		-		-	(1,745)		(1,745)
CIES	Other Comprehensive Expenditure and Income								-	(103,458)	(103,458)
CIES	<b>Total Comprehensive Expenditure and Income</b>	<b>10,314</b>	<b>-</b>	<b>(12,059)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,745)</b>	<b>(103,458)</b>	<b>(105,203)</b>
	Transfer of recharges from General to HRA	(4,701)		4,701					-		
7	Adjustments between Accounting Basis and Funding Basis under Regulations	4,826		4,185		(7,912)	-	2,466	3,565	(3,565)	-
	<b>Net (Increase)/Decrease before Transfers to Reserves</b>	<b>10,439</b>	<b>-</b>	<b>(3,173)</b>	<b>-</b>	<b>(7,912)</b>	<b>-</b>	<b>2,466</b>	<b>1,820</b>	<b>(107,023)</b>	<b>(105,203)</b>
19	Transfer to/from Reserves	(10,028)	10,028	1,350	(1,350)			-	-	-	-
	<b>(Increase)/Decrease in Year 2022/23</b>	<b>411</b>	<b>10,028</b>	<b>(1,823)</b>	<b>(1,350)</b>	<b>(7,912)</b>	<b>-</b>	<b>2,466</b>	<b>1,820</b>	<b>(107,023)</b>	<b>(105,203)</b>
	<b>Balance at 31 March 2023 Carried Forward</b>	<b>(3,969)</b>	<b>(22,043)</b>	<b>(13,810)</b>	<b>(6,059)</b>	<b>(26,394)</b>	<b>-</b>	<b>(2,677)</b>	<b>(74,952)</b>	<b>(786,640)</b>	<b>(861,592)</b>

### The purposes of these reserves are:

#### General Fund Balance

Holds the surpluses from the General Fund. The General Fund is the statutory fund into which all the receipts of a Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise.


#### Earmarked General Fund Reserves

Amounts set aside from the General Fund Balance to earmarked reserves to provide financing for specific future expenditure plans. Amounts are posted back from earmarked reserves to meet the specified General Fund expenditure.

#### Capital Grants Unapplied Reserve

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Holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure.

**Capital Receipts Reserve**

Holds the proceeds from the disposal of non-current assets, which are available to finance capital expenditure in future years

**Major Repairs Reserve**

Holds the charge, to the Housing Revenue Account (HRA), equal to depreciation, for the purpose of future repairs and maintenance. The item 8 Determination, issued by the MHCLG on 24 January 2017, confirmed that depreciation should be charged to the HRA in accordance with proper accounting practices. Previously transitional arrangements allowed for the reversal of depreciation charged to the HRA.

**Housing Revenue Account**

Is a ring-fenced account specifically recording expenditure and income on running the Council's own housing stock and closely related services, for the benefit of the Council's own tenants. The Housing Revenue Account (HRA) separately accounts for the Council's statutory landlord function, as a provider of social housing under the Local Government and Housing Act 1989.

**Housing Revenue Account – Earmarked Reserves**

Holds amounts set aside specifically for contingencies and cash flow management relating to the Housing Revenue Account (HRA).

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Note: the 2022/23 Costs of Services have been restated – following a restructure of the services with 2023/24

2022/23 (Restated)			Comprehensive Income and Expenditure Statement (CIES)	Note	2023/24		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000			Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
262	-	262	Chief Executive		296	(7)	289
16,683	(6,807)	9,876	Communities & Environment		16,363	(7,358)	9,005
33,989	(28,360)	5,629	Finance		26,914	(23,126)	3,788
6,504	(469)	6,035	Governance & Corporate Support		5,810	(626)	5,184
9,888	(8,476)	1,412	Housing General Fund		8,640	(8,407)	233
3,359	(1,913)	1,446	Strategic Growth & Regeneration		3,606	(2,706)	900
35,563	(51,116)	(15,553)	Housing HRA		43,439	(55,152)	(11,712)
<b>106,248</b>	<b>(97,141)</b>	<b>9,107</b>	<b>Cost of Services</b>		<b>105,069</b>	<b>(97,382)</b>	<b>7,687</b>
		(3,486)	Other Operating Expenditure	8 9 10			(5,130)
		7,051	Financing and Investment Income and Expenditure				2,762
		(14,417)	Taxation and Non-specific Grant Income				(25,526)
		<b>(1,745)</b>	<b>(Surplus)/Deficit on Provision of Services</b>				<b>(20,207)</b>
		(88,666)	(Surplus)/ Deficit on Revaluation of Property, Plant and Equipment Assets				(12,455)
		358	(Surplus)/ Deficit on Revaluation of Available for Sale Financial Assets				64
		(15,150)	Actuarial (Gains)/ Losses on Pension Assets and Liabilities				4,639
		<b>(103,458)</b>	<b>Other Comprehensive Income and Expenditure</b>				<b>(7,752)</b>
		<b>(105,203)</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>(27,959)</b>

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## 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. Firstly, there are usable reserves, i.e. those reserves that the council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. Secondly there are unusable reserves i.e. those that the Council is not able to use to provide services. The unusable reserves include reserves that hold unrealised gains and losses (e.g. the Revaluation Reserve), where amounts would only become available to use if the assets are sold and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations.

2022/23	Balance Sheet	Note	2023/24
£'000			£'000
1,082,178	Property, Plant and Equipment	11	1,111,032
1,751	Heritage Assets	12	1,751
1,259	Investment Property	13	57,694
728	Intangible Assets	14	995
4,325	Long Term Investments		4,262
2,332	Long Term Debtors	36	2,276
<b>1,092,573</b>	<b>Long Term Assets</b>		<b>1,178,010</b>
3,044	Assets Held for Sale		2,353
52	Inventories		57
14,774	Short-Term Debtors	16	17,333
21,996	Cash and Cash Equivalents	17	5,984
<b>39,866</b>	<b>Current Assets</b>		<b>25,727</b>
(22,078)	Short-term Borrowing	15	(59,081)
(21,314)	Short-term Creditors	18	(23,246)
(1,648)	Short-term Provisions		(1,168)
<b>(45,040)</b>	<b>Current Liabilities</b>		<b>(83,495)</b>
(50)	Long-term Creditors	15	(532)
(211,837)	Long-term Borrowing	15	(211,837)
(5,805)	Pension Liability	32	(5,299)
(1,099)	Other Long Term Liabilities	15	(887)
(7,016)	Grants Receipts in Advance - Capital	28	(12,135)
<b>(225,807)</b>	<b>Long Term Liabilities</b>		<b>(230,690)</b>
<b>861,592</b>	<b>Net Assets</b>		<b>889,552</b>
(3,969)	General Fund Balance	MIRS	(3,969)
(13,809)	Housing Revenue Account Balance	MIRS	(10,781)
(22,043)	Earmarked Reserves - General Fund	19	(25,060)
(6,059)	Earmarked Reserves - HRA	19	(9,568)
(26,395)	Capital Receipts Reserve	MIRS	(33,113)
(2,677)	Capital Grants Unapplied Account	MIRS	(2,741)
<b>(74,952)</b>	<b>Usable Reserves</b>		<b>(85,232)</b>
(552,758)	Revaluation Reserve	20.1	(555,411)
125	Financial Instruments Revaluation Reserve	20.2	188
(237,464)	Capital Adjustment Account	20.3	(249,633)
(851)	Deferred Capital Receipts		(782)
5	Financial Instruments Adjustment Account	20.4	2
5,805	Pensions Reserve	20.5	5,299
(1,662)	Collection Fund Adjustment Account	20.6	(4,167)
160	Accumulated Absences Account	20.7	184
<b>(786,640)</b>	<b>Unusable Reserves</b>	20	<b>(804,320)</b>
<b>(861,592)</b>	<b>Total Reserves</b>		<b>(889,552)</b>



The unaudited accounts were issued on 16 January 2025 and are replaced with the accounts above. I certify that the statement of accounts gives a true and fair view of the financial position of the Council as at 31 March 2024 and its income and expenditure for the year ended 31 March 2024.

SIGNED BY:

JACQUELINE VAN MELLAERTS

Jacqueline Van Mellaerts CPFA

Director – Finance (Section 151 Officer)

Date 11 November 2025

## CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The Statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator to the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of service 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 to the Council.

2022/23 £'000	Cash Flow Statement	Note	2023/24 £'000
1,745	Net Surplus or (Deficit) on the Provision of Services	CIES	20,207
11,473	Adjust to Surplus or Deficit on the Provision of Services for Non Cash Movements		9,272
(2,708)	Adjust for Items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities		(13,154)
<b>10,510</b>	<b>Net Cash flows from Operating Activities</b>	<b>21</b>	<b>16,325</b>
(39,803)	Investing Activities	22	(78,704)
17,981	Financing Activities	23	46,367
<b>(11,312)</b>	<b>Net Increase or Decrease in Cash and Cash Equivalents</b>		<b>(16,012)</b>
33,308	Cash and Cash Equivalents at the beginning of the Reporting Period		21,996
<b>21,996</b>	<b>Cash and Cash Equivalents at the End of the Reporting Period</b>		<b>5,984</b>

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# NOTES TO THE ACCOUNTS

## NOTES TO THE ACCOUNTS

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## 1. ACCOUNTING POLICIES

### i. General Principles

The Statement of Accounts summarises the Council's financial transactions for 2023/24 and its position at 31 March 2024. The Accounts and Audit (Amendment) Regulations 2023 require the Council's accounts to be prepared in accordance with proper accounting practices, namely the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), supported by International Financial Reporting Standards (IFRS).

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

### ii. Recognition of Income and Expenditure

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

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.

Government grants and third-party contributions are recognised when there is reasonable assurance that the Council will comply with any conditions attached to the payments, and that the grants or contributions will be received. Where conditions attached to grants or contributions have not been satisfied, monies received to date are carried in the Balance Sheet as creditors and credited to the Comprehensive Income and Expenditure Statement (CIES) when the conditions are satisfied. Where capital grants are credited to the CIES they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Supplies are recorded as expenditure when they are consumed. If there is a gap between the date supplies are received and their consumption, they are carried as inventories in the Balance Sheet. Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

### iii. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable on notice of not more than 24 hours demand without material penalty. Cash equivalents are highly liquid investments that mature in three months or less and that are readily convertible to known amounts of cash with low risk of a change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that

are repayable on demand and form an integral part of the Council's cash management strategy.

#### **iv. Collection Fund**

The Collection Fund shows the transactions of the billing authority in relation to the collection from taxpayers and the distribution to local authorities, central government and precepting bodies of council tax and non-domestic rates (NDR). There is no requirement for a separate Collection Fund Balance Sheet since the assets and liabilities arising from collecting non-domestic rates and council tax belong to the bodies (i.e. major preceptors, the billing authority and the Government).

The Collection Fund is effectively an agency account from which income, expenditure and balance sheet transactions are apportioned between the Council, central government and precepting bodies.

The council tax and NDR income included in the CIES is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR which must be included in the Council's General Fund. As a result, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and is included as a reconciling item in the Movement in Reserves Statement. The Balance Sheet includes the Council's share of the year-end balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

#### **v. Employee Benefits**

Short-term employee benefits such as wages and salaries, paid annual leave, sick leave and expenses are paid on a monthly basis and reflected as expenditure in the relevant service line in the CIES.

##### **Termination Benefits**

When the Council is demonstrably committed to the termination of the employment of an officer or group of officers or can no longer withdraw when making an offer to encourage voluntary redundancy, these costs are charged on an accruals basis to the respective service line in the CIES.

##### **Post-Employment Benefits**

Council employees are members of the Local Government Pensions Scheme (LGPS), administered by Essex County Council. The scheme provides defined benefits (retirement lump sums and pensions) to members, earned whilst employees are working for Council.

The LGPS is accounted for as a defined benefits scheme

- The liabilities of the Essex County Council Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of future earnings for current employees.
- The assets of Essex County Council Pension Fund attributable to the Council are included in the Balance Sheet at their fair value.

The change in the net pension liability is analysed into its components:

- Service Cost: the increase in liabilities as a result of years of service earned this year (current service cost) is allocated in the CIES to the services for which the employees



worked. Past service cost is a change to the defined benefit obligation resulting from a scheme amendment or curtailment. The Council's accounts also recognise a gain or loss on settlement when the settlement occurs. The settlement is deemed to occur when the Council enters into a transaction which eliminates all further obligations for part, or all of the benefits provided under the scheme.

- Net interest on the net defined benefit liability: the expected increase in the present value of liabilities during the year as they move one year closer to being paid offset by the interest on assets which is the interest on assets held at the start of the year and cash flows occurring during the period. The result is debited to the Financing and Investment Income and Expenditure line in the CIES.
- Remeasurements: these comprise the return on plan assets excluding amounts included in net interest and actuarial gains and losses (changes in the net pension liability which arise because actuaries have updated their assumptions). These are charged to the CIES as Other Comprehensive Income and Expenditure.
- Contributions paid to the Essex County Council Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the Pension Fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

As interest rates have increased over recent periods, improvements in funding levels on the accounting basis may mean LGPS employers find themselves with an accounting surplus. While It is not simply a case of recognising the full surplus – accounting standards only allow an asset to be recognised to the extent that the employer can gain economic benefit from that surplus. Economic benefit can be gained in two ways – either via a refund, or via a reduction in future contributions. This limit to the net asset is known as the “asset ceiling”. As the council can cannot access the surplus, no asset is recognised, and an expense is recorded instead.

The asset ceiling is the present value of any economic benefit available to the Employer in the form of refunds or reduced future employer contributions. The calculation of the asset ceiling has followed the actuary's interpretation of IFRIC14.

### **Discretionary Benefits**

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

#### **vi. Harlow Trading Services (Property and Environment) Ltd. (HTS)**

HTS is a wholly owned company of the Council providing a range of environmental and property maintenance services in the district. Its accounting policies are not materially different to those of the Council and the appropriate elements of its accounts are included in the group accounts. HTS is an admitted body to the Local Government Pension Scheme referred to in paragraph

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(v). As such, HTS makes fixed contributions to the pension fund and its employees in the scheme are entitled to the post-employment benefits from the scheme. The Council has guaranteed any future pension liabilities of the company and pays employer's contributions of the scheme to the company, on behalf of the employees, above a level agreed with the company. As such the company makes defined contributions to the scheme. The Council has determined that the arrangement does not constitute a pool for pension reporting purposes and includes its additional contributions in its Consolidated Income and expenditure statement.

## **vii. Financial Instruments**

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

### **Financial Liabilities**

Financial liabilities are initially measured at fair value and are carried at amortised cost. For the Council's borrowings this means that the amount presented in the Balance Sheet is the outstanding principal repayable plus accrued interest. Interest charged to the CIES is the amount payable for the year according to the loan agreement.

### **Financial Assets**

Financial assets classed as loans and receivables are initially measured at fair value (except for trade receivables which are measured at transaction price) and are carried at amortised cost. For the Council this means that the amount presented in the Balance Sheet is the outstanding principal receivable plus accrued interest. Interest credited to the CIES is the amount receivable for the year in the loan agreement. Financial assets at Fair Value through Profit and Loss are carried at fair value. Changes in fair value are credited to the CIES. Financial assets are subsequently measured to reflect any impairment loss, if material, based on the probability of loan or receivable defaults.

## **viii. Leases**

Leases are classified as finance leases where their terms transfer substantially all the risks and rewards of ownership of the asset from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately.

### **The Council as Lessee**

#### **Finance Leases**

Property, Plant and Equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Property, Plant and Equipment held under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

#### **Operating Leases**

Rentals paid under operating leases are charged to the CIES as an expense of the services

benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

## **The Council as Lessor**

### **Finance Leases**

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal and replaced by a long-term debtor in the Balance Sheet valued on the future income due under the finance lease.

### **Operating Leases**

Where the Council grants an operating lease over an asset, this is retained on the Balance Sheet. Rental income is recognised in the CIES on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. if there is a premium paid at the commencement of the lease).

## **ix. Overheads and Support Services**

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

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

### **Recognition**

Expenditure of £5,000 or more on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential is charged as an expense when it is incurred.

### **Measurement**

Assets are initially measured at cost. This comprises the purchase price and any costs attributable to bringing the asset to an operational condition. The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a cash inflow or improved service potential for the Council). Where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

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

- infrastructure, community assets and assets under construction – historical cost
- council housing – fair value based existing use value for social housing (EUV-SH)
- surplus assets – current value estimated at highest and best price reasonably achievable in the current market less estimated costs to sell.
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use

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

property assets that have short useful lives, or low values (or both), depreciated historical cost is used as an estimate of fair value.

Assets included in the Balance Sheet at current value are re-valued where there have been material changes in the value and, as a minimum, every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Exceptionally, gains might be credited to the CIES where they arise from the reversal of a loss previously charged to a service. Where decreases in value are identified, they are accounted for as follows:

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

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

### **Impairment**

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

### **Disposals**

When an asset is disposed of or is decommissioned the carrying amount of the asset on the Balance Sheet is written off to the CIES, alongside any receipts from the disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account. All sale proceeds in excess of £10,000 are classed as capital receipts.

### **Depreciation**

Depreciation is provided for on all Property, Plant and Equipment over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain community assets) and assets which are under construction and not yet available for use (i.e. assets under construction). Depreciation is calculated on the following bases:

- council houses and other buildings – straight-line allocation over the useful life of the property as estimated by a qualified valuer
- vehicles, plant, furniture and equipment – straight-line allocation over the life of the asset, as advised by a suitably qualified officer
- infrastructure – straight-line allocation over 40 years.

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

### **Componentisation**

Componentisation is the separate recognition of different parts of an asset, with different remaining useful lives and calculations of depreciation. The Council's external valuers, Wilks Head and Eve, give a single valuation for each asset by applying a weighted average remaining useful life. This gives a single asset register entry and one depreciation amount for all components.

## **xi. Intangible Assets**

### **Recognition**

Expenditure on the acquisition, creation or enhancement of intangible assets (computer software and software licenses) is capitalised on an accrual's basis, provided that the future economic benefits or service potential associated with the item will flow to the Council and, in the case of internally generated software, where it can be demonstrated that the project is technically feasible, and that management is committed to its completion.

### **Measurement**

Intangible assets are measured initially at cost and are revalued if a fair value can be determined by reference to an active market. Otherwise, assets are carried at amortised cost. Amortisation is on a straight-line basis over the asset's useful life. Where an asset is impaired, losses recognised are posted to the relevant service line(s) in the CIES. Any gain or loss arising from the disposal or removal of an intangible asset is posted to the Other Operating Expenditure line in the CIES.

## **xii. Non-current Assets Held for Sale**

Property assets where a disposal is highly probable within the next 12 months and the asset is available for sale in its present condition are classified as assets held for sale. Management must be committed to the sale within one year from the date of classification. Depreciation is not charged on assets held for sale.

When an asset is disposed of, the carrying amount in the Balance Sheet is written off to the CIES as part of the gain or loss on disposal. Receipts from disposals are also credited to the same line in the CIES. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Receipts from disposals in excess of £10,000 are categorised as capital receipts. The net loss or gain on disposal is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing.

## **xiii. Investment Property**

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

Investment properties are measured initially at cost and subsequently at fair value. Properties are not depreciated but are revalued annually according to market conditions at the balance sheet date. Gains and losses on revaluation are posted to the financing and investment income and expenditure line in the CIES. They are then transferred, via the Movement in Reserves Statement, to the Capital Adjustment Account.

## **xiv. Provisions and Contingent Liabilities**

Provisions are made where an event has taken place that gives the Council a legal or

constructive obligation likely to require settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the CIES in the year that the Council becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities are not recognized in the balance sheet but disclosed in a note to the accounts.

#### **xv. Reserves**

The Council sets aside specific amounts as earmarked reserves for future policy purposes and to cover contingencies (such as self-financing insurance cover). The Council also has a range of perpetuity reserves, which were established using historical funds paid to the Council as part of property transactions. The funds are used for the ongoing maintenance of specific land, common buildings, and estates. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the CIES. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

Where grants have been received by the Council for specific expenditure in future years, the sums are held in earmarked grants reserves and carried over to subsequent accounting periods. Where the Council has accrued for the receipt of non-domestic rates safety net payments from Central Government the amounts are set aside in an earmarked reserve to finance related expenditure in the following accounting period.

Certain reserves (Unusable Reserves) are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the Council – where appropriate these reserves are explained in the relevant policies.

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

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

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

VAT payable is included in the accounts, whether of a revenue or capital nature, only to the extent that it is not recoverable.

#### **xviii. Value Measurement**

The Council measures some of its non-financial assets such as surplus assets and investment

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properties and some of its financial instruments, such as property investment fund holdings, at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or, in the absence of a principal market, in the most advantageous market for the asset or liability.

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

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



## 2. EXPENDITURE AND FUNDING ANALYSIS

2022/23			Expenditure and Funding Analysis	2023/24		
Restated Signage						
Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
249	13	262	Chief Executive	302	(13)	289
8,166	1,710	9,876	Communities & Environment	7,877	1,128	9,005
5,437	192	5,629	Finance	3,944	(156)	3,788
5,019	1,016	6,035	Governance & Corporate Support	5,313	(129)	5,184
(881)	2,293	1,412	Housing General Fund	(1,149)	1,382	233
1,046	400	1,446	Strategic Growth & Regeneration	954	(54)	900
(25,725)	10,173	(15,553)	Housing HRA	(23,657)	11,945	(11,712)
(6,689)	15,797	9,107	Net Cost of Services	(6,415)	14,103	7,687
13,955	(24,807)	(10,852)	Other Income and Expenditure	2,919	(30,813)	(27,894)
7,266	(9,010)	(1,745)	Total (Surplus)/Deficit on General Fund and HRA in Year	(3,496)	(16,710)	(20,207)
(53,147)			Opening General Fund and HRA Balances*	(45,881)		
411			(Surplus)/Deficit on General Fund in year	-		
(1,823)			(Surplus)/Deficit on HRA in year	3,029		
10,028			Transfer from Other Income and Expenditure to General Fund Earmarked Reserves	(3,016)		
(1,350)			Transfer from Other Income and Expenditure to HRA Earmarked Reserves	(3,509)		
7,266			Total (Surplus)/Deficit on General Fund and HRA Balances in Year	(3,496)		
(45,881)			Closing General Fund and HRA Balances as at 31 March*	(49,377)		

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The Adjustments between Funding and Accounting Basis column reflects major adjusting items in respect of:

Capital purposes – adding in depreciation and impairment and revaluation gains and losses in respect of council dwellings and other land and buildings; adjusting for the sale of land or buildings; adding in the statutory charge for the repayment of borrowing; adjusting for capital grants received.

Pensions – removing employer pension contributions allowed by statute and replacing with the current and past costs allowed under international accounting standards, including interest notionally payable on the actuarial defined pension liability.

Other – reflecting the timing difference between the forecast of council tax and non-domestic rates to be received which is included in the accounts and the actual amounts received.

Amounts of the adjustments are in the following tables.

#### Note 2a - Adjustment between Funding and Accounting Basis

<b>Adjustment between Funding and Accounting Basis - 2023/24</b>	<b>Adjustments for capital Purposes £'000</b>	<b>Net change for the Pensions Adjustment £'000</b>	<b>Other Differences £'000</b>	<b>Total Adjustments £'000</b>
Chief Executive	-	(7)	(6)	(13)
Communities & Environment	1,302	(189)	15	1,128
Finance	-	(156)	()	(156)
Governance & Corporate Support	16	(147)	2	(129)
Housing General Fund	1,487	(109)	4	1,382
Strategic Growth & Regeneration	6	(61)	1	(54)
Housing HRA	12,537	(601)	9	11,945
<b>Net Cost of Services</b>	<b>15,348</b>	<b>(1,270)</b>	<b>25</b>	<b>14,103</b>
Other Income and Expenditure	(24,434)	(3,874)	(2,505)	(30,813)
<b>Differences between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement</b>	<b>(9,086)</b>	<b>(5,144)</b>	<b>(2,480)</b>	<b>(16,710)</b>

#### Comparator 2022/23

<b>Adjustment between Funding and Accounting Basis - 2022/23 (Restated Signage)</b>	<b>Adjustments for capital Purposes £'000</b>	<b>Net change for the Pensions Adjustment £'000</b>	<b>Other Differences £'000</b>	<b>Total Adjustments £'000</b>
Chief Executive	-	10	3	13
Communities & Environment	953	762	(5)	1,710
Finance	-	201	(9)	192
Governance & Corporate Support	408	606	2	1,016
Housing General Fund	1,885	404	4	2,293
Strategic Growth & Regeneration	130	278	(8)	400
Housing HRA	9,823	353	(3)	10,173
<b>Net Cost of Services</b>	<b>13,199</b>	<b>2,614</b>	<b>(16)</b>	<b>15,797</b>
Other Income and Expenditure	(16,748)	584	(8,643)	(24,807)
<b>Differences between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement</b>	<b>(3,549)</b>	<b>3,198</b>	<b>(8,659)</b>	<b>(9,010)</b>

## Note 2b - Expenditure and Income Analysed by Nature

Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the [Comprehensive Income and Expenditure Statement](#). The Council's expenditure and income can be analysed as follows:

2022/23 £'000	Adjustment between Funding and Accounting Basis	2023/24 £'000
(65,680)	<b>Income</b>	(71,262)
(790)	Fees, Charges and Other Services Income	(1,325)
(9,637)	Interest and Investment Income	(11,685)
(36,394)	Income from Council Tax and Business Rates	(38,502)
(112,501)	Government Grants and Contributions	
	<b>Total Income</b>	<b>(122,774)</b>
23,111	<b>Expenditure</b>	20,525
70,094	Employee Benefits Expenses	68,314
13,197	Other Services Expenses	14,771
7,840	Depreciation, Amortisation and Impairment	4,087
(3,486)	Interest Payments	(5,130)
	Loss / (Gain) on the Disposal of Assets	
<b>110,756</b>	<b>Total Expenditure</b>	<b>102,567</b>
<b>(1,745)</b>	<b>Surplus/Deficit on the Provision of Services</b>	<b>(20,207)</b>

### 3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the [accounting policies](#), the Council has had to make certain judgements about complex transactions, or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
- Employees of the Council's wholly owned subsidiary, Harlow Trading Services (HTS) (Property and Environment) Ltd, are members of the Local Government Pension Scheme which is a defined benefit scheme. The Council has guaranteed any future pension liabilities of the company and pays employer's contributions of the scheme to the company, on behalf of the employees, above a level agreed with the company. As such the company makes defined contributions to the scheme. The Council has determined that the arrangement does not constitute a pool for pension reporting purposes and includes its additional contributions in its Consolidated Income and expenditure statement.

- The Council has employed the Weighted Average Remaining Useful Life (WARUL) method in determining the remaining useful life of its council housing stock. The method takes into account the useful lives of various components of the “beacon” properties used in the valuation of the stock. The resulting average useful life of 54 years has been used to calculate the depreciation charge for the year.

#### 4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

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

The items in the Council’s Balance Sheet at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty		
Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £1.450m for Council Dwellings and decrease £28,127.47 for Other buildings -for every year that useful lives had to be reduced. Property, Plant and Equipment is included within note 11.
Provisions	The Council has based its Provision for Business Rates Appeals on available data regarding checks, challenges and appeals actually lodged with the Valuation Office Agency at the time of making the estimation. Changes to these data, along with case law emerging regarding settlement of appeals at tribunal may create differences between the estimated provision required, and the subsequent actuals.	Should the value of checks, challenges and appeals actually settled increase or reduce by 10%, it would be necessary to add or subtract £491,858.41 to the total amount required, of which £196,743.36 would be attributable to the Council.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating, primarily, 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. Professional actuaries are engaged to provide the Council with expert advice about the assumptions to be applied. Harlow Council Accounts include the agreed additional pension contributions but exclude the attributable liabilities of its wholly owned subsidiary Harlow Trading Services (Property and Environment) Limited.	The effects on the net pension liability of changes in individual assumptions can be measured. For example, a 0.1% increase in the discount rate assumption would result in a reduction in the pension liability of £2.782 million.  However, the assumptions interact in complex ways. During 2023/24, the Council’s actuaries advised that the net pension liability had reduced by £2.795 million as a result of changes in financial assumptions.
Arrears	At 31 March 2024, the Council had made significant allowances for the impairment of debts, totalling almost £7 million. In the current economic climate, including the effect of housing welfare reforms, it is not certain that the allowance is sufficient.	If the Council’s collection rates were to deteriorate, an increase in the current provisions by 1% would require an extra provision of £70,000.

#### 5. MATERIAL ITEMS OF INCOME AND EXPENDITURE

##### Revaluation of Council Properties

The Council had its non-current assets valued as at 31 December 2023. A further exercise was undertaken to determine if there had been any material changes in values between that date and 31

March 2024. Movements and balances for non-current assets are shown in [Note 11](#) – Property, Plant and Equipment.

#### Council Tax

The Council received £8.229 million from the Collection Fund as its share of Council Tax receipts in 2023/24 (£8.075 million in 2022/23).

#### Non-Domestic (Business) Rates

The Council received Non-Domestic Rates of £18.859 million under the rate retention system in 2023/24 (£14.788 million in 2022/23). This was offset by a payment under the system of £17.407 million as a tariff (£15.777 million in 2022/23).

#### Housing Benefits

The Council has incurred spending of £20.371 million on housing benefits in 2023/24 (£21.436 million in 2022/23) and received Government grants of £20.297 million to meet this cost (£21.342 million in 2022/23).

#### Harlow Trading Services (HTS) (Property and Environment) Ltd.

The Council paid a net amount of £40.732 million to its wholly owned company in 2023/24 (£31,030 million in 2022/23) for the provision of a range of services which include housing property services, grounds maintenance, street cleaning and capital works.

#### Pensions

The Council paid £3.031 million in 2023/24 (£2.586 million in 2022/23) into the Local Government Pension Scheme (LGPS) in respect of pension costs. The Council also paid £0.928 million in 2023/24 directly to HTS (Property and Environment) Ltd as a contribution in respect of their employees that are part of the LGPS, which equates to 9.8% (£0.729 million in 2022/23)

#### Grants

The Council received a number of material grants during the year and details of these are contained in Note 28.

## 6. EVENTS AFTER THE REPORTING PERIOD

The Statement of Accounts was authorised for issue by the Assistant Director – Finance (Section 151 Officer) 16 January 2025. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Subsequent to the reporting period date 31 March 2024, Harlow Council established a wholly owned subsidiary, structured as a Limited Liability Partnership (LLP), with the intention of facilitating the acquisition of Millbrook House. (Otherwise known as Burnt Mills) The formation of the LLP represents a strategic step in the Council's plans to support housing and regeneration initiatives.

As at the date of approval of the financial statements, no financial transactions have occurred within the LLP, as the long term financing and lease arrangements has not yet been completed. Accordingly, there is no financial impact on the Council's 2023/24 accounts.

## 7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

### General Fund Balance

The General Fund is the statutory fund into which all the receipts of the Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. It summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

### Housing Revenue Account (HRA) Balance

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for the local authority council housing provision. It contains the balance of income and expenditure as defined by legislation that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

### Capital Receipts Reserve

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

### Major Repairs Reserve

The Council is required to maintain the Major Repairs Reserve, which controls an element of the capital resources limited for use on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the year-end.

### Capital Grants Unapplied

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



2022/23						Adjustments between Accounting Basis and Funding Basis under Regulations	2023/24					
General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves		General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000	£'000
(2,844)	(353)				3,197	<b>Adjustments to Revenue Reserves:</b> <b>Amounts by which income and expenditure included in the Comprehensive &amp; Income Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</b>	4,543	601				(5,145)
	(2)				2	Pension costs (transferred to/from the Pensions Reserve)	-	2				(2)
8,642					(8,642)	Financial Instruments (transferred to the financial instruments adjustment account)	2,505					(2,505)
13	3				(16)	Council Tax & NNDR (transfers to/from the Collection Fund Adjustment Account)	(15)	(9)				24
					-	Holiday pay (transferred to/from the Accumulated Absences Reserve)						-
(3,649)	(11,096)				14,745	Reversal of entries relating to capital expenditure (charged to the Capital Adjustment Account):	(2,242)	(12,845)				15,086
346	1,289				(1,635)	Charges for depreciation and impairment of non-current assets	16	307				(322)
(122)	-				122	Revaluation (Losses)/Gains on Property, Plant and Equipment	(300)					300
-	-				-	Movements in the Market Value of Investment Properties	(7)	-				-
(73)	(14)				87	Reverse Impairments in the year from Revaluation Increase	(579)					7
(541)					541	Amortisation of Intangible Assets		(2,645)				579
	(4,551)				4,551	Revenue Expenditure Funded from Capital under Statute						2,645
						Amounts of Non-current Assets written off on disposal or sale as part of the Gain/(Loss) on Disposal to the CIES						
<b>1,772</b>	<b>(14,724)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,952</b>	<b>Total Adjustments to Revenue Resources</b>	<b>3,921</b>	<b>(14,588)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,667</b>
241	7,799	(7,861)			(179)	<b>Adjustments between Revenue and Capital Resources:</b>	4,130	3,648	(7,772)			(6)
(96)				96	-	Transfer of non-current asset sale proceeds to the Capital/Deferred Receipts Reserve	1,760				(1,760)	-
-		-			-	Transfer of capital grants and contributions to capital grants unapplied						-
	11,110		(11,110)		-	Payments to the government housing receipts pool						-
833					(833)	Transfer of HRA resources from revenue to the Major Repairs Reserve		12,845		(12,845)		-
316	-				(316)	Statutory provision for the repayment of debt (transfer from Capital adjustment account)	927					(927)
<b>1,294</b>	<b>18,909</b>	<b>(7,861)</b>	<b>(11,110)</b>	<b>96</b>	<b>(1,328)</b>	Capital expenditure financed from revenue balances	451	-				(451)
						<b>Total Adjustments between Revenue and Capital Resources</b>	<b>7,268</b>	<b>16,492</b>	<b>(7,772)</b>	<b>(12,845)</b>	<b>(1,760)</b>	<b>(1,384)</b>
		2,554			(2,554)	<b>Adjustments to Capital Resources:</b>			1,127			(1,127)
		(2,500)			2,500	Use of the Capital Receipts Reserve to finance capital expenditure						-
1,760			11,110	2,370	(11,110)	Settlement of Loan written back to Capital Receipts Reserve	3,616		-	12,845	1,696	(12,845)
		(105)			(4,130)	Use of the Major Repairs Reserve to finance capital expenditure			(74)			(5,312)
					105	Application of Capital grants to finance capital expenditure						74
<b>1,760</b>	<b>-</b>	<b>(51)</b>	<b>11,110</b>	<b>2,370</b>	<b>(15,189)</b>	Transfer from Deferred Capital Receipts Reserve upon receipt of cash	<b>3,616</b>	<b>-</b>	<b>1,053</b>	<b>12,845</b>	<b>1,696</b>	<b>(19,210)</b>
<b>4,826</b>	<b>4,185</b>	<b>(7,912)</b>	<b>-</b>	<b>2,466</b>	<b>(3,565)</b>	<b>Total Adjustments</b>	<b>14,805</b>	<b>1,905</b>	<b>(6,719)</b>	<b>-</b>	<b>(64)</b>	<b>(9,927)</b>

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## 8. OTHER OPERATING EXPENDITURE

2022/23 £'000	Other Operating Expenditure	2023/24 £'000
(3,486)	Net (Gains) on the Disposal of Non-current Assets	(5,130)
<b>(3,486)</b>	<b>Total Other Operating Expenditure</b>	<b>(5,130)</b>

## 9. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2022/23 £'000	Financing, Investment Income and Expenditure	2023/24 £'000
7,256	Interest Payable and similar charges	7,961
584	Net Interest on the net defined Benefit Liability (Asset)	(3,874)
(697)	Interest (Receivable) and similar income	(1,333)
28	Income and Expenditure in relation to investment properties and changes in their fair value	209
(120)	Other investment income	(201)
<b>7,051</b>	<b>Total Financing, Investment Income and Expenditure</b>	<b>2,762</b>

## 10. TAXATION AND NON-SPECIFIC GRANT INCOME

2022/23 £'000	Taxation and Non-Specific Grant Income	2023/24 £'000
(8,343)	Council tax income	(8,434)
(1,294)	Non-domestic rates income and expenditure	(3,251)
(4,021)	Non-ringfenced government grants	(9,449)
(759)	Capital grants and contributions	(4,392)
<b>(14,417)</b>	<b>Total Taxation and Non-Specific Grant Income</b>	<b>(25,526)</b>



## 11. PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment Movements (PPE) - 2023/24	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Infra-structure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Property, Plant and Equipment £'000
<b>Cost/Valuation</b>								
<b>At 1 April 2023</b>	<b>837,222</b>	<b>210,296</b>	<b>11,217</b>	<b>11,235</b>	<b>3,592</b>	<b>2,870</b>	<b>21,751</b>	<b>1,098,183</b>
Additions	23,226	2,013	1,514	1,349	399	2	4,613	33,116
Donations	-	-	-	-	-	-	-	-
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	8,944	3,229	-	-	-	283	-	12,456
Revaluation increases/ (decreases) recognised in the Surplus/(Deficit) on the Provision of Services	307	11	-	-	-	5	-	323
Reversal of impairments	-	-	-	-	-	-	-	-
Derecognition - Disposals	(899)	-	-	-	-	(192)	(501)	(1,592)
Derecognition - Other	-	-	-	-	-	-	-	-
Assets reclassified	(152)	564	36	-	(1,153)	(743)	1,033	(415)
Other movements in cost or valuation	(12,531)	(2,113)	-	-	-	(4)	-	(14,648)
<b>Balance as at 31 March 2024</b>	<b>856,117</b>	<b>213,999</b>	<b>12,767</b>	<b>12,584</b>	<b>2,839</b>	<b>2,221</b>	<b>26,896</b>	<b>1,127,423</b>
<b>Accumulated Depreciation and Impairment:</b>								
<b>At 1 April 2023</b>	<b>(105)</b>	<b>(3,338)</b>	<b>(8,191)</b>	<b>(4,275)</b>	<b>(67)</b>	<b>(21)</b>	<b>(8)</b>	<b>(16,005)</b>
Depreciation Charge	(12,570)	(2,106)	(123)	(174)	(18)	(50)	-	(15,041)
Depreciation written out to the Revaluation Reserve	12,531	2,113	-	-	-	4	-	14,648
Depreciation written out to the Surplus/(Deficit) on the Provision of Services	-	-	-	-	-	-	-	-
Impairments Recognised in S/D	-	-	-	-	-	-	-	-
Impairments recognised in RR	-	-	-	-	-	-	-	-
Assets reclassified	(1)	29	-	-	-	-	(19)	9
Other movements in cost or valuation	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2024</b>	<b>(145)</b>	<b>(3,302)</b>	<b>(8,314)</b>	<b>(4,449)</b>	<b>(85)</b>	<b>(67)</b>	<b>(27)</b>	<b>(16,389)</b>
<b>Net Book Value at 31 March 2024:</b>	<b>855,972</b>	<b>210,697</b>	<b>4,453</b>	<b>8,135</b>	<b>2,754</b>	<b>2,154</b>	<b>26,869</b>	<b>1,111,034</b>
<b>Net Book Value at 31 March 2023:</b>	<b>837,117</b>	<b>206,958</b>	<b>3,025</b>	<b>6,960</b>	<b>3,525</b>	<b>2,849</b>	<b>21,743</b>	<b>1,082,178</b>

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Property, Plant and Equipment Movements (PPE) - 2022/23	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infra-structure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost/Valuation</b>								
<b>At 1 April 2022</b>	<b>763,134</b>	<b>173,697</b>	<b>10,706</b>	<b>10,821</b>	<b>1,657</b>	<b>1,283</b>	<b>20,002</b>	<b>981,300</b>
Adjustments to opening balance								-
Additions	20,534	25,923	511	413	1,872	15	1,948	51,216
Donations								-
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	71,331	9,306	-	-	-	1,478	-	82,115
Revaluation increases/ (decreases) recognised in the Surplus/(Deficit) on the Provision of Services	1,289	343	-	-	-	3	-	1,635
Reversal of impairments			-	-	-			-
Derecognition - Disposals	(4,551)	-	-	-	-	-	-	(4,551)
Derecognition - Other	-							-
Assets reclassified	-	-	-	-	-	99	(99)	-
Other movements in cost or valuation	(14,515)	1,027	-	1	63	(8)	(100)	(13,532)
<b>Balance as at 31 March 2023</b>	<b>837,222</b>	<b>210,296</b>	<b>11,217</b>	<b>11,235</b>	<b>3,592</b>	<b>2,870</b>	<b>21,751</b>	<b>1,098,183</b>
<b>Accumulated Depreciation and Impairment:</b>								
<b>At 1 April 2022</b>	<b>(4,731)</b>	<b>(4,160)</b>	<b>(7,564)</b>	<b>(3,879)</b>	<b>(44)</b>	<b>(25)</b>	<b>(9)</b>	<b>(20,412)</b>
Adjustment to opening balance								-
Depreciation Charge	(11,120)	(2,536)	(627)	(396)	(23)	(10)	-	(14,712)
Depreciation written out to the Revaluation Reserve	15,771	3,358				13		19,142
Depreciation written out to the Surplus/(Deficit) on the Provision of Services								-
Impairments Recognised in S/D								-
Impairments recognised in RR								-
Assets reclassified								-
Other movements in cost or valuation	(25)					1	1	(23)
<b>Balance as at 31 March 2023</b>	<b>(105)</b>	<b>(3,338)</b>	<b>(8,191)</b>	<b>(4,275)</b>	<b>(67)</b>	<b>(21)</b>	<b>(8)</b>	<b>(16,005)</b>
<b>Net Book Value at 31 March 2023:</b>	<b>837,117</b>	<b>206,958</b>	<b>3,026</b>	<b>6,960</b>	<b>3,525</b>	<b>2,849</b>	<b>21,743</b>	<b>1,082,178</b>
<b>Net Book Value at 31 March 2022:</b>	<b>758,402</b>	<b>169,536</b>	<b>3,142</b>	<b>6,942</b>	<b>1,613</b>	<b>1,259</b>	<b>19,993</b>	<b>960,888</b>

## 11.1 Depreciation

The following useful asset lives and depreciation rates have been used in the calculation of depreciation except in specific cases (for example non-standard construction):

- Council Dwellings – 54 years (same in 2022/23).
- Other Land and Buildings – 4 to 53 years (same in 2022/23).
- Vehicles, Plant, Furniture and Equipment – 5 years (same in 2022/23) .
- Infrastructure – 40 years (same in 2022/23).

## 11.2 Capital Commitments

As at 31 March 2024 the Council had entered into a number of contracts for enhancement to Property, Plant and Equipment and other assets. The major commitments are:

2022/23 £'000	PPE - Capital Commitments	2023/24 £'000
2,145	Housing	971
31	New Builds	1,659
484	Other Works	1,718
<b>2,660</b>	<b>Total PPE - Capital Commitments</b>	<b>4,348</b>

## 11.3 Revaluations

The Council carries out a rolling program that ensures that all property, plant and equipment required to be measured at current value is revalued at least every five years. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on historic cost as a proxy for current values

Other Land and Buildings – All assets are subject to a 5 year rolling review. Major assets are valued every year.

Surplus Assets – Are valued at fair value.

Council Dwellings - Housing Beacons were valued by Wilks Head and Eve as at 31 December 2023 as part of the valuation process and reviewed as at 31 March 2024. The number of dwellings pending disposal 31 March 2024 was 11, all being pending 'Right To Buy' sales.

The following details set out significant assumptions applied in estimating the fair values of assets:

- Existing Use Value (EUV) is defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing. The parties are taken to have acted knowledgeably, prudently and without compulsion.
- Where insufficient market-based evidence of fair value is available because an asset is specialised and/or rarely sold, the Code permits the use of Depreciated Replacement Cost (DRC).
- Existing Use Value - Social Housing (EUV-SH) is the estimated amount for which a council dwelling should exchange on the date of valuation, between a willing buyer and a willing seller,

in an arm's-length transaction. There is a presumption of proper marketing and that the parties are acting knowledgeably, prudently and without compulsion.

- Market Value (MV) is defined as "The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Carrying value of assets – Based on last valuation date

<b>PPE - Revaluations - 2023/24</b>	<b>Other land and buildings £'000</b>	<b>Vehicle, plant &amp; equipment £'000</b>	<b>Infrastructure assets £'000</b>	<b>Community assets £'000</b>	<b>Surplus Assets £'000</b>	<b>Total £'000</b>
<b>Carried at historical cost</b>						
31-Mar-24	401	802	186	-	-	1,389
31-Mar-23	149,704	966	727	1,872	2,620	155,889
31-Mar-22	209	-	117	-	-	326
31-Mar-21	1,064	534	305	493	-	2,396
31-Mar-20	46,709	4,030	3,934	25	251	54,949
31-Mar-19	229	-	-	172	-	401
Prior to 2019	11,980	4,885	5,966	1,030	(1)	23,860
<b>Gross Book Value</b>	<b>210,296</b>	<b>11,217</b>	<b>11,235</b>	<b>3,592</b>	<b>2,870</b>	<b>239,210</b>

## 12. HERITAGE ASSETS

Heritage assets held by the Council fall into three categories and are held for their intrinsic value as opposed to potential financial gain. As such, they are unlikely to be sold.

<b>Heritage Assets - 2023/24</b>	<b>Museum Artefacts £'000</b>	<b>Community Heritage Assets £'000</b>	<b>Art Collection £'000</b>	<b>Total £'000</b>
<b>Cost or Valuation</b>				
Balance at start of year	729	22	1,005	1,756
Additions				-
Revaluation Increase/ (Decrease)				-
Recognised in the CIES				-
	729	22	1,005	1,756
<b>Accumulated Depreciation and Impairment</b>				
Balance at start of year	-	(5)	-	(5)
Depreciation Charged in Year		(1)		(1)
Impairments recognised to CIES				-
<b>Balance at end of year</b>	<b>-</b>	<b>(6)</b>	<b>-</b>	<b>(6)</b>
<b>Balance as at 31 March 2024</b>	<b>729</b>	<b>16</b>	<b>1,005</b>	<b>1,750</b>

### Prior Year comparator 2022/23

Heritage Assets - 2022/23	Museum Artefacts £'000	Community Heritage £'000	Art Collection £'000	Total £'000
<b>Cost or Valuation</b>				
Balance at start of year	729	22	1,005	1,756
Opening balance adjustments				-
Additions				-
Revaluation Increase/ (Decrease)				-
Recognised in the CIES				
	729	22	1,005	1,756
<b>Accumulated Depreciation and Impairment</b>				
Balance at start of year	-	(4)		(4)
Depreciation Charged in Year		(1)		(1)
Impairments recognised to CIES				-
Balance at end of year	-	(5)	-	(5)
<b>Balance as at 31 March 2023</b>	<b>729</b>	<b>18</b>	<b>1,005</b>	<b>1,752</b>

#### Artefacts held at the Museum of Harlow

The Council's collection of artefacts is reported on the Balance Sheet at the insurance value as assessed by Lyon and Turnbull in April 2010. These assets are deemed to have an indeterminate life and the Council does not consider it necessary to provide for depreciation. The valuation of any donated items is initially assessed by a responsible officer at the museum and if required, by external valuers. There were no acquisitions or disposals from the collection during 2023/24.

#### Fine arts including Sculpture, Civic Gifts, and Regalia

In Harlow there are various works of art on housing estates and the Council has its own fine art collection including three paintings listed as civic gifts. The assets are carried on the Balance Sheet at an insurance value assessed by Doerr Dallas valuations in May 2020. The value is reviewed every five years. The assets are deemed to have an indeterminate life and the Council does not consider it necessary to provide for depreciation. The insurance value of the artworks and sculptures was assessed by Doerr Dallas Valuations in May 2020 and is reviewed periodically to ensure potential material changes can be reflected

Acquisitions are initially recognised at cost, and donated assets at a valuation provided by external valuers with reference to appropriate commercial markets using the most recent and relevant information from sales at auctions.

Other items include a variety of gifts received through civic visits and three chains of office, which are excluded from the Balance Sheet as they are of low monetary value.

#### Community Heritage Assets

These include the bandstand in the Town Park and six war memorials. The Sculpture Trail along the River Stort was established in 2007/08 and includes four freestanding sculptures and a metal and glass walkway which form the three-and-a-half-mile waterside trail along the river linking Parndon Mill Gallery to the Gibberd Garden in Harlow. These items are listed in the fine arts schedule and are deemed to have an indeterminate life, such that the Council does not consider it appropriate to provide for depreciation.

## Listed Properties

### Archaeological Sites

The Council owns a number of archaeological and historic sites within the town. The Council does not consider that reliable cost information or valuations can be obtained for these sites, the assets lack any comparable market values and cost records do not exist. The cost of providing a balance sheet valuation would be disproportionate to any benefit to the user of the Council's financial statements and therefore is excluded from the balance sheet.

Policy of acquisition, preservation, management and disposal of heritage assets.

Fine arts including sculpture, civic gifts and regalia are acquired by donation and as gifts to the Council. Through the insurance valuation a record is maintained of the art works and sculptures held. In addition, the gifts received have been catalogued for reference.

For the museum collections, the museum is accredited to the Museums, Libraries and Archives Council and adopts the policies of this body governing acquisitions, disposals and the appropriate ethical and professional management of the museum and its collections.

By their nature there are few acquisitions or disposals of community heritage assets, but the Council has policies to acquire, preserve, manage and dispose of any such assets.

## 13. INVESTMENT PROPERTIES

2022/23 £'000	Investment Properties (Assets)	2023/24 £'000
1,374	Balance at start of the year	1,259
8	Additions	56,735
(122)	Net (losses)/gains from fair value adjustments	(300)
1,259	Balance at end of the year	57,694

2022/23 £'000	Investment Properties (Income & Expenditure)	2023/24 £'000
(95)	Rental income from Investment Property	(91)
-	Direct operating expenses arising	-
(95)	Net gain/(loss)	(91)

## 14. INTANGIBLE ASSETS

2022/23 £'000	Intangible Assets	2023/24 £'000
410	Balance at start of the year	727
286	Additions	552
31	Amortisation	(284)
-	Derecognition	-
727	Balance at end of the year	995

## 15. FINANCIAL INSTRUMENTS

### Categories of Financial Instruments carried in the Balance Sheet

#### Financial Assets

Financial assets carried in the balance sheet are measured at fair value through profit or loss; amortised cost; or fair value through other comprehensive income (designated equity instruments):

Financial Instruments - Assets	Non-Current			
	Investments etc		Debtors	
	2023/24 £'000	2022/23 £'000	2023/24 £'000	2022/23 £'000
Fair Value through profit or loss	-	-	-	-
Amortised Cost	-	-	2,276	2,330
Fair Value through other comprehensive Income - designated equity instruments	4,262	4,325	-	-
<b>Total Financial Assets</b>	<b>4,262</b>	<b>4,325</b>	<b>2,276</b>	<b>2,330</b>

Financial Instruments - Assets	Current			
	Investments etc		Debtors	
	2023/24 £'000	2022/23 £'000	2023/24 £'000	2022/23 £'000
Fair Value through profit or loss	4,890	10,000	-	-
Amortised Cost	-	8,380	6,498	2,834
<b>Total Financial Assets</b>	<b>4,890</b>	<b>18,380</b>	<b>6,498</b>	<b>2,834</b>

Financial Instruments - Assets	Total	
	2023/24 £'000	2022/23 £'000
Fair Value through profit or loss	4,890	10,000
Amortised Cost	8,773	13,544
Fair Value through other comprehensive Income - designated equity instruments	4,262	4,325
<b>Total Financial Assets</b>	<b>17,925</b>	<b>27,869</b>

## Financial Liabilities

Financial liabilities carried in the balance sheet are measured at amortized cost:

Financial Instruments - Liabilities	Non-Current (Restated)			
	Borrowing/Other		Creditors	
	2023/24 £'000	2022/23 £'000	2023/24 £'000	2022/23 £'000
Amortised Cost	211,837	211,837	532	50
Finance Leases	887	1,099		
<b>Total Financial Liabilities</b>	<b>212,724</b>	<b>212,936</b>	<b>532</b>	<b>50</b>

Financial Instruments - Liabilities	Current (Restated)			
	Borrowing/Other		Creditors	
	2023/24 £'000	2022/23 £'000	2023/24 £'000	2022/23 £'000
Amortised Cost	59,081	22,079	23,034	21,105
Finance Leases			212	209
<b>Total Financial Liabilities</b>	<b>59,081</b>	<b>22,079</b>	<b>23,246</b>	<b>21,314</b>

Financial Instruments - Liabilities	Total (Restated)	
	2023/24 £'000	2022/23 £'000
Amortised Cost	294,484	255,071
Finance Leases	1,099	1,308
<b>Total Financial Liabilities</b>	<b>295,583</b>	<b>256,379</b>

## Investments in Equity Instruments Designated at Fair Value through Other Comprehensive Income

The following equity instruments have been designated at fair value through other comprehensive income.

The Council invested £2 million in 2015/16 in the Churches, Charities and Local Authorities Investment Management Ltd. (CCLA) specialist property fund (which is only available to local authority investors) to achieve an attractive income and capital growth over time. The units in the fund are valued based on the overall value of the property portfolio. The Council is free to divest itself of its investments at any time and would receive a payment based on the number of units held multiplied by the quoted redemption price per unit. The loss on the instrument of £72,791 in 2023/24 (a loss of £368,330 in 2022/23) has been charged to Other Comprehensive Income and Expenditure in the Comprehensive Income and Expenditure Statement.

The Council have invested £450,000 in £1 ordinary shares in its wholly owned company Harlow Trading Services (Housing & Regeneration Ltd).

The Council invested £2 million in the Royal London Cash Plus Fund in 2017/18 in order to diversify its investments held for treasury management purposes. The amount invested is fully liquid and the Council is free to divest itself of its investment at any time, receiving a payment based on the number of units held multiplied by the quoted redemption price per unit. The gain on the instrument of £9,246 in 2023/24 (a gain of £10,405 in 2022/23) has been credited to Other Comprehensive Income and Expenditure in the Comprehensive Income and Expenditure Statement.



<b>Fair Value is Assessed</b>	<b>2023/24 £'000</b>	<b>2022/23 £'000</b>
<b>Non-current assets (Long Term)</b>		
CCLA Property Fund	1,793	1,866
Harlow Trading Services (Purchase of Shares)	450	450
Royal London Cash plus Fund	2,018	2,009
<b>Total Non-current assets (Long Term)</b>	<b>4,261</b>	<b>4,325</b>

Note: Fair value is assessed at input level 1 of the fair value hierarchy - unadjusted quoted prices in active markets for identical assets.

### Income, Expense, Gains and Losses

<b>Income, Expense, Gains and Losses</b>	<b>Surplus or Deficit on the Provision of Services</b>		<b>Other Comprehensive Income and Expenditure</b>	
	<b>2023/24 £'000</b>	<b>2022/23 Restated £'000</b>	<b>2023/24 £'000</b>	<b>2022/23 Restated £'000</b>
<b>Net gains / losses on:</b>				
Investment in equity instruments designated at fair value through other comprehensive income	-	-	64	358
<b>Total net (gains) / losses</b>	<b>-</b>	<b>-</b>	<b>64</b>	<b>358</b>
<b>Interest revenue:</b>				
Financial assets measured at amortised cost				
Financial assets measured at FVPL	(1,321)	(548)		
Financial assets measured at FVOCI	(12)	(149)		
<b>Total Interest Revenue</b>	<b>(1,333)</b>	<b>(697)</b>	<b>-</b>	<b>-</b>
<b>Interest Expense</b>	<b>4,087</b>	<b>7,256</b>	<b>-</b>	<b>-</b>

### Fair Values of Financial Instruments

The fair value of short-term instruments, including trade payables and receivables, is assumed to be approximate to the carrying amount given the low and stable interest rate environment.

The fair value of most financial assets, including money market and other pooled funds, is taken from the market price (level 1 of the fair value hierarchy – quoted prices in active markets for identical assets). The fair value of loans for service purposes is classed as level 2 of the hierarchy - calculated from inputs other than quoted prices that are observable for the asset, e.g. interest rates or yields for similar instruments

Financial liabilities, Public Works Loan Board (PWLb) borrowing, is carried in the balance sheet at amortised cost. The fair value (level 2 of the hierarchy - calculated from inputs other than quoted prices that are observable for the asset, e.g., interest rates or yields for similar instruments) has been estimated by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans and with the following assumptions:

- the market rate is the published interest rate for new certainty rate loans arranged on 31st March 2024;
- no early repayment or impairment is recognised.

Fair values are as follows:

Fair Value of Financial Assets and Financial Liabilities	2023/24		2022/23	
			Restated	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
<b>Financial Assets</b>				
Investment Balances	8,702	9,152	24,925	22,705
Loans for Service Purposes	2,276	2,276	2,330	2,330
Trade Receivables	6,498	6,498	2,834	2,834
<b>Total Assets</b>	<b>17,475</b>	<b>17,925</b>	<b>30,089</b>	<b>27,869</b>
<b>Financial Liabilities</b>				
PWLB Borrowing	211,837	211,837	211,837	211,837
Short Term Borrowing from other LAs	59,000	59,081	22,000	22,079
Finance Leases	887	1,099	1,099	1,307
Trade Payables	23,566	23,566	21,155	21,155
<b>Total Interest Liabilities</b>	<b>295,289</b>	<b>295,583</b>	<b>256,091</b>	<b>256,378</b>

The fair value of financial liabilities is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the current rates available for similar loans in the market at the Balance Sheet date. Trade Receivables include long-term leaseholder debtors of £0.166 million.

#### Transfers between Levels of the Fair Value Hierarchy and Changes in the Valuation Technique

There were no transfers or changes during the year.

## 16. DEBTORS

2022/23 £'000	Debtors	2023/24 £'000
2,834	Trade receivables	6,498
1,262	Business rates	1,107
157	Housing Rents	50
7,473	Council tax	6,890
216	Prepayments	132
2,833	Related parties	2,656
-	Other receivables	-
<b>14,775</b>	<b>Sub Total</b>	<b>17,333</b>
	Allowance for doubtful debt (other entities and individuals)	-
<b>14,775</b>	<b>Total Debtors</b>	<b>17,333</b>

The table below shows the amount that was owed to the Council as at 31 March 2024 by third parties, together with amounts paid by the Council in advance of receipt of goods or services.

## 17. CASH AND CASH EQUIVALENTS

The balance of cash and cash equivalents is made up of the following elements.

2022/23 £'000	Cash and Cash Equivalents	2023/24 £'000
7	Cash held by Officers	7
881	Bank Current Accounts	1,038
21,108	Short Term Deposits	4,939
<b>21,996</b>	<b>Total Cash and Cash Equivalents</b>	<b>5,984</b>

## 18. CREDITORS

The table below shows the amount that the Council owed as at 31 March 2024 to third parties, together with amounts received by the Council in advance of supply of goods or services.

2022/23 £'000	Creditors	2023/24 £'000
(3,956)	Trade payables	(4,158)
(1,539)	Receipts in advance	(2,603)
(7,003)	Related parties	(7,068)
(8,816)	Other payables	(9,417)
<b>(21,314)</b>	<b>Total Creditors</b>	<b>(23,246)</b>

## 19. MOVEMENTS IN EARMARKED RESERVES

The following table sets out the amounts set aside from the General Fund and Housing Revenue Account balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2023/24.

<b>Movement in Earmarked Reserves 2023/24</b>	<b>Balance as at 31 March 2022 £'000</b>	<b>Transfer In 2022/23 £'000</b>	<b>Transfer Out 2022/23 £'000</b>	<b>Balance as at 31 March 2023 £'000</b>	<b>Transfer In 2023/24 £'000</b>	<b>Transfer Out 2023/24 £'000</b>	<b>Balance as at 31 March 2024 £'000</b>
<b>General Fund:</b>							
Perpetuity Reserves	956	18	(127)	847	40	(57)	830
Audit Fees	-	166	-	166	-	-	166
Budget Carryovers Reserve	-	-	-	-	166	-	166
Budget Stabilisation Reserve	147	672	(600)	219	982	-	1,201
Bush Fair Capital Improvements Reserve	42	-	-	42	-	(42)	-
Climate Change	-	-	-	-	100	-	100
Covid-19 Reserve	239	-	(81)	158	-	(158)	-
Debt Financing Reserve	3,177	238	-	3,415	238	(498)	3,155
Discretionary Services Fund	2,945	67	(1,008)	2,004	-	(450)	1,554
Enterprise Zone	-	338	-	338	-	(263)	75
Environment Reserve	33	0	(6)	27	-	(27)	-
Environmental Urgent Works & Improvement Reserve	1,436	-	(145)	1,291	27	(12)	1,306
Hardship Fund	155	-	-	155	-	-	155
Housing Benefits Subsidy Reserve	693	-	(501)	192	-	(192)	-
Housing TA Reserve	150	-	-	150	-	(150)	-
Insurance claims - GF	806	50	-	856	50	-	906
Insurance Fund - GF	1,828	152	(26)	1,954	202	(15)	2,141
Invest To Save & Improve Reserve	231	3	(126)	108	-	-	108
Neighbourhood Renewal Reserve	-	363	(176)	187	170	(191)	166
Neighbourhood Renewal Capital Reserve	-	-	-	-	42	-	42
New Burdens Grant Reserve	223	-	-	223	-	-	223
Partnership Fund	200	-	-	200	-	-	200
Pensions Reserve	-	1,255	-	1,255	-	-	1,255
Planning Reserve	179	-	(100)	79	-	-	79
Regeneration & Enterprise Reserve	6,089	-	(5,289)	800	361	(655)	506
Regeneration Reserve	103	-	(78)	24	-	(24)	-
Residual Land Transfer	131	-	(131)	-	-	-	-
Risk Management Reserve - GF	353	-	(54)	299	-	(31)	268
Severance Reserve	1,120	-	(368)	752	-	(164)	588
Splash Parks Reserve	316	-	(316)	-	-	-	-
Standards Committee Contingency Reserve	50	-	(50)	-	-	-	-
The Harlow & Gilston Garden Town Funding Reserve	418	-	(278)	140	-	(14)	126
Transformation	-	-	-	-	144	-	144
<b>Total General Fund</b>	<b>22,020</b>	<b>3,322</b>	<b>(9,460)</b>	<b>15,881</b>	<b>2,522</b>	<b>(2,943)</b>	<b>15,460</b>
<b>HOUSING REVENUE ACCOUNT RESERVES</b>							
Council House Build Programme Reserve	-	-	-	-	3,583	-	3,583
Perpetuity Reserves	1,053	307	(467)	893	401	(627)	667
Housing Insurance Property Reserve	60	10	-	70	10	-	80
Insurance claims	746	50	-	796	50	-	846
Insurance Fund	2,282	259	(174)	2,367	328	(195)	2,500
Pensions Reserve	-	1,333	-	1,333	-	-	1,333
Risk Management Reserve	568	60	(54)	574	-	(31)	543
<b>Total Housing Revenue Account</b>	<b>4,709</b>	<b>2,019</b>	<b>(695)</b>	<b>6,033</b>	<b>4,372</b>	<b>(853)</b>	<b>9,552</b>
<b>EARMARKED GRANTS RESERVES</b>							
General Fund	10,052	6,445	(10,335)	6,162	4,905	(1,467)	9,600
Housing Revenue Account	-	26	-	26	-	(10)	16
<b>Total Earmarked Grants Reserves</b>	<b>10,052</b>	<b>6,471</b>	<b>(10,335)</b>	<b>6,188</b>	<b>4,905</b>	<b>(1,477)</b>	<b>9,616</b>
<b>Total Earmarked Reserves</b>	<b>36,781</b>	<b>11,812</b>	<b>(20,490)</b>	<b>28,102</b>	<b>11,799</b>	<b>(5,273)</b>	<b>34,628</b>

Earmarked Reserves - Description and Purpose	
General Fund Reserves	Purpose
Perpetuity	Amounts set aside to meet long-term contractual obligations under a range of covenants.
Audit Fees	Set aside to meet expected External Audit Fees
Budget Carry Over	Amounts set aside to meet Budget commitments that were unspent in the previous year
Budget Stabilisation	The creation of the reserve will remove the need to make short term decisions related to potential budget reductions
Bush Fair capital improvement works	To fund capital works in the area
Climate Change	Established to finance future costs in relation to climate change
Covid-19	Amounts set aside in relation to COVID-19
Debt financing	Established to finance future costs in relation to borrowing.
Discretionary services fund	To fund services to the community that are not required by statute & to provide financial support to organisations providing such services.
Enterprise Zone	Created to fund works at Enterprise Zone
Environment	Past energy savings, available to finance energy-efficiency schemes & measures to reduce future energy usage & emissions.
Environmental urgent works and improvement	For works and improvements in the Harlow wider town area.
Hardship	To provide hardship funding to support those local residents most significantly impacted by the Covid 19 crisis and least able to meet their council tax payments
Housing benefits subsidy	An equalisation reserve to meet any future reductions in subsidy from previous years' increases.
Housing TA	Set aside to mitigate against potential increasing cost of Temporary Accommodation
Insurance claims	To meet any costs of future claims resulting from the insolvency of the Council's previous insurer Municipal Mutual Insurance Ltd.
Insurance fund	A self-insurance reserve to meet excess charges in respect of policies for theft, motor insurance, employer's liability, fire and dwellings and other minor items.
Invest to save	Established from previous years' windfall income, used to deliver service improvements or to fund efficiency initiatives.
Neighbourhood Renewal	Established to finance neighbourhood projects around the Town
Neighbourhood Renewal - Capital	Established to finance capital works from neighbourhood projects around the Town
New Burdens	New Burdens monies received from Government
Partnership fund	For implementation costs of potential partnership arrangements for the delivery of the Revenues and Benefits service.
Pension	To Mitigate future risk in Pension fluctuations
Planning	Used to transfer resources between years should delivery of the Local Development Framework (LDF) be rescheduled.
Regeneration and enterprise	A reserve to support Harlow town regeneration.
Regeneration	A reserve to support the regeneration of the Town Centre.
Residual land transfer	Established to meet future re-instatement works to land acquired from the Homes and Communities agency.
Risk management reserve	Established in order to finance future initiatives that mitigate insurable risks and potential insurance claims against the Council and help limit increases in insurance premiums.
Severance reserve	Used to finance redundancy costs in excess of the amount included in the revenue budget.
Splash parks reserve	A reserve to finance the replacement of remaining paddling pools with new modern splash park facilities.
Standards Committee Contingency	Established to finance possible future liabilities arising from the work of the Council's Standards Committee.
The Harlow and Gilston Garden Town funding reserve	Established to contribute towards the Gilston Garden Town project and other developments in and around Harlow to ensure maximum benefits in respect of affordable housing and skills and employment initiatives.
Transformation	Established to finance the Council future transformational ambitions

<b>Earmarked Reserves - Description and Purpose</b>	
<b><u>Housing Revenue Account Reserves</u></b>	<b><u>Purpose</u></b>
Council House Build Programme	Established to finance the Council House Build Programme
Perpetuity reserves	Amounts set aside to meet long-term contractual obligations under a range of covenants.
HRA OJEU Contract 2015	A reserve established to meet ancillary costs relating to a change in repairs and maintenance contractor.
Insurance claims	To meet any future costs resulting from the insolvency of the Council's previous insurer Municipal Mutual Insurance Ltd.
Insurance fund	A self-insurance reserve to meet excess charges in respect of policies for theft, motor insurance, employer's liability, fire and dwellings and other minor items.
Pension	To Mitigate future risk in Pension fluctuations
Risk management reserve	Established in order to finance future initiatives that mitigate insurable risks and potential insurance claims against the Council and help limit increases in insurance premiums.
<b><u>Earmarked Grants Reserves</u></b>	Specific revenue grants received are accounted for in the year of receipt. Any unused grant is held in these reserves until specified expenditure is incurred.

## 20. UNUSABLE RESERVES

<b>2022/23 £'000</b>	<b>Unusable Reserves Summary</b>	<b>2023/24 £'000</b>
(552,758)	<b>Revaluation Balances</b>	(555,411)
125	Revaluation Reserve	188
	Financial Instruments Revaluation Reserve	
(237,463)	<b>Adjustment Accounts</b>	(249,633)
5	Capital Adjustment Account	2
(851)	Financial Instruments Adjustment Account	(782)
5,805	Deferred Capital Receipts	5,299
(1,662)	Pensions Reserve	(4,167)
160	Collection Fund Adjustment Account	184
	Accumulated Absences Account	
<b>(786,640)</b>	<b>Total Unusable Reserves</b>	<b>(804,320)</b>

### 20.1 Revaluation Reserve

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

- re-valued downwards or impaired and the gains are lost,
- used in the provision of services and the gains are consumed through depreciation, or



- disposed of and the gains are realised

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

2022/23 £'000	Revaluation Reserve Movements in Year	2023/24 £'000
<b>(471,555)</b>	<b>Balance at 1 April</b>	<b>(552,758)</b>
(91,956)	Upward Revaluation of Assets	(30,089)
3,290	Downward Revaluation of Assets	17,634
<b>(88,666)</b>	<b>In Year surplus on revaluation of non-current assets</b>	<b>(12,455)</b>
7,463	Difference between Fair Value Depreciation and Historical Cost Depreciation	9,802
<b>7,463</b>	<b>In Year amounts written out to the Capital Adjustment Account</b>	<b>9,802</b>
<b>(552,758)</b>	<b>Balance at 31st March</b>	<b>(555,411)</b>

## 20.2 Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the Council arising from increases in the value of its investments that are measured at fair value through Other Comprehensive Income. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost,
- disposed of and the gains are realized

2022/23 £'000	Financial Instruments Revaluation Reserve	2023/24 £'000
<b>(233)</b>	<b>Balance at 1 April</b>	<b>125</b>
-	Upwards revaluation of Investments	-
358	Downwards revaluation of Investments	63
<b>125</b>	<b>Balance at 31 March</b>	<b>188</b>

## 20.3 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction, or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement and depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis).

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

2022/23 £'000	Capital Adjustment Account	2023/24 £'000
(231,969)	Balance at 1 April	(237,464)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
14,745	Charges for depreciation and impairment of non-current assets	15,086
(1,635)	Revaluation Losses/(Gains) on Property, Plant and Equipment	(322)
-	Reverse Impairments in the year from Revaluation Increase	-
87	Amortisation of intangible assets	7
541	Revenue expenditure funded from capital under statute	579
4,551	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,645
(7,463)	Adjusting amounts written out of the Revaluation Reserve	(9,802)
-		
2,500	Settlement of Loan written back to Capital Receipt Reserve	-
	Capital financing applied in the year:	
(2,554)	Use of the Capital Receipts Reserve to finance new capital expenditure	(1,127)
(11,110)	Use of the Major Repairs Reserve to finance new capital expenditure	(12,845)
(1,760)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(3,616)
(2,370)	Application of grants to capital financing from the Capital Grants Unapplied Account	(1,696)
(833)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(927)
(316)	Capital expenditure charged against the General Fund and HRA balances	(451)
122	Movements in the market value of investment properties debited or credited to the Comprehensive Income and Expenditure Statement	300
(237,464)	Closing Balance 31st March	(249,633)



## 20.4 Financial Instruments Adjustment Account

The financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. Due to roundings, movement in 2023/24 has been rounded up.

2022/23 £'000	Financial Instruments Adjustment Account	2023/24 £'000
3	Balance at 1 April	5
2	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(3)
5	Balance at 31 March	2

## 20.5 Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service; updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to the Pension Fund or pays pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the resources the Council has set aside compared to the benefits earned by past and current employees. The statutory arrangements ensure that funding will have been set aside by the time the benefits come to be paid.

2022/23 £'000	Pensions Reserve	2023/24 £'000
17,758	Balance at 1 April	5,805
(15,150)	Actuarial (Gains)/Losses on Pensions Assets and Liabilities	4,639
6,414	Reversal of items relating to Retirement Benefits on the Provision of Services in the CIES	(1,461)
(3,217)	Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year	(3,684)
5,805	Balance at 31 March	5,299

## 20.6 Collection Fund Adjustment Account

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

2022/23 £'000	Collection Fund Adjustment Account	2023/24 £'000
6,980	<b>Balance at 1 April</b>	(1,662)
(8,642)	Amount by which Council Tax income credited to the CIES is different from Council Tax income calculated for the year in accordance with statutory requirements.	(2,505)
(1,662)	<b>Balance at 31 March</b>	(4,167)

## 20.7 Accumulated Absences Adjustment Account

The accumulated absences account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31<sup>st</sup> March. Statutory arrangements require that the impact on the General Fund balance is neutralized by transfers to or from the account.

2022/23 £'000	Accumulated Absences Adjustment Account	2023/24 £'000
176	<b>Balance at 1 April</b>	160
(176)	Settlement or cancellation of accrual made at the end of the preceding year	(160)
160	Amounts accrued at the end of the current year	184
(16)	<b>Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements</b>	24
160	<b>Balance at 31 March</b>	184

## 21. OPERATING ACTIVITIES

The cash flows for operating activities include the following items.

2022/23 £000	Cashflows for Operating Activities	2023/24 £000
468	Interest received	2,762
(7,250)	Interest paid	(8,166)
82	Dividends received	201
(6,700)	<b>Total Cash flows for Operating Activities</b>	(5,203)

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The Net Surplus/ (Deficit) on the Provision of Services has been adjusted for the following non-cash movements:

The Net Surplus/(Deficit) on the Provision of Services has been adjusted for the following items which are investing and financing activities:

2022/23 £000	Non - Cashflows for Operating Activities	2023/24 £000
14,745	Charges for depreciation and impairment of non-current assets	15,086
(1,635)	Revaluation Losses/(Gains) on Property, Plant and Equipment	(322)
88	Amortisation of Intangible Assets	7
(11,646)	(Increase) / Decrease in Creditors	546
2,564	Increase / (Decrease) in Debtors	(3,361)
(7)	(Increase) / Decrease in Inventories	(5)
3,197	Movement in Pension Liability	(5,145)
-	Contribution to / (from) Provisions	-
4,551	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	2,645
(384)	Other non-cash items charged to the net surplus or deficit on the provision of services	(179)
<b>11,473</b>	<b>Net Surplus/(Deficit) on the Provision of Services</b>	<b>9,272</b>

2022/23 £000	Investing & Financing Activities for Operating Activities	2023/24 £000
5,332	Capital Grants credited to surplus or deficit on the provision of services	(5,376)
-	Net adjustment from the sale of short and long term investments not considered cash equivalents	-
(8,040)	Proceeds from the sale of property plant and equipment, investment property and intangible assets	(7,778)
<b>(2,708)</b>	<b>Net Surplus/(Deficit) on the Provision of Services</b>	<b>(13,154)</b>

## 22. INVESTING ACTIVITIES

2022/23 £000	Investing Activities	2023/24 £000
(51,767)	Purchase of property, plant and equipment, investment property and intangible assets	(91,473)
(880)	Other payments for investing activities	(574)
7,967	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	7,847
-	Proceeds from short-term and long-term investments	-
4,877	Other receipts from investing activities	5,496
<b>(39,803)</b>	<b>Net cash flows from investing activities</b>	<b>(78,704)</b>

## 23. FINANCING ACTIVITIES

2022/23 £000	Financing Activities	2023/24 £000
41,500	Cash receipts of short- and long-term borrowing	65,000
164	Other receipts from financing activities	6,054
-	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	-
(19,500)	Repayments of short- and long-term borrowing	(28,000)
(4,183)	Other (payments)/receipts for financing activities	3,313
<b>17,981</b>	<b>Net cash flows from financing activities</b>	<b>46,367</b>

## 24. ACCOUNTING STANDARDS ISSUED, NOT ADOPTED

The Code of Practice for Local Authority Accounting (The Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but has not yet been adopted by the 2023/24 Code.

The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified, this would, therefore result in an impact on disclosures spanning two financial years.

The following have been issued but not yet adopted:

- Amendments to IAS 8 (Definition of Accounting Estimates).
- Amendments to IAS 1 and IFRS Practice Statement 2 (Disclosure of Accounting Policies)
- Amendments to IAS 12 (Deferred Tax related to Assets and Liabilities arising from a Single Transaction) Relates to Group Accounts.
- Amendments to IFRS 3 (Updating a Reference to the Conceptual Framework)

Harlow Council are unlikely to be affected materially by these changes.

IFRS16 (Leases)

As permitted by the Code, the Council has chosen not to adopt this standard from 1 April 2023 and therefore no disclosures are required in these financial statements.

## 25. MEMBERS' ALLOWANCES

The Council paid the following amounts to Members of the Council during the year.

2022/23 £'000	Members' Allowances	2023/24 £'000
191	Allowances	187
11	Expenses	4
<b>202</b>	<b>Total For the Year</b>	<b>191</b>

## 26. OFFICERS' REMUNERATION

Officers' Remuneration - 2023/24	Salary, Fees and Allowance £	Compensation for Loss of Office £	Total Remuneration £	Pension Contributions £	Total £
Chief Executive - Andrew Bramidge	123,006	32,766	<b>155,772</b>	26,196	<b>181,968</b>
Deputy Chief Executive and Director of Finance	115,288	-	<b>115,288</b>	25,709	<b>140,997</b>
Director of Housing	85,309	23,907	<b>109,216</b>	23,164	<b>132,380</b>
Director of Communities and Environment	4,029	67,713	<b>71,742</b>	558	<b>72,300</b>
Director of Governance and Corporate Services (Monitoring Officer)	107,850	-	<b>107,850</b>	24,023	<b>131,873</b>
Interim Chief Executive	39,955	-	<b>39,955</b>	-	<b>39,955</b>
Interim Director of Housing	132,480	-	<b>132,480</b>	-	<b>132,480</b>
<b>Total</b>	<b>607,917</b>	<b>124,386</b>	<b>732,303</b>	<b>99,650</b>	<b>831,953</b>

**Prior Year Comparator – 2022/23**

<b>Officers' Remuneration - 2022/23</b>	<b>Salary, Fees and Allowance £</b>	<b>Compensation for Loss of Office £</b>	<b>Total Remuneration £</b>	<b>Pension Contributions £</b>	<b>Total £</b>
Chief Executive	136,174	86,787	222,961	7,746	230,707
Deputy Chief Executive and Director of Finance	110,982	-	110,982	22,307	133,289
Director of Housing	99,996	-	99,996	20,099	120,095
Director of Strategic Growth and Regeneration	70,831	-	70,831	14,237	85,068
Director of Communities and Environment	79,997	-	79,997	16,079	96,076
Director of Governance and Corporate Services (Monitoring Officer)	103,862	-	103,862	20,856	124,718
<b>Total</b>	<b>601,842</b>	<b>86,787</b>	<b>688,629</b>	<b>101,324</b>	<b>789,953</b>

The table below shows the number of Council officers whose remuneration exceeds £50,000 per annum grouped into £5,000 bands.

Remuneration is the amount paid to or receivable by an employee and includes gross pay (i.e. before deduction of the employee's pension contributions, tax and National Insurance), sums due by way of expense allowances, and the estimated monetary value of any additional benefits that are non-cash in their nature. Also included, where applicable, are amounts relating to retirement and redundancy lump sum payments and pay in lieu of notice. Contributions made by the Council to the pension scheme are not included in this table.

The banding table below is comprehensive and includes senior employees who are shown in the table of senior employees, shown above. No officers received in excess of £150,000.

Remuneration Bands	2023/24 Number of Employees	2022/23 Number of Employees
£50,000-£54,999	16	7
£55,000-£59,999	6	11
£60,000-£64,999	11	9
£65,000-£69,999	3	1
£70,000-£74,999	3	2
£75,000-£79,999	1	8
£80,000-£84,999	6	
£85,000-£89,999		
£90,000-£94,999		
£95,000-£99,999	1	1
£100,000-£104,999		1
£110,000-£109,999	2	1
£110,000-£114,999		1
£115,000-£119,999	1	
£120,000-£124,999		
£125,000-£129,999		
£130,000-£134,999	1	
£135,000-£139,999		1
£140,000-£144,999		
£145,000-£149,999		
£150,000-£154,999		
£155,000-£159,999	1	
<b>Total of Employees</b>	<b>52</b>	<b>43</b>

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

Exit package cost band (including special payments)	Number of Compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2023/24 Number	2022/23 Number	2023/24 Number	2022/23 Number	2023/24 Number	2022/23 Number	2023/24 £'000	2022/23 £'000
Up to £20,000	-	-	3	9	3	9	24,040	58,817
£20,001-£40,000	-	-	2	-	2	-	56,673	-
£40,001-£60,000	-	-	-	-	-	-	-	-
£60,001-£80,000	2	-	-	-	2	-	139,131	-
£80,001-£100,000	-	-	-	1	-	1	-	86,787
£100,000-£150,000	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2</b>	<b>-</b>	<b>5</b>	<b>10</b>	<b>7</b>	<b>10</b>	<b>219,844</b>	<b>145,604</b>

## 27. EXTERNAL AUDIT COSTS

The Council's External auditors were BDO LLP. The Council has incurred £111k with respect to certification of grant claims for previous years, which were undertaken by External Auditors KMPG Ltd.

2022/23 £'000	External Audit Costs	2023/24 £'000
60	Fees payable for external audit services carried out by the appointed auditor for the year.	198
-	Fees payable in respect of other services provided by the external auditors during the year	-
<b>60</b>	<b>Total External Audit Fees</b>	<b>198</b>

## 28. GRANT INCOME

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2023/24.

2022/23 Restated £'000	Grant Income	2023/24 £'000
	<b>Grants Credited to Taxation and Non-Specific Grant Income</b>	
(737)	Council Tax Sharing Agreement	(361)
(1,165)	New Homes Bonus Grant	(572)
-	Funding Guarantee	(686)
(26)	Levy Account Surplus Grant	(26)
(143)	Lower Tier Service Grant	-
-	Revenue Service Grant	(128)
(1,950)	Section 31 Grants	(7,550)
	Service Grant	(126)
(759)	Capital Grants and contributions	(4,392)
<b>(4,780)</b>	<b>Total Taxation and Specific Non-Service Government Grant Income</b>	<b>(13,841)</b>
	<b>Other Revenue Grant Income:</b>	
	<b>Department for Work and Pensions (DWP)</b>	
(4,993)	Council Tax Rebate Scheme	(256)
(56)	DHP Initial	-
(115)	Discretionary Housing Payment	(113)
(200)	Energy Bills Support Scheme	
(324)	Housing Benefit Administration	(319)
(20)	Housing Benefit Award Accuracy Initiative - HBAA (DWP)	(18)
(26)	Kickstart	(4)
(6)	LA Payment SHBE	-
(1)	LA Payment ST/T	-
(126)	Local Council Tax Support	(189)
(10,318)	Rent Allowances	(8,249)
(11,024)	Rent Rebates	(12,047)
(215)	Service Grant	(286)
(22)	Verification of Earning and Pensions	(17)
(4)	Other DWP grants	(42)
	<b>Business, Energy and Industrial Strategy (BEIS)</b>	
-	New Burdens Admin Grant (BEIS)	(12)
(31)	Post Payment Assurance, Reconciliation and Debt Recovery Payment New Burdens (BEIS)	-



	<b>Depratment for Levelling Up, Housing and Communities (DLUHC)</b>	
(30)	Additional New Burdens	-
-	Affordable Housing Investment New Burdens	(2)
-	Asylum Dispersal	(170)
(4)	BR Licences New Burdens	-
(28)	BR Reliefs New Burdens	-
(56)	Council Tax Rebate new Burdens	-
(105)	Council Tax Rebates Final Assessment New Burdens	-
-	Covid-19 Elections Grant	-
(906)	Disabled Facilities Grants	(985)
(34)	Domestic Abuse	(36)
(14)	Elections Act 2022 New Burdens	(26)
(655)	Homelessness Prevention	(728)
(25)	Levelling Up Fund	-
-	Levelling Up Fund Local Growth Capacity Support Grant	(86)
(30)	Local Digital Cyber Fund	-
(12)	New Burdens	(8)
(111)	NNDR Cost of Collection	-
(3)	Pavement Licensing New Burdens	(3)
(26)	Redmond Review	-
(279)	Rough Sleepers Fund	(291)
(26)	Tenant Satisfaction Measures New Burdens	(18)
-	Towns Fund	(86)
(44)	UK Shared Prosperity Fund	(54)
(6)	Welcome Back Fund	-
(9)	Other DLUHC grants	(21)
	<b>Homes England (HE)</b>	
(40)	Growth Area Funding / Programme of Development	(68)
	<b>Essex County Council (ECC)</b>	
(24)	Active Essex Network	-
-	Caseworker Funding	(25)
(2)	Clinical Waste	-
(59)	Collection Investment Income	(238)
(19)	COMF Funding	(5)
(447)	Community Renewal Fund	-
(11)	Hardship Fund	9
-	Housing Domestic Abuse Co-ordinator	(18)
(68)	Fraud and Error Reduction Incentive Scheme	(77)
(22)	Homes For Ukraine	(6)
(762)	Inter Authority Agreement	-
(8)	Local Authority Treescaples Fund	6
(60)	Sam's Place	-
(1)	Tree Planting	-
(18)	Urban Tree Challenge Fund	-
(5)	Volunteers	-
	<b>Other</b>	
-	ASB Hot Spot Pilot	(13)
(27)	Cultural Recovery Fund	-
(16)	PFCC Safer Streets	(61)
(22)	Police and Crime Commissioner	-
(20)	Royal Opera House	(21)
-	UKSPF	(99)
(98)	Other Smaller Grants	(109)
<b>(31,613)</b>	<b>Total Grant Income to Services</b>	<b>(24,791)</b>
<b>(36,393)</b>	<b>Total Grant Income to General Fund</b>	<b>(38,632)</b>

The Council has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them which could require the money to be returned to the giver. The balances at the year-end are as follows.

31-Mar-23 £'000	Long-term Liabilities	31-Mar-24 £'000
-	Grants Receipts in Advance - Capital Grants	-
-	Public Sector Decarbonisation	-
(21)	Programme of Development - external partners	-
-	Short Breaks (ECC)	-
-	Grants Receipts in Advance - Revenue	-
(21)	<b>Total Grants Receipts in Advance (Long-term)</b>	-

## 29. RELATED PARTIES

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

Central Government has significant influence over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, prescribes the terms of many of the transactions that the Council has with other parties (such as Council Tax bills, or Housing Benefits) and provides the majority of its funding in the form of grants. Grant receipts outstanding at 31 March 2024 are shown in [Grant Income Note](#).

Members have direct control over the Council's financial and operating policies. The total of [Members' allowances](#) is disclosed in the link. In addition, Members, chief officers and heads of service disclose, by way of declaration, anything which could result in them being a related party of the Council and any transactions with the Council. Declarations made by Members in 2023/24 are summarised on the Council's website at: [www.harlow.gov.uk/councillor-declarations](http://www.harlow.gov.uk/councillor-declarations).

Harlow Trading Services (Property and Environment) Ltd. (HTS) is a subsidiary company, wholly owned by the Council and subject to its control, which provides a range of environmental and property maintenance services in the district.

Other Public Bodies (subject to common control by Central Government):

Essex County Council – four Council Members were also Members of Essex County Council during the year.

Veolia ES (UK) Ltd are contracted to provide household waste and recycling bin collections for the council. One Council Member sits on the board in an advisory capacity.

Material transactions which took place with related parties are as follows:

<b>Related Parties - 2023/24</b>	<b>Income</b>	<b>Expenditure</b>	<b>Debtors as at 31 March 2024</b>	<b>Creditors as at 31 March 2024</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Essex County Council	(2,472)	200	479	(37)
HTS (Property & Environment) Ltd	(1,946)	42,678	1,275	(1,407)
Veolia	-	4,724	-	(632)
<b>Total Related Parties</b>	<b>(4,418)</b>	<b>47,602</b>	<b>1,754</b>	<b>(2,076)</b>

<b>Related Parties - 2022/23</b>	<b>Income</b>	<b>Expenditure</b>	<b>Debtors as at 31 March 2023</b>	<b>Creditors as at 31 March 2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Essex County Council	(2,435)	254	774	(1)
HTS (Property & Environment) Ltd	(571)	31,601	664	(867)
Veolia	-	-	-	-
<b>Total Related Parties</b>	<b>(3,006)</b>	<b>31,855</b>	<b>1,438</b>	<b>(868)</b>

### 30. CAPITAL EXPENDITURE AND CAPITAL FINANCING

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

<b>2022/23 £'000</b>	<b>Capital Expenditure and Capital Financing</b>	<b>2023/24 £'000</b>
<b>269,123</b>	<b>Opening Capital Financing Requirement</b>	<b>302,230</b>
	<i><b>Capital Investment:</b></i>	
51,216	Property Plant and Equipment	33,116
8	Investment Properties	56,735
284	Intangible Assets	275
541	Revenue Expenditure Funded from Capital Under Statute	579
	Long Term Debtors	-
	HTS Equity Shares	-
<b>52,049</b>	<b>Total Capital Investment</b>	<b>90,704</b>
	<i><b>Sources of Finance:</b></i>	
(2,553)	Capital Receipts	(1,127)
(11,110)	Major Repairs Reserve	(12,845)
(4,130)	Government grants and other contributions	(5,312)
<b>(17,793)</b>	<b>Total Source of Finance</b>	<b>(19,284)</b>
	<i><b>Sums set aside from revenue:</b></i>	
(316)	Direct revenue contributions	(451)
(833)	MRP	(927)
<b>(1,149)</b>	<b>Total Set aside from Revenue</b>	<b>(1,378)</b>
<b>302,230</b>	<b>Closing Capital Financing Requirement</b>	<b>372,272</b>
	<i><b>Explanation of movements in year:</b></i>	
33,107	Increase in underlying need to borrowing (unsupported by Government Financial Assistance)	70,042
<b>33,107</b>	<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>70,042</b>

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## 31. LEASES

### Council as Lessee

#### FINANCE LEASES

In 2019/20 the Council acquired a number of vehicles under a finance lease. These assets are carried as property, plant, and equipment in the balance sheet at the following net amount.

2022/23 £'000	Finance Leases - Vehicles, plant, furniture and equipment	2023/24 £'000
1,405	Vehicles, plant, furniture and equipment	1,171
<b>1,405</b>	<b>Total Vehicles, Plant, Furniture &amp; Equipment</b>	<b>1,171</b>

The Council is committed to making minimum payments under this lease comprising settlement of the long-term liability for the interest in the assets acquired and finance costs that will be payable in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts.

2022/23 £'000	Finance lease liabilities (net present value of minimum lease payments)	2023/24 £'000
209	Current	212
1,099	Non-Current	887
81	Finance costs payable in future years	58
<b>1,388</b>	<b>Total Finance Lease Liabilities</b>	<b>1,157</b>

The minimum lease payments will be payable over the following periods.

2022/23 £'000	2022/23 £'000	The future minimum lease payments receivable under non-cancellable leases in future years	2023/24 £'000	2023/24 £'000
Minimum Lease Payments	Finance Lease Payments		Minimum Lease Payments	Finance Lease Payments
231	209	Not later than one year	231	212
926	871	Later than one year and not later than five years	926	887
231	227	Later than five years	-	-
<b>1,388</b>	<b>1,307</b>	<b>Total</b>	<b>1,157</b>	<b>1,099</b>

### Council as Lessor

#### FINANCE LEASES

The Council has leased out property in the Town Centre to the NatWest Bank on a finance lease, with a remaining term of 70 years.

The Council has a gross investment in the lease made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end.

The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Council in future years whilst the debtor remains outstanding.

## OPERATING LEASES

The Council leases out property and equipment under operational leases. The future minimum lease payments receivable are:

<b>2022/23 £'000</b>	<b>Operating Leases</b>	<b>2023/24 £'000</b>
726	Not later than one year	712
2,302	Later than one year and not later than five years	2,035
2,551	Later than five years	2,106
<b>5,579</b>	<b>Total Operating Leases</b>	<b>4,853</b>

In 2023/24 £233,709 contingent rents were receivable by the Council (2022/23 £205,774).

## **32. DEFINED BENEFIT PENSION SCHEME**

### **Participation in the Pension Scheme**

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

The Council participates in the Local Government Pension Scheme:

- The scheme is administered locally by Essex County Council and is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.
- The scheme also includes arrangements for the award of discretionary post-retirement benefits upon early retirement – an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made, there are no investment assets built up to meet those liabilities and cash has to be generated to meet actual pension payments as they eventually fall due.
- The scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of Essex County Council. Policy is determined in accordance with the Pensions Fund Regulations.
- The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by the statute as described in the accountancy policies note.

## Transactions Relating to Post-Employment Benefits

The costs of retirement are recognised and reported in the Cost of Service when they are earned by the employees, rather than when the benefits are eventually paid. However, the charge required to be made to the Council Tax is based on the cash payable in the year, so the real costs of post-employment retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund balance via the Movement in Reserves Statement during the year:

2022/23 £'000	Transactions Relating to Post-Employment Benefits	2023/24 £'000
	<b>Comprehensive Income and Expenditure Statement (CIES)</b>	
	Cost of Services:	
5,830	• Current service cost	2,221
-	• Past service cost including curtailments	-
162	• Administration expenses	192
422	• Net interest on defined liability (asset)	(3,874)
<b>6,414</b>	<b>Total post-employment benefits charged to the surplus or deficit on the provision of services</b>	<b>(1,461)</b>
	<b>Other post-employment benefits charged to the CIES</b>	
	Remeasurement of the net benefit liability comprising:	
(6,261)	Return on Plan assets (excluding amount included in the net interest expense)	19,397
	Other actuarial gains/(losses)	
111,881	Changes in financial assumptions	2,795
	Actuarial gains/(losses) arising from the change of demographic assumptions	3,067
(24,202)	Experience loss/(gain) on defined benefit obligation	(672)
(66,268)	Changes in effect of asset ceiling	(29,226)
<b>15,150</b>	<b>Total post-employment benefit gains/(losses) charged to the CIES</b>	<b>(4,639)</b>
	<b>Movement In Reserves Statement</b>	
6,414	Reversal of net charges made to the Surplus or Deficit on the provision of services for post-employment benefits in accordance with the Code	(1,461)
	<b>Actual amount charged against the General Fund balance for pensions in the year</b>	
3,217	Employers' contributions payable to the scheme	3,684

## Pensions Assets and Liabilities Recognized in the Balance Sheet

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

2022/23 £'000	Pensions Assets and Liabilities Recognized in the Balance Sheet	2023/24 £'000
(210,193)	<b>Present value of scheme benefit obligation</b>	<b>(206,881)</b>
276,461	Fair value of Plan assets	302,375
<b>66,268</b>	<b>Net (Deficit)/Surplus</b>	<b>95,494</b>
(66,268)	Impact of asset ceiling	(95,494)
(5,805)	Present value of discretionary obligation	(5,299)
<b>(5,805)</b>	<b>Net Liability from defined benefit Obligations</b>	<b>(5,299)</b>

## Reconciliation of the Movements in the Fair Value of the Scheme (Plan) Assets

2022/23 £'000	Reconciliation of the Movements in the Fair Value of the Scheme (Plan) Assets	2023/24 £'000
<b>281,735</b>	<b>Opening balance as at 1 April</b>	<b>276,461</b>
7,246	Interest Income	14,174
(6,261)	Return on assets less interest	19,397
-	Other Actuarial gains (loses)	-
(162)	Administration expenses	(192)
3,217	Contributions from employer	3,684
895	Contribution from employees and other employers	927
(10,209)	Estimated benefits paid plus unfunded net of transfers in Settlement prices received / (paid)	(12,076)
<b>276,461</b>	<b>Closing balance at 31 March</b>	<b>302,375</b>

## Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

2022/23 £'000	Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)	2023/24 £'000
<b>(299,493)</b>	<b>Opening balance as at 1 April</b>	<b>(215,998)</b>
(5,752)	Current service cost and settlements	(2,210)
(7,668)	Interest cost	(10,300)
111,881	Change in financial assumptions	2,795
-	Change in demographic assumptions	3,067
(24,202)	Experience gain/(loss) on defined benefit obligation	(672)
-	Liabilities assumed/(extinguished )on settlements	-
9,578	Estimated Benefits paid net of transfers in	11,424
(78)	Past service costs, including curtailments	(11)
(895)	Contributions by Scheme participants and other employers	(927)
631	Unfunded pension payments	652
<b>(215,998)</b>	<b>Closing balance at 31 March</b>	<b>(212,180)</b>

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2022/23 £'000	Reconciliation of Asset Ceiling	2023/24 £'000
-	Opening balance as at 1 April	(66,268)
	Interest on impact of asset ceiling	
-	Actuarial losses / (gains)	
	Reversal of previous year asset ceiling	66,268
(66,268)	In year asset ceiling	(95,494)
(66,268)	Total Actuarial losses/(gains) charged to the CIES	(29,226)
(66,268)	Closing balance at 31 March	(95,494)

The Council has guaranteed any possible future unfunded pension fund liabilities of HTS Ltd. as a result of its employees being members of the Local Government Pension Scheme. Such liabilities are considered most unlikely, and it is currently not possible to estimate any potential cost to the Council.

### Local Government Pension Scheme Assets Comprised

Period Ended 31 March 2023				Local Government Pension Scheme Assets	Period Ended 31 March 2024			
Quoted Prices in active markets £'000	Percentage of Total Assets %	Unquoted prices not in active markets £'000	Percentage of Total Assets %		Quoted Prices in active markets £'000	Percentage of Total Assets %	Unquoted prices not in active markets £'000	Percentage of Total Assets %
4,052	1.5%			Index Linked Government Securities - UK	5,402	1.8%		
				Corporate Bonds - UK				
				Equities				
				UK				
159,612	57.7%			Overseas	167,487	55.4%		
5,258	1.9%	17,436	6.3%	Property - All	4,537	1.5%	16,334	5.4%
				Others				
		10,542	3.8%	Private Equity			10,086	3.3%
		21,717	7.9%	Infrastructure			22,986	7.6%
				Derivatives				
		7,379	2.7%	Timber			7,975	2.6%
		4,217	1.5%	Private Debt			4,926	1.6%
		37,946	13.7%	Other Managed Funds			55,184	18.3%
		8,302	3.0%	Cash/Temporary Investments			7,459	2.5%
				Net Current Assets				
168,922	61.1%	107,539	38.9%	Total Pension Scheme Assets	177,426	58.7%	124,949	41.3%

### Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The pension scheme's liabilities (both funded and unfunded) have been assessed by Barnett Waddingham, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31 March 2022.

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets. The principal assumptions used by the actuary have been:



2022/23	Life expectancy from age 65 (years)	2023/24
21.1	<b>Retiring today:</b>	20.8
23.5	Men	23.3
	Women	
22.3	<b>Retiring in 20 years:</b>	22
25	Men	24.7
	Women	
2.90%	<b>Rates of Inflation</b>	2.90%
3.90%	CPI	3.90%
2.90%	Rate of increase in salaries	2.90%
4.80%	Rate of increase in pensions	4.90%
	Rate of discounting scheme liabilities	
50.00%	<b>Take-up of option to convert annual pension into retirement lump sum</b>	50.00%

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

Sensitivity Analysis - 2023/24	£'000	£'000	£'000
<b>Adjustment to discount rate</b>	0.1%	0.0%	-0.1%
Present Value of Total Obligation	209,398	212,180	215,027
Projected Service Cost	2,418	2,498	2,581
<b>Adjustment to long term salary increase</b>	0.1%	0.0%	-0.1%
Present Value of Total Obligation	212,350	212,180	212,011
Projected Service Cost	2,500	2,498	2,496
<b>Adjustment to pension increases and deferred revaluation</b>	0.1%	0.0%	-0.1%
Present Value of Total Obligation	214,910	212,180	209,510
Projected Service Cost	2,582	2,498	2,417
<b>Adjustment to life expectancy assumptions</b>	+ 1 year	None	-1 year
Present Value of Total Obligation	221,333	212,180	203,435
Projected Service Cost	2,595	2,498	2,403

### Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. Essex County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over a number of years. Funding levels are monitored on an annual basis. The next triennial valuation will take effect as at 31 March 2025.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to

service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The total contributions made to the Local Government Pension Scheme by the Council in the year to 31 March 2024 is £3.684 million.

**Future amendments to the Local Government Pension Scheme will be determined at a later stage in reference to the Court of Appeal's ruling on UK defined benefit plans, see below:**

Virgin Media Ltd vs NTL Trustees On 25 July 2024, the Court of Appeal dismissed the appeal in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others. The appeal was brought by Virgin Media Ltd against aspects of the High Court's ruling handed down in June 2023 relating to the validity of certain historical pension changes due to the lack of actuarial confirmation required by law. The Court of Appeal upheld the High Court's ruling. The ruling may have implications for other UK defined benefit plans. It is understood this would apply to the LGPS and HM Treasury is currently assessing the implications for all public service pension schemes. No further information is available at this stage.

### **33. CONTINGENT LIABILITIES**

At 31 March 2024, the Council has the following contingent liabilities.

#### **Insured Liabilities**

The Council insures various risks with Zurich Municipal and operates a self-insurance fund to cover small claims and that part of larger claims which are subject to an excess. The fund balance as at 31 March 2024 was £4.640 Million (£4.321 million at 31 March 2023). The timing and the value of any unreported and unsettled future liabilities cannot be determined with any certainty.

#### **Guarantees**

In 1987 and 1992 the Council agreed jointly with a number of other local authorities to guarantee loans of £83.6 million to Home Housing Association raised to provide housing in Harlow and surrounding authorities. The guarantee is for 50 years ending 2037. The Council's proportion of the total liability is £4.5 million. No fair value for the guarantee has been included under Financial Instruments as the Council considers that the probability of the guarantee being called upon is low.

### **34. CONTINGENT ASSETS**

There were no contingent assets as at 31 March 2024.

### **35. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS**

#### **Overall procedures for managing risk**

The Council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities, both revised in December 2017.

In line with the Treasury Management Code, the Council approves a Treasury Management Strategy Statement (TMSS) before the beginning of each financial year. The Strategy sets out the parameters for the management of risks associated with financial instruments. The Council also produces

Treasury Management Practices (procedure notes) specifying the practical arrangements to be followed to manage these risks.

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

The risks covered are:

- Credit risk - the possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to the Council.
- Liquidity risk - the possibility that the Council might not have the cash available to make contractual payments on time.
- Market risk - the possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices.

### **Credit Risk**

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

This risk is minimised through the Treasury Management Strategy Statement (TMSS), which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard and Poor's credit ratings services. The Council uses the creditworthiness service of Arlingclose Limited, its treasury management advisors, to analyse the credit ratings. The TMSS also sets maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria. The TMSS for 2023/24, which was approved by the Council on 23<sup>rd</sup> February 2023, can be found on the Council's website. [Treasury Management Strategy 2023/24](#)

In addition to the above, the Council uses a range of additional indicators and information sources to minimise risk, including:

- credit watches and credit outlooks from credit rating agencies,
- credit default swap spreads, which can provide early warning of likely changes in an institution's credit ratings,
- equity price movements,
- sovereign ratings to select counterparties from only the most creditworthy (AAA-rated) countries outside the UK.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to the institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of non-recoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2024 that this was likely to arise.

Customers purchasing goods and services are allocated individual credit limits assessed taking into account their financial position, past experience and other parameters set by the Council and its respective departments.

The Council does not generally allow credit for its customers. As at 31 March 2024, £22.411 million of total short-term debt was overdue for payment, as shown below:

<b>2022/23 (Restated) £'000</b>	<b>Short-term Debt Overdue</b>	<b>2023/24 £'000</b>
2,200	Less than three months	2,665
513	Three to Six months	528
21,215	More than six months	19,218
<b>23,929</b>	<b>Total Short-term Debt Overdue</b>	<b>22,411</b>

The Council has analysed the effect of applying expected credit loss methodology to its financial assets to determine impairment loss allowances in accordance with IFRS 9 and has determined that there would be no material difference to the financial statements or carrying amount of the assets compared with calculating a provision for bad debts under IAS19.

### Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. The Council previously raised long-term borrowing from the PWLB, and has preserved access to the PWLB as a 'lender of last resort' by complying with the Government guidance regarding capital investment. If unexpected movements occur the Council will look at a range of sources. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. Instead, the risk is that it will need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates.

### Refinancing and Maturity Risk

The maturity analysis of financial liabilities is as follows:

<b>2022/23 £'000</b>	<b>Refinancing and Maturity Risk</b>	<b>2023/24 £'000</b>
(22)	Less than 1 year	(59,000)
-	1 to 2 years	(41,767)
-	2 to 5 years	-
-	5 to 10 years	-
(83,534)	10 to 20 Years	(83,535)
(128,302)	20 to 40 years	(3,000)
<b>(211,858)</b>	<b>Total Refinancing and Maturity Risk</b>	<b>(187,302)</b>

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

The risk that the Council will need to refinance, in the longer term, a significant proportion of its borrowing at a time when interest rates may be unfavorably high is addressed by close monitoring

(by the Council and its treasury management advisors) of the status of loans outstanding, an analysis of current and forecast economic and market conditions and detailed consideration of the possibility of the premature repayment or rescheduling of the debt. The Council's TMS sets upper and lower limits on the maturity structure of its borrowing.

## Market Risk

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

- borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise.
- borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

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

The Treasury Management Strategy aims to mitigate these risks by setting upper limits on its net exposures to fixed and variable interest rates.

If, at 31 March 2024, all interest rates had been 1% higher (with all other variables held constant) the financial effect would have been:

<b>Impact of 1% Change in Interest Rates</b>	<b>2023/24 £'000</b>
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	(87)
Decrease in fair value of loans and receivables *	19
Decrease in fair value of fixed rate borrowings/liabilities *	(138)

\* No impact on Comprehensive Income and Expenditure.

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

## 36. LONG-TERM DEBTORS

<b>2022/23 £'000</b>	<b>Long-Term Debtors</b>	<b>2023/24 £'000</b>
-	Other Long Term Loans	-
166	Service Charge Loans IAMAC	140
583	Service Charge Debtor	742
258	Renovation Grants	260
973	HTS Loans House Purchases	960
259	HTS VPFE	123
91	Soft Loans	51
<b>2,330</b>	<b>Sub Total</b>	<b>2,276</b>
-	Allowance for doubtful debt (other entities and individuals)	-
<b>2,330</b>	<b>Total Long-Term Debtors</b>	<b>2,276</b>



# SUPPLEMENTARY FINANCIAL STATEMENTS

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# Housing Revenue Account

## Financial Statements



## **HOUSING REVENUE ACCOUNT**

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. Councils charge rents due to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

The account has to be self-financing, and the total cost is met by income from rents, charges and Government subsidies. Contributions to or from Council Taxpayers, other than for strictly defined purposes, are not permitted under the Local Government and Housing Act 1989.

The balance on this account is not in accordance with the statutory provisions that specify the net expenditure that councils need to take into the Housing Revenue Account. In order to give a full presentation of the financial performance of the Council during the year and the actual spending power carried forward, the balance on this account needs to be reconciled in the Movement on the Housing Revenue Account Statement to the amount established by the relevant statutory provision (see following statement).

<b>2022/23 £'000</b>	<b>HRA - Comprehensive Income and Expenditure Statement (CIES)</b>	<b>2023/24 £'000</b>
	<b>Expenditure</b>	
11,088	Repairs & Maintenance	15,459
14,273	Supervision & Management	15,493
154	Rents, Rates, Taxes & Other Charges	154
9,806	Depreciation & Impairment of Non-Current Assets	12,538
14	Amortisation of Intangible Assets	-
227	Movement in the allowance for bad debts	(206)
1	Sums directed by the Secretary of State that are expenditure in accordance with the CODE	1
<b>35,563</b>	<b>Total Expenditure</b>	<b>43,439</b>
	<b>Income</b>	
(45,110)	Dwelling rents	(48,405)
(1,056)	Non-dwellings rents	(1,145)
(4,663)	Charges for Services & Facilities	(4,882)
-	Supervision & Management	(586)
(287)	Contributions towards expenditure	(134)
<b>(51,116)</b>	<b>Total Income</b>	<b>(55,152)</b>
<b>(15,553)</b>	<b>Net Cost of HRA Services as included in the Comprehensive Income &amp; Expenditure Statement</b>	<b>(11,712)</b>
<b>(15,553)</b>	<b>Net income for HRA services</b>	<b>(11,712)</b>
	<b>HRA share of Other Operating Income and Expenditure</b>	
(3,247)	(Gain) or loss on sale of HRA Non-Current Assets	(1,005)
7,289	Interest payable and similar charges	6,806
(548)	Interest and investment income	(1,321)
<b>(12,059)</b>	<b>(Surplus)/Deficit for the year on HRA services</b>	<b>(7,232)</b>

## MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

The HRA Income and Expenditure Account show the actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the Council is required to account for its statutory housing activity on a different accounting basis, the main differences being that:

- the difference between the calculated depreciation on HRA assets and the Housing Subsidy Major Repairs Allowance has to be adjusted back into the balance for the year,
- the gain or loss on the disposal of HRA assets has to be reversed before a final balance is calculated; and
- any impairment on HRA assets, either due to economic consumption or valuation, has to be reversed from the account before a statutory balance can be finalised.

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

2022/23 £'000	HRA - Movement in Reserves Statement (MIRS)	Note	2023/24 £'000
(11,987)	<b>Balance on the HRA as the end of the previous year</b>		<b>(13,810)</b>
(12,059)	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement		(7,232)
4,185	Adjustments between accounting basis and funding basis under statute	H1	1,905
4,701	Net transfer to or (from) General Fund		4,847
<b>(3,173)</b>	<b>Net increase or Decrease before transfers to or from reserves</b>		<b>(480)</b>
1,350	Transfers to or (from) reserves	H2	3,509
<b>(1,823)</b>	<b>(Increase) or decrease in year on the HRA</b>		<b>3,029</b>
<b>(13,810)</b>	<b>Balance on the HRA as at 31st March</b>		<b>(10,782)</b>

# H1. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER STATUTE

2022/23 £'000	HRA - Adjustment between Accounting and Funding Basis under Statute	2023/24 £'000
	<b>Items included in the HRA Income and Expenditure Account but excluded from the Movement on the HRA Balance for</b>	
(14)	Amortisation of Intangible Assets	-
1,289	Revaluation loss on Property, Plant & Equipment	307
-	Reversals of Impairment of Fixed Assets	
(11,096)	Depreciation and impairment of non-current assets	(12,845)
3,248	Net Gain/(Loss) on sale of HRA Fixed Assets	1,003
(2)	Financial Instruments	2
(353)	Employer's contribution payable to the ECC Pension Fund and retirement benefits payable direct to pensioners	601
11,110	Transfers To/From the Major Repairs Reserve	12,845
-	Application of Capital grants to finance capital expenditure	-
3	Accumulated Absences	(9)
	<b>Items not included in the HRA Income and Expenditure Account but to be included in the Movement on the HRA</b>	
-	Capital Expenditure Funded by the HRA	-
<b>4,185</b>	<b>Net additional amount required by statute to be debited/(credited) to the HRA Balance for the year</b>	<b>1,904</b>

## H2. TRANSFERS TO / (FROM) RESERVES

2022/23 £'000	HRA - Transfers to / (from) Reserves	2023/24 £'000
	<b>Items included in the HRA Income and Expenditure Account but excluded from the Movement on the HRA Balance for the year:</b>	
262	Contribution to Insurance Fund	261
357	Contribution to Perpetuity Earmarked Reserves	387
67	Interest on Earmarked Reserves	153
(174)	Contribution from Insurance Fund	(195)
(521)	Contribution from Perpetuity Earmarked Reserves	(670)
1,333	Contribution to Pensions Reserve	3,583
26	Contribution to Earmarked Grants Reserve	(10)
<b>1,350</b>	<b>Net additional amount required by statute to be debited/(credited) to the HRA Balance for the year</b>	<b>3,509</b>

## H3. ANALYSIS OF THE HOUSING STOCK

2022/23 Units	HRA - Analysis of Housing Stock by Type of Dwelling	2023/24 Units
5,525	Houses and Bungalows	5,515
3,524	Flats and Maisonettes	3,511
11	Equity Share Ownership (ESO)	11
5	Houses of Multiple Occupation (HMO)	3
-	Assets (Dwellings ) Under Construction (AUC)	-
-	Assets (Dwellings ) Held for Sale under Right to Buy	-
<b>9,065</b>	<b>Total Number of Housing Units</b>	<b>9,040</b>
<b>4.88%</b>	<b>Percentage of ESO owned by the Council</b>	<b>4.88%</b>
2022/23 Units	HRA - Analysis of Housing Stock by Number of Bedrooms	2023/24 Units
396	Bedsitters	395
2,035	1 Bedroom	2,031
3,492	2 Bedrooms	3,479
2,799	3 Bedrooms	2,795
313	4 Bedrooms	312
25	5 Bedrooms	25
5	HMO 6 Bedrooms or more	3
<b>9,065</b>	<b>Total Number of Housing Units</b>	<b>9,040</b>
2022/23 Units	HRA - The change in Housing Stock can be summarised as follows:	2023/24 Units
9,095	Stock at 1 April	9,065
(48)	Deduct Dwelling Sales	(23)
	Deduct Demolitions / Disposals	(2)
18	Add House Purchases - New Build - AUC	-
<b>9,065</b>	<b>Total Number of Housing Units</b>	<b>9,040</b>

#### H4. BALANCE SHEET VALUES FOR THE HOUSING STOCK

2022/23 £'000	HRA - Balance Sheet Values for the Housing Stock	2023/24 £'000
193,892	Council Dwellings: Land Dwellings	193,340
643,225		663,372
<b>837,117</b>		<b>856,712</b>
24,029	Other land and buildings	23,758
1,703	Infrastructure and community assets	103
3,469	Assets under construction	3,423
1,920	Surplus assets not held for sale	1,174
2,210	Assets held for sale	1,329
<b>870,448</b>	<b>Total HRA Balance Sheet Values</b>	<b>886,499</b>

#### H5. VACANT POSSESSION

The vacant possession value of the Council's Housing stock is shown below. It shows the economic cost of providing council housing at less than market rents.

2022/23 Restated £'000	HRA - Balance Sheet Values at Vacant Possession	2023/24 £'000
2,202,940	Vacant possession Value of Dwellings	2,254,505
<b>2,202,940</b>	<b>Total HRA Balance Sheet Values</b>	<b>2,254,505</b>

#### H6. IMPAIRMENT CHARGES

There were no material impairment charges on the Housing Revenue Account for 2023/24.

## H7. CAPITAL EXPENDITURE AND FINANCING

2022/23 £'000	HRA - Capital Expenditure and Financing	2023/24 £'000
	<b>HRA Capital Expenditure</b>	
20,534	Dwellings Stock	23,226
353	Non-Dwellings works	-
1,928	Assets under Construction	2,570
259	Investment in Information Technology	276
<b>23,074</b>	<b>Total HRA Capital Expenditure</b>	<b>26,072</b>
	<b>Financed by:</b>	
1,004	Grants and Contributions	114
1,749	Capital Receipts	1,698
-	Revenue Contributions	-
11,110	Major Repairs Reserve	12,845
9,211	Borrowing for New Builds and House Purchases	11,415
<b>23,074</b>	<b>Total Financed by</b>	<b>26,072</b>

## H8. CAPITAL RECEIPTS

2022/23 £'000	HRA - Capital Receipts	2023/24 £'000
7,493	Sale of Council Houses - Direct	2,964
239	Other (including shared ownership)	684
105	Other (including shared ownership) - Deferred	67
<b>7,837</b>	<b>Total Capital Receipts</b>	<b>3,715</b>

## H9. CHARGES FOR DEPRECIATION

2022/23 £'000	HRA - Charges for Depreciation and Amortisation	2023/24 £'000
10,909	Council Dwellings	150
44	Other land and buildings	-
71	Infrastructure and community assets	-
32	Surplus assets held for sale	(44)
40	Vehicles, Plant & Equipment	-
14	Intangible assets - amortisation	-
<b>11,110</b>	<b>Total</b>	<b>106</b>

## H10. MOVEMENT ON THE MAJOR REPAIRS RESERVE

2022/23 £'000	HRA - Movement on the Major Repairs Reserve	2023/24 £'000
-	Balance as at 1st April	-
11,110	Transfers in - Depreciation	12,845
(11,110)	Capital Spending on the Housing Stock met by the Reserve	(12,845)
-	Balance as at 31st March	-

## H11. HRA SHARE OF CONTRIBUTIONS TO/ FROM THE PENSIONS RESERVE

With effect from 2017/18 the accounting statements, upon cessation of the organisation, include Kier Harlow pension figures. Also incorporated within the single entity accounts are the HTS (Property and Environment) Ltd IAS19 reported figures.

The actual payments for pensions made to the pension fund from the HRA of £723,306 (2022/23: £591,004) plus the continuing pension payments in relation to underfunding and early retirements awarded to HRA employees of £405,496 (2022/23: £392,046) are removed from the HRA and replaced by the current service cost applying the principles of IAS 19 making a total amount removed of £652,447 (2022/23: £630,807). The corresponding entry is to the Pensions Fund Reserve

The current service cost included in the HRA is the IAS 19 reported sum of £527,306 (2022/23: £1,335,653) which represents the pension costs of current staff

## H12. RENT ARREARS

Outstanding tenant rent arrears at 31 March 2024 total £2,640,027 including £68,341 in overpaid housing benefit (£2,608,895 and £70,319 as at March 2023). An allowance for the impairment of debts has been made as at 31 March 2024 totalling £2,237,207 (£2,725,602 at March 2023).

The arrears exclude prepayments of £1,911,301 (£1,768,145 as at March 2023) and may be analysed as follows:

2022/23 £'000	HRA - Rent Arrears	2023/24 £'000
1,685	Due from Current Tenants	1,822
1,220	Due From Former Tenants	1,179
<b>2,905</b>	<b>Arrears (gross)</b>	<b>3,001</b>
(1,137)	Prepayments	(1,089)
<b>1,768</b>	<b>Net Arrears</b>	<b>1,911</b>

These arrears include all charges due from tenants i.e. rent, rates, heating and other charges.

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# Collection Fund

## Financial Statements



## COLLECTION FUND ACCOUNT

NNDR	Council Tax	Total	Collection Fund Statement	NNDR	Council Tax	Total
2022/23 £'000	2022/23 £'000	2022/23 £'000		2023/24 £'000	2023/24 £'000	2023/24 £'000
(39,660)	(57,983)	(57,983) (39,660)	<b>Income</b> Council Tax Non-domestic ratepayers Contributions to previous year's deficit - Harlow District Council - Department for Levelling Up, Housing & Communities (DLUHC) Reduction in impairment allowance Reduction in provision for appeals Council Tax Discounts Funded from Billing Authority General Fund	(45,603)	(60,503)	(60,503) (45,603) - - -
(39,660)	(57,983)	(97,643)	<b>Total Income</b>	(45,603)	(60,692)	(106,295)
(5,644) (1,270) (141) (7,055)	493 2,289 356 126	(5,151) 1,019 356 (15) (7,055)	<b>Expenditure</b> Apportionment of Previous Year Surplus (Deficit) Harlow District Council Essex County Council Essex Police Authority Essex Fire Authority Central Government Share	(1,880) (423) (47) (2,350)	(17) (84) (13) (5)	(1,897) (507) (13) (52) (2,350)
(14,110)	3,264	(10,846)	<b>Precepts, Demands and Shares</b> Harlow District Council Essex County Council Essex Police Authority Essex Fire Authority DLUHC	(4,700)	(119)	(4,819)
14,788 3,327 6,107 370 18,485	8,075 39,161 6,107 2,105 -	22,863 42,488 6,107 2,475 18,485		18,859 4,243 6,650 471 23,574	8,229 41,305 6,650 2,287 58,471	27,088 45,548 6,650 2,758 105,618
36,970	55,448	92,418	<b>Disregarded Amounts</b> Enterprise Zone	47,147	58,471	105,618
799	-	799		1,794		1,794
(551) (1,276)	631	80 (1,276)	<b>Charges to Collection Fund</b> Increase/(decrease) in impairment allowance Increase/(decrease) in provisions for appeals Interest on refunds Cost of Collection Write-offs of uncollectable amounts Transitional protection payments/(receipts)	899 (1,198) 112 (2,256)	789	1,688 (1,198) 112 (2,256)
(1,580)	631	(949)		(2,443)	789	(1,654)
22,079	59,343	81,422	<b>Total Expenditure</b>	41,798	59,141	100,939
(17,581)	1,360	(16,221)	<b>Deficit/(Surplus) arising during the year</b>	(3,805)	(1,551)	(5,356)
18,059 478	(2,985) (1,625)	15,074 (1,147)	(Deficit)/Surplus brought forward 1st April 2023 (Deficit)/Surplus carried forward 31 March 2024	478 (3,327)	(1,625) (3,176)	(1,147) (6,503)

### CF1. Business Rates

National Non-Domestic Rates (also known as NNDR or Business Rates) are based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate (a "multiplier") set nationally by Central Government. The national multipliers for 2023/24 were 49.9p for qualifying small businesses and 51.2p for all other businesses (49.9p and 51.2p respectively in 2022/23).

The NNDR income due (after exemptions and reliefs) of £45.603 million for 2023/24 (£39.660 million for 2022/23) was based on an average rateable value for the Council's area of £105.814 million for the year (£105.257 million in 2022/23).

## CF2. Council Tax

Council Tax income derives from charges raised according to the value of residential properties (estimated as at 1 April 1991), which have been classified into eight valuation bands. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Essex County Council, Essex Police and Crime Commissioner, Essex Fire Authority and the Council for the forthcoming year and dividing this by the Council Tax base. The Council Tax base, which was 28,483 for 2023/24 (27,950 for 2022/23), is the aggregate of an adjusted total number of properties in each valuation band (reduced by allowances for discounts and an estimated collection rate) converted by a proportion to the number of Band D equivalent chargeable dwellings.

The Council Tax base was calculated as follows:

Valuation Band	Range of values at 1 April 1991	Total Dwellings	Dwellings after Discounts & Exemptions	Ratio to Band D	Band D Equivalent
A*Disabled	*	-	5	5/9	2.67
A	Up to £40,000	2,615	2,053	6/9	1,368.87
B	£40,001-£52,000	8,338	7,041	7/9	5,475.94
C	£52,001-£68,000	19,538	17,666	8/9	15,703.11
D	£68,001-£88,000	5,043	4,640	9/9	4,640.00
E	£88,001-£120,000	3,046	2,854	11/9	3,488.22
F	£120,001-£160,000	1,176	1,123	13/9	1,622.11
G	£160,001-£320,000	439	408	15/9	680.00
H	More than £320,000	17	14	18/9	28.00
<b>Total</b>		<b>40,212</b>	<b>35,804</b>		<b>33,009</b>
<b>Tax Base at 97% Collection Rate</b>					<b>32,019</b>

## CF3. Distribution of surplus/deficit

2022/23			Distribution of (Surplus) / Deficit	2023/24		
NNDR £'000	Council Tax £'000	Total £'000		NNDR £'000	Council Tax £'000	Total £'000
(191)	246	54	Harlow Council	1,330	480	1,810
(43)	1,141	1,098	Essex County Council	299	2,230	2,529
-	175	175	Essex Police and Crime Commissioner	-	343	343
(5)	63	58	Essex Fire Authority	33	124	157
(239)	-	(239)	DLUHC	1,662	-	1,662
<b>(478)</b>	<b>1,625</b>	<b>1,147</b>	<b>Total (Surplus) / Deficit</b>	<b>3,325</b>	<b>3,177</b>	<b>6,501</b>



# Group Financial Statements

### Group Accounts for the year ended 31 March 2024

#### Introduction

In order to provide a full picture of the economic and financial activities of the Council and its exposure to risk, the accounting statements of material subsidiary companies are consolidated with those of the Council. The resulting Group Accounts are presented in addition to the Council's single entity accounts. The accounts have been prepared in accordance with the Code.

The Council's wholly owned subsidiary company, Harlow Trading Services (Property & Environment) Ltd. ("HTS"), began active trading on 1 February 2017 and its accounts have been consolidated with the Council's and are shown below.

#### Accounting Policies

HTS has prepared 2023/24 accounts using, in the main, accounting policies consistent with those applied by the Council. The major exception is in respect of employee pensions. HTS is an admitted body to the Local Government Pension Scheme and, as such, it makes fixed contributions to the pension fund and its employees in the scheme are entitled to the post-employment benefits from the scheme. The Council makes further contributions to the fund in respect of HTS employees to ensure that the pension liability attributable to HTS is fully funded.

This pension fund liability is excluded from both the pension disclosures in the single entity accounts of the Council and the accounts of the company. HTS's accounting policies have been aligned to those of the Council so that the liability is reflected in the Group Accounts. In addition, there is a minor adjustment for depreciation to align accounting policies and the effect of IFRS 16 accounting for leases is removed from the HTS accounts. The Council's accounts do not reflect IFRS16 accounting for leases as the Council is not required to adopt of IFRS 16 yet. Adoption has been deferred to the 2024/25 Code and will apply from 1 April 2024. The effect of IFRS 16 has therefore been excluded from the group accounts.

HTS's accounts have been consolidated with those of the Council on a line-by-line basis, and any balances and transactions between parties have been eliminated. HTS's income and expenditure, adjusted for transactions with the Council, is included on the relevant service lines in the Comprehensive Income and Expenditure Statement; and Balance Sheet values are incorporated into the relevant heading of the Balance Sheet, removing balances owed between the two parties. It should be noted that the Group Accounts include the Pension Reserve as a Usable (Distributable) Reserve whereas in the Council's single entity accounts the Pension Reserve is classified as an Unusable Reserve. This is due to there being a difference in the classification of the Reserve in the Public and Private Sectors. This does not affect the true and fair presentation of the Group Accounts.

## GROUP ACCOUNTS

### Group Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council and HTS, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The surplus or deficit on the provision of services line shows the true economic cost of providing the Council's services, more details of which are shown in the Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for Council Tax setting and rent setting purposes. The net increase/ decrease before transfers to earmarked reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Group - Movement in Reserves Statement (MIRS) - 2023/24	Council's Usable Reserves £'000	Subsidiary Usable Reserves (Restated) £'000	Total Group Usable Reserves £'000	Council's Unusable Reserves £'000	Subsidiary Unusable Reserves £'000	Total Group Unusable Reserves £'000	Total Group Reserves £'000
Balance at 1 April 2023	(74,952)	(1,087)	(76,040)	(786,640)	(10,609)	(797,249)	(873,289)
Group (Surplus)/Deficit	(20,207)	(19)	(20,226)	-	-	-	(20,226)
Other Comprehensive Expenditure and Income	-	-	-	(7,753)	(6,088)	(13,841)	(13,841)
<b>Total Comprehensive Expenditure and Income</b>	<b>(20,207)</b>	<b>(19)</b>	<b>(20,226)</b>	<b>(7,753)</b>	<b>(6,088)</b>	<b>(13,841)</b>	<b>(34,066)</b>
Adjustments between Accounting Basis and Funding Basis under Regulations	9,927	-	9,927	(9,927)	-	(9,927)	-
<b>Increase / Decrease in Year 2023/24</b>	<b>(10,280)</b>	<b>(19)</b>	<b>(10,299)</b>	<b>(17,680)</b>	<b>(6,088)</b>	<b>(23,768)</b>	<b>(34,066)</b>
<b>Balance at 31 March 2024 carried forward</b>	<b>(85,232)</b>	<b>(1,106)</b>	<b>(86,339)</b>	<b>(804,320)</b>	<b>(16,697)</b>	<b>(821,017)</b>	<b>(907,355)</b>

Group - Movement in Reserves Statement (MIRS) - 2022/23 Restated	Council's Usable Reserves £'000	Subsidiary Usable Reserves (Restated) £'000	Total Group Usable Reserves £'000	Council's Unusable Reserves £'000	Subsidiary Unusable Reserves £'000	Total Group Unusable Reserves £'000	Total Group Reserves £'000
Balance at 1 April 2022 Brought Forward	(76,772)	(1,318)	(78,091)	(679,617)	13,506	(666,111)	(744,201)
Group (Surplus)/Deficit	(1,745)	231	(1,515)	-	-	-	(1,515)
Other Comprehensive Expenditure and Income	-	-	-	(103,458)	(24,115)	(127,573)	(127,573)
<b>Total Comprehensive Expenditure and Income</b>	<b>(1,745)</b>	<b>231</b>	<b>(1,515)</b>	<b>(103,458)</b>	<b>(24,115)</b>	<b>(127,573)</b>	<b>(129,088)</b>
Adjustments between Accounting Basis and Funding Basis under Regulations	3,565	-	3,565	(3,565)	-	(3,565)	-
<b>(Increase)/Decrease in Year 2022/23</b>	<b>1,820</b>	<b>231</b>	<b>2,051</b>	<b>(107,023)</b>	<b>(24,115)</b>	<b>(131,138)</b>	<b>(129,088)</b>
<b>Balance at 31 March 2023 Carried Forward</b>	<b>(74,952)</b>	<b>(1,087)</b>	<b>(76,040)</b>	<b>(786,640)</b>	<b>(10,609)</b>	<b>(797,249)</b>	<b>(873,289)</b>

## GROUP ACCOUNTS

### Group 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. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2022/23 Restated			Group - Comprehensive Income and Expenditure Statement (CIES)	2023/24		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
262	-	262	Chief Executive	296	(7)	289
6,752	(6,697)	55	Communities & Environment	8,909	(7,158)	1,751
15,046	(28,289)	(13,243)	Finance	5,526	(22,050)	(16,524)
6,504	(275)	6,229	Governance & Corporate Support	5,810	(624)	5,186
9,318	(8,476)	842	Housing GF	8,640	(8,407)	233
3,349	(1,913)	1,436	Strategic Growth & Regeneration	3,574	(2,705)	869
35,245	(51,114)	(15,869)	Housing HRA	40,110	(55,147)	(15,037)
26,363		26,363	HTS	27,646	(33)	27,613
<b>102,839</b>	<b>(96,764)</b>	<b>6,075</b>	<b>Cost of Services</b>	<b>100,511</b>	<b>(96,131)</b>	<b>4,380</b>
		(438)	Other Operating Income and Expenditure			(1,869)
		7,062	Financing and Investment Income and Expenditure			2,790
		(14,214)	Taxation and Non-specific Grant Income			(25,527)
		<b>(1,515)</b>	<b>(Surplus)/Deficit on Provision of Services</b>			<b>(20,226)</b>
		(88,666)	(Surplus)/ Deficit on Revaluation of Property, Plant and Equipment Assets			(12,455)
		358	(Surplus)/ Deficit on Revaluation of Available for Sale Financial Assets			64
		(39,265)	Actuarial (Gains)/ Losses on Pension Assets and Liabilities			(1,449)
		<b>(127,573)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(13,840)</b>
		<b>(129,088)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(34,066)</b>

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Statement of Accounts 2023/24

## GROUP ACCOUNTS

### Group Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the group. The net assets of the group (assets less liabilities) are matched by the reserves held by the group.

2022/23 £'000	Group - Balance Sheet	2023/24 £'000
1,083,570	Property, Plant and Equipment	1,112,660
1,751	Heritage Assets	1,751
2,766	Investment Property	57,694
728	Intangible Assets	1,384
4,457	Long-Term Investments	4,262
2,332	Long Term Debtors	2,276
10,159	Long-Term Provisions	16,248
<b>1,105,763</b>	<b>Long Term Assets</b>	<b>1,196,275</b>
523	Short-Term Investments	550
3,044	Assets Held for Sale	3,880
174	Short-term Inventories	180
19,402	Short-Term Debtors	21,545
22,603	Cash and Cash Equivalents	7,277
2	Current Tax Asset Group only	-
<b>45,747</b>	<b>Current Assets</b>	<b>33,432</b>
(22,356)	Short-term Borrowing	(60,191)
(26,501)	Short-term Creditors	(29,516)
-	Short term Deferred Tax Liability	-
(1,648)	Short-term Provisions	(1,168)
<b>(50,505)</b>	<b>Current Liabilities</b>	<b>(90,875)</b>
(481)	Long-term Creditors	(1,062)
(213,201)	Long-term Borrowing	(211,960)
(5,805)	Pension Liability	(5,299)
(1,099)	Other Long Term Liabilities	(887)
(7,016)	Grants Receipts in Advance - Capital	(12,135)
(115)	Deferred Tax Liability GROUP ONLY	(134)
<b>(227,717)</b>	<b>Long Term Liabilities</b>	<b>(231,477)</b>
<b>873,288</b>	<b>Net Assets</b>	<b>907,355</b>
(76,039)	Usable Reserves	(86,338)
(797,249)	Unusable Reserves	(821,017)
<b>(873,288)</b>	<b>Total Reserves</b>	<b>(907,355)</b>

## GROUP ACCOUNTS

### Group Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the group during the reporting period. The statement shows how the group 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 group are funded by way of taxation and grant income or from the recipients of services provided by the group. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the group'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 group.

<b>2022/23</b> <b>Restated</b> <b>£'000</b>	<b>Group - Cash Flow Statement</b>	<b>2023/24</b> <b>£'000</b>
1,515	Net Surplus or (Deficit) on the Provision of Services	20,226
11,558	Adjust to Surplus or Deficit on the Provision of Services for Non Cash Movements	9,939
(2,708)	Adjust for Items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	(13,154)
<b>10,364</b>	<b>Net Cash flows from Operating Activities</b>	<b>17,012</b>
(39,803)	Investing Activities	(78,704)
17,981	Financing Activities	46,367
<b>(11,457)</b>	<b>Net Increase or Decrease in Cash and Cash Equivalents</b>	<b>(15,326)</b>
34,059	Cash and Cash Equivalents at the beginning of the Reporting Period	22,602
<b>22,602</b>	<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	<b>7,277</b>



# GROUP ACCOUNTS

## Notes to the Group Accounts

### G1 Property, Plant and Equipment

Group - Property, Plant and Equipment Movements (PPE) - 2023/24	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets under Construction £'000	Total Property Plant and Equipment £'000
<b>Cost Valuation:</b>								
<b>At 1 April 2023</b>	<b>837,222</b>	<b>210,386</b>	<b>15,328</b>	<b>11,235</b>	<b>3,592</b>	<b>2,870</b>	<b>21,751</b>	<b>1,102,384</b>
Adjustments to opening balance	-	-	-	-	-	-	-	-
Additions	23,226	2,096	2,264	1,349	399	2	4,613	33,949
Donations	-	-	-	-	-	-	-	-
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	8,944	3,229	-	-	-	283	-	12,456
Revaluation increases/ (decreases) recognised in the Surplus/(Deficit) on the Provision of Services	307	11	-	-	-	5	-	323
Impairments recognised in RR	-	-	-	-	-	-	-	-
Impairments Recognised in S/D	-	-	-	-	-	-	-	-
Reversal of impairments	-	-	-	-	-	-	-	-
Derecognition - Disposals	(899)	-	(154)	-	-	(192)	(501)	(1,746)
Derecognition - Other	-	-	-	-	-	-	-	-
Assets reclassified	(152)	564	36	-	(1,153)	(743)	1,033	(415)
Other movements in cost or valuation	(12,531)	(2,113)	-	-	-	(4)	-	(14,648)
<b>Balance as at 31 March 2024</b>	<b>856,117</b>	<b>214,173</b>	<b>17,474</b>	<b>12,584</b>	<b>2,838</b>	<b>2,221</b>	<b>26,896</b>	<b>1,132,303</b>
<b>Accumulated Depreciation and Impairment:</b>								
<b>At 1 April 2023</b>	<b>(105)</b>	<b>(3,398)</b>	<b>(10,947)</b>	<b>(4,275)</b>	<b>(67)</b>	<b>(21)</b>	<b>(8)</b>	<b>(18,821)</b>
Adjustment to opening balance	-	-	-	-	-	-	-	-
Depreciation Charge	(12,570)	(2,112)	(696)	(174)	(18)	(50)	-	(15,620)
Depreciation written out to the Revaluation Reserve	12,531	2,112	-	-	-	4	-	14,647
Depreciation written out to the Surplus/(Deficit) on the Provision of Services	-	-	-	-	-	-	-	-
Impairments Recognised in S/D	-	-	-	-	-	-	-	-
Impairments recognised in RR	-	-	-	-	-	-	-	-
Assets reclassified	(1)	29	142	-	-	-	(19)	151
Other movements in cost or valuation	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2024</b>	<b>(145)</b>	<b>(3,369)</b>	<b>(11,501)</b>	<b>(4,449)</b>	<b>(85)</b>	<b>(67)</b>	<b>(27)</b>	<b>(19,643)</b>
<b>Net Book Value at 31 March 2024:</b>	<b>855,972</b>	<b>210,805</b>	<b>5,972</b>	<b>8,135</b>	<b>2,753</b>	<b>2,154</b>	<b>26,869</b>	<b>1,112,661</b>
<b>Net Book Value at 31 March 2023:</b>	<b>837,117</b>	<b>206,989</b>	<b>4,381</b>	<b>6,960</b>	<b>3,525</b>	<b>2,849</b>	<b>21,743</b>	<b>1,083,563</b>

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## GROUP ACCOUNTS

Group - Property, Plant and Equipment Movements (PPE) - 2022/23	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets under Construction £'000	Total Property Plant and Equipment £'000
<b>Cost Valuation:</b>								
<b>At 1 April 2022</b>	<b>763,134</b>	<b>173,767</b>	<b>14,385</b>	<b>10,821</b>	<b>1,657</b>	<b>1,283</b>	<b>20,002</b>	<b>985,049</b>
Adjustments to opening balance	-	-	-	-	-	-	-	-
Additions	20,534	25,943	1,346	413	1,872	15	1,948	52,071
Donations	-	-	-	-	-	-	-	-
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	71,331	9,306	-	-	-	1,478	-	82,115
Revaluation increases/ (decreases) recognised in the Surplus/(Deficit) on the Provision of Services	1,289	343	-	-	-	3	-	1,635
Impairments recognised in RR	-	-	-	-	-	-	-	-
Impairments Recognised in S/D	-	-	-	-	-	-	-	-
Reversal of impairments	-	-	-	-	-	-	-	-
Derecognition - Disposals	(4,551)	-	(403)	-	-	-	-	(4,954)
Derecognition - Other	-	-	-	-	-	-	-	-
Assets reclassified	-	-	-	-	-	99	(99)	-
Other movements in cost or valuation	(14,515)	1,027	-	1	63	(8)	(100)	(13,532)
<b>Balance as at 31 March 2023</b>	<b>837,222</b>	<b>210,386</b>	<b>15,328</b>	<b>11,235</b>	<b>3,592</b>	<b>2,870</b>	<b>21,751</b>	<b>1,102,384</b>
<b>Accumulated Depreciation and Impairment:</b>								
<b>At 1 April 2022</b>	<b>(4,731)</b>	<b>(4,206)</b>	<b>(10,155)</b>	<b>(3,879)</b>	<b>(44)</b>	<b>(25)</b>	<b>(9)</b>	<b>(23,049)</b>
Adjustment to opening balance	-	-	-	-	-	-	-	-
Depreciation Charge	(11,120)	(2,550)	(1,195)	(396)	(23)	(10)	-	(15,294)
Depreciation written out to the Revaluation Reserve	15,771	3,358	403	-	-	13	-	19,545
Depreciation written out to the Surplus/(Deficit) on the Provision of Services	-	-	-	-	-	-	-	-
Impairments Recognised in S/D	-	-	-	-	-	-	-	-
Impairments recognised in RR	-	-	-	-	-	-	-	-
Assets reclassified	-	-	-	-	-	-	-	-
Other movements in cost or valuation	(25)	-	-	-	-	1	1	(23)
<b>Balance as at 31 March 2023</b>	<b>(105)</b>	<b>(3,398)</b>	<b>(10,947)</b>	<b>(4,275)</b>	<b>(67)</b>	<b>(21)</b>	<b>(8)</b>	<b>(18,821)</b>
<b>Net Book Value at 31 March 2022:</b>	<b>837,117</b>	<b>206,989</b>	<b>4,381</b>	<b>6,960</b>	<b>3,525</b>	<b>2,849</b>	<b>21,743</b>	<b>1,083,564</b>

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Statement of Accounts 2023/24

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# GLOSSARY OF TERMS AND ABBREVIATIONS

## GLOSSARY OF TERMS AND ABBREVIATIONS

This glossary of terms and abbreviations is designed to aid interpretation of the Council's Statement of Accounts.

### **Accounting Period**

A period of 12 months commencing on 1 April also referred to as "financial year of account" or "financial year". The end of the accounting period (31 March) is the Balance Sheet date.

### **Accruals**

Amounts included in the accounts for income or expenditure relating to the financial year for which payment has not been received or made in the financial year. The Council accrues for both revenue and capital items.

### **Amortisation**

The measure of the cost of economic benefits derived from intangible fixed assets that are consumed during the period, charged to the Income and Expenditure Account. It reduces the carrying value of these assets in the Balance Sheet and is similar to a depreciation charge.

### **Annual Governance Statement**

This is a statutory document that explains the processes and procedures in place to enable the Council to carry out its functions effectively.

### **Assets Held for Sale**

Assets are classified as held for sale if their carrying amount is going to be recovered principally through a sale transaction rather than through continued use. This excludes any assets that are going to be abandoned or scrapped at the end of their useful lives.

### **Balances (or Reserves)**

These are accumulated funds available to the Council. Some balances (reserves) may be earmarked for specific purposes for funding future defined initiatives or meeting identified risks or liabilities; and some that are technical only and may not be used to finance services.

### **Billing Authority**

A billing authority is a local authority responsible for collecting Council Tax and Non-Domestic Rates.

### **Business Rates**

Business Rates (sometimes referred to as Non-Domestic Rates or NDR) are charged on most non-domestic premises, including commercial properties such as shops, offices, pubs, warehouses and factories. The sums collected by the Council are distributed to Central Government (50%) and to local authorities for the area (Harlow Council 40%, Essex County Council 9% and Essex Fire Authority 1%).

### **Capital Expenditure**

Spending which produces or enhances an asset such as land, buildings, roads, vehicles, plant and machinery, and intangible assets such as computer software. Only expenditure that directly relates

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## GLOSSARY OF TERMS AND ABBREVIATIONS

to bringing the asset in use may be treated as capital expenditure. Any expenditure which does not fall within the definition must be charged to a revenue account.

### Capital Adjustment Account

This is an account that reflects financing of capital from revenue and capital receipts together with the adjustment of the minimum revenue provision.

### Capital Receipts

Proceeds from the sale of non-current assets such as land and buildings which can be used to repay any outstanding debt on fixed assets or to finance new capital expenditure, within rules set down by Government. Capital receipts cannot be used to finance revenue expenditure.

### Carrying Amount

The value at which an asset is shown in the Balance Sheet after deducting any accumulated depreciation and impairment losses.

### Chartered Institute of Public Finance and Accountancy (CIPFA)

The professional accountancy body concerned with local authorities and the public sector.

### Code of Practice (The Code)

The Code of Practice on Local Authority Accounting in the United Kingdom (issued by CIPFA) defines proper accounting practices to be adopted for the Statement of Accounts to ensure they 'present a true and fair view of the financial position of the Council. The Code incorporates guidance in line with IFRS, IPSAS and UK GAAP Accounting Standards and carries statutory status via the provision of the Local Government Act 2003. An updated version is published every year.

### Collection Fund

This is a statutory fund set up under the provisions of the Local Government Finance Act 1988. It includes the transactions of the charging authority in relation to Business Rates and Council Tax, and illustrates the way in which the fund balance is distributed to the Government, preceptors and the Council.

### Collection Fund Adjustment Account

This is a reserve that reconciles differences between statutory requirements as a Billing Authority and proper accounting practice.

### Community Assets

The class of Non-current Assets held in perpetuity that have no determinable useful life and may have restriction on their disposal.

### Componentisation

For some assets it is possible to identify parts of that asset separately which then, by their nature, can be depreciated separately according to their individual economical lives. For example, components in a building might comprise land, building structure, major mechanical and electrical items, all of which would have different useful lives and so would be depreciated at different rates.

## GLOSSARY OF TERMS AND ABBREVIATIONS

### **Consumer Price Index (CPI)**

This is a measure of inflation that examines changes in the weighted average of prices of a basket of consumer goods and services. Changes in CPI are used to assess price changes associated with the cost of living.

### **Contingent Assets/Liabilities**

These are potential gains and losses for which a future event will establish whether a liability or asset exists and for which it is inappropriate to set up a debtor or provision in the accounts.

### **Deferred Capital Receipts**

Arise when non-current assets are sold and the amounts owed by the purchasers are repaid over a number of years, e.g. mortgages. The balance is reduced by the amount principal repayable in any financial year.

### **Depreciation**

A charge made to the revenue account that represents a measure of the wearing out, consumption or other reduction in the useful life of a fixed asset.

### **DWP**

The Department for Work and Pensions, which is a Central Government department that administers the State Pension and a range of working age, disability and ill health benefits.

### **Earmarked Reserves**

Funds set aside for a specific purpose, or a particular service, or type of expenditure.

### **Finance Lease**

An arrangement whereby the lessee is treated as the owner of the leased asset, and is required to include such assets within the non-current assets on the balance sheet.

### **Financial Instruments**

This is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Examples include bank deposits, cash, investments, debtors (or receivables), long-term debtors, creditors, temporary loans and borrowings.

### **Non-current Assets - Tangible**

These are any assets with a physical presence such as land and buildings and which yield benefits to the Council and the services it provides for a period of more than one year.

### **Non-current Assets – Intangible**

There are any assets which are of benefit to the organisation but have no physical presence, e.g. as software licences.

### **General Fund**

This is the primary account through which all the Council's non-HRA related transactions pass. The balance at year-end is not earmarked for any specific purpose.

## GLOSSARY OF TERMS AND ABBREVIATIONS

### **Harlow Trading Services (Property & Environment) Ltd (HTS)**

This is a company set up by the Council and it is wholly owned subsidiaries of HTS Group Ltd. Services provided by HTS include housing repairs and maintenance, capital and planned works, facilities management, environmental and compliance services. These are provided to the tenants, leaseholders and residents of Harlow.

### **Housing Beacons**

These are dwellings that are used in valuing the Council's housing stock. A typical dwelling has been identified for each dwelling type that the Council owns e.g. a 3-bedroom semi-detached, a 2-bedroom bungalow. These are known as Beacon Properties and the valuer will value these Beacon Properties and the value for each Beacon Property will be applied to all properties of the same Beacon type. This approach is taken as it would take too long and be too costly to value every single dwelling that the Council owns.

### **Infrastructure Assets**

These are assets which have no tangible value such as highways and roads.

### **International Accounting Standard Board (IASB)**

This is an accounting standards setting body. The Council will comply with the accounting standards when preparing the Statement of Accounts. It should be noted that compliance with statute will override compliance with the accounting standards and so adjustment will be made in the accounts to move from one position to the other where required.

### **International Financial Reporting Standards (IFRS)**

These are accounting standards which are recognised globally and are ones that the Council will comply with in preparing the accounts initially. Adjustments will be made to the accounts prepared in accordance with the standards in order to present a position that complies with statute.

### **Impairment**

This is an accounting adjustment made to the value of an asset when its carrying amount (the amount at which an asset is recognised in the Balance Sheet after deducting accumulated depreciation and impairment losses) exceeds its recoverable amount (the higher of assets fair value less cost of sale and its value in use).

### **Intangible Assets**

Assets which are of benefit to the organisation but have no physical presence such as software licences, or goodwill which is more commonly found in the private sector.

### **International Public Sector Accounting Standards (IPSAS)**

These are a set of accounting standards issued by the IPSAS Board for use by public sector entities around the world in the preparation of financial statements.

### **Investment Property**

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

## GLOSSARY OF TERMS AND ABBREVIATIONS

### **Investments – Short-Term**

These are cash deposits for less than one year with approved institutions.

### **Loans and Receivables**

These are sums invested by the Council that are not quoted in an active market; and short-term trade debtors.

### **Long-Term Debtors**

These are debtors where the capital income is still to be received, for example, from the sale of an asset or the granting of a loan.

### **Medium Term Financial Strategy (MTFS)**

This is the Council's strategic financial plan for the future five-year period. It takes into account the anticipated cost of future service plans and matches this with the Council's financial resources and its forecast levels of grant and other income. It is updated annually so that it is constantly looking at the next 5 years into the future.

### **Minimum Revenue Provision (MRP)**

This is a charge made to the General Fund or HRA revenue accounts representing the setting aside of prudential sums for the repayment of debt. When a Council has incurred borrowing, there is a statutory requirement to set a prudent level of MRP for the General Fund.

### **MHCLG**

This is the Ministry of Housing, Communities and Local Government - a Government department responsible for housing, planning, devolution and local government, as well as community issues.

### **Movement in Reserves Statement (MIRS)**

This is a core financial statement which shows the movement in usable and unusable reserves (the Council's total reserve balances).

### **Net Realisable Value**

The amount at which an asset could be sold after the deduction of any related selling costs.

### **Non-Current Assets**

These are capital assets which provide benefits to the Council for more than a year.

### **Non-operational Assets**

These are non-current assets held by an organisation but not directly occupied, used or consumed in the delivery of services. An example of a non-operational asset is an investment property or an asset being held pending its sale.

### **Operational Asset**

These are non-current assets held by the Council which are used or consumed in the delivery of its services.



## GLOSSARY OF TERMS AND ABBREVIATIONS

### **Operating Lease**

This is an arrangement whereby the risks and rewards of ownership of the leased asset remain with the lessor.

### **Pension Fund**

This is a pension scheme for employees, maintained by an administering authority, or a group of authorities, under statute primarily in order to make pension payments on retirement of scheme members. It is financed from contributions from both the employing authorities and the employees together with income from investments.

### **Perpetuity Reserves**

These are funds received from a range of sources over many years which have covenants concerning their use (contractually binding obligations, usually indefinite in nature), or have other contractual or ring-fencing obligations incorporated within them.

### **Pooling of Housing Capital Receipts**

This is the term given to the requirement to pay over to the Government a proportion of certain types of capital receipt, such as from the sale of council houses under the Right to Buy scheme.

### **Precept**

This is the amount which an authority, e.g. a County Council, a Police Authority, requires from a Billing Authority (e.g. District Councils) to meet its expenditure requirements. The Billing Authority collects these sums on behalf of the precepting authorities from its residents through the Council Tax.

### **Profit on the sale of Non-Current Assets**

The difference between the book value of an asset sold and the sale proceeds.

### **Provisions**

Sums set aside to meet future expenditure where a specific liability is known to exist but cannot be measured accurately.

### **Receivables**

These are sums due from customers and clients that the Council provides services to and are known as short-term trade debtors.

### **Reserves**

These are amounts set aside, each for a specific purpose in one year and carried forward to meet future obligations.

## GLOSSARY OF TERMS AND ABBREVIATIONS

### **Retail Price Index (RPI)**

This is a measure of inflation that examines changes in the weighted average of prices of a basket of consumer goods and services. RPI includes the cost of mortgage interest in its calculation which is excluded from CPI.

### **Revenue**

Costs and income relating to the day-to-day running of services e.g. salaries and wages, supplies and services, transport and fees from service-related income.

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

This is capital expenditure which is allowable by statute to be funded from capital resources but which does not fall within the Code's definition of non-current assets (as the assets on which the expenditure is being incurred does not belong to the Council). Examples include grants and similar advances made to other parties to finance capital investment.

### **Revenue Support Grant**

This is a Government grant provided by the MHCLG based on the Government's assessment as to what a Council should be spending on local services. The amount of grant is fixed at the beginning of each financial year.

### **Surplus Asset**

This is a non-current asset not in use which does not meet the criteria of an Asset Held For Sale and is held as Property, Plant and Equipment.

### **Tangible Assets**

These are assets that are property, plant or equipment which has long-term physical existence or is acquired for use in the operations of the organisation and is not specifically held for sale to customers.

### **UK Generally Accepted Accounting Practice (GAAP) Accounting Standards**

These are accounting Standards and other guidance published by the UK's Financial Reporting Council (FRC).

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# INDEPENDENT AUDITOR'S REPORT AND CERTIFICATE

# **INDEPENDENT AUDITOR'S REPORT AND CERTIFICATE**

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

### **REPORT ON THE AUDIT OF THE COUNCIL'S FINANCIAL STATEMENTS**

#### **Disclaimer of opinion**

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

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

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

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

We have been unable to obtain sufficient appropriate audit evidence over the financial statements as no work has been performed with respect to any audit area as there has been insufficient time ahead of the publication date of the financial statements. This includes being unable to obtain sufficient appropriate evidence over the disclosed comparative figures for the year ended 31 March 2023.

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

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

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

#### **Other information**

The Director - Finance is responsible for the other information, which comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Any opinion on the financial statements would not cover the other information and we do not express an opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

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

Due to the significance of the matters described in the *Basis for disclaimer of opinion* section of our report, and the possible consequential effect on the related disclosures in the other information, whilst in our opinion the other information included in the Statement of Accounts

## **INDEPENDENT AUDITOR'S REPORT AND CERTIFICATE**

for the financial year is consistent with the financial statements, we are unable to determine whether there are material misstatements in the other information.

### **Director - Finance's and Audit and Standards Committee's responsibilities**

As explained more fully in the statement of responsibilities set out on page 19, the Director - Finance is responsible for the preparation of financial statements in accordance with CIPFA/LASAAC Code of Practice on Local Council Accounting in the United Kingdom 2023/24 and that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group's and the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the government of the intention to either cease the services provided by the Group and the Council or dissolve the Group and the Council without the transfer of their services to another public sector entity.

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

### **Auditor's responsibilities**

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

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

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

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

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

Our review of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources identified that Except for the matters detailed below, we have nothing else to report in this respect.

### **Identified significant weakness – Governance**

As referenced within the Council's annual governance statement, during the 2023/24 financial year the Council did not have a formalised process for the management of operational risk. While a strategic risk register was in place this only recorded the most significant risks to the achievement of the Council's strategy.

During the year there were not consistent mechanisms within individual services for ensuring that risks were identified, recorded and appropriate mitigating actions implemented.

## ***INDEPENDENT AUDITOR'S REPORT AND CERTIFICATE***

We recommend that the Council clarifies its policies and procedures for managing operational risks and ensures that risk registers are set up at a management level and service levels, with a process in place to escalate risks to the strategic risk register where required.

### **Identified weakness – Governance**

The Council published its draft Statement of Accounts for 2023/24 on 16 January 2025, which was 7 and a half months late compared to the statutory deadline of 31 May 2024. The Statement of Accounts were not published by the Backstop Date. This was caused by delays in the Council providing the supporting evidence required to enable us to conclude our work on whether there were sufficient arrangements in place to achieve value for money. This matter is evidence of weaknesses in proper arrangements for reliable and timely financial reporting that supports the delivery of strategic priorities and ensures compliance with statutory deadlines.

We recommend that the Council develops, and then monitors, a detailed action plan outlining how it expects to return to a financial reporting timetable which ensures a good quality set of accounts are published in line with the statutory deadline. Where required, the Council should invest in additional resources within the finance team to ensure future compliance with statutory reporting deadlines.

### **Identified weakness - Governance**

In January 2024 the Council approved the business case for the acquisition of a residential development property within the borough. This was done with delegated authority as at the time of preparing the business case commercial and financial modelling of the costs and revenues associated with the purchase had not been completed.

After approval of the business case the Council commissioned an independent review of the projected finances, which identified there was a high level of optimism in certain assumptions. When adjusting for these it projected a large deficit would be made.

We were unable to identify that this had been formally notified to the Cabinet or Council despite identifying a material risk to the commercial viability of the purchase.

We recommend that where delegated authorities are in place when a business case is approved that a completion report is produced that summarises any material changes to the original business case.

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

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

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

We planned our work and undertook our review in accordance with the NAO Code of Audit Practice and related statutory guidance, having regard to whether the Council had proper arrangements in place to ensure financial sustainability, proper governance and to use

## **INDEPENDENT AUDITOR'S REPORT AND CERTIFICATE**

information about costs and performance to improve the way it manages and delivers its services. Based on our risk assessment, we undertook such work as we considered necessary.

### **Statutory reporting matters**

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

- we issue a report in the public interest under section 24 and Schedule 7 of the Local Audit and Accountability Act 2014; or
- we make written recommendations to the Council under Section 24 and Schedule 7 of the Local Audit and Accountability Act 2014; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in this respect.

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

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

### **CERTIFICATE OF COMPLETION OF THE AUDIT**

We certify that we have completed the audit of the accounts of Harlow District Council for the year ended 31 March 2024 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the NAO Code of Audit Practice.

**Dean Gibbs**  
**for and on behalf of KPMG LLP**  
*Chartered Accountants*  
15 Canada Square, E14 5GL

# ANNUAL GOVERNANCE STATEMENT



## **Harlow District Council - Annual Governance Statement 2023/24**

### **1. Scope of responsibility**

- 1.1. Harlow Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and 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, having regard to a combination of economy, efficiency and effectiveness.
- 1.2. In meeting 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. The council has adopted a code of corporate governance (last reviewed November 2023) which is consistent with the principles of the 2016 CIPFA (Chartered Institute of Public Finance and Accounting)/SOLACE (Society of Local Authority Chief Executives) Framework *Delivering Good Governance in Local Government*.
- 1.4. This statement explains how the council delivers good governance and reviews the effectiveness of these arrangements. It also meets the requirements of Regulation 6 of the Accounts and Audit Regulations 2015, in relation to the publication of an annual governance statement.

### **2. The purpose of the Governance Framework**

- 2.1. The Governance Framework comprises the systems and processes, culture and values by which the council is directed and controlled and its activities through which it accounts 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.
- 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 risks of failure to achieve policies, aims and objectives, and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the council's policies, aims and objectives. The system is designed to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.3. The council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).
- 2.4. The council's governance framework has been in place for the year ended 31 March 2024.

### **3. The Governance Framework**

- 3.1. The council's Governance Framework has been set up over successive years and is reviewed annually to ensure its continuing effectiveness with regard to the seven

## ***ANNUAL GOVERNANCE STATEMENT***

CIPFA/SOLACE principles of delivering good governance, which are:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing the council's capacity, including the capability of its leadership and the individuals within it.
- Managing risks and performance through robust internal control and strong financial management.
- Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

- 3.2. A brief description of the key elements of Governance Framework in place at Harlow Council is included as Appendix 1. The annual review of the effectiveness of this framework is covered in the next section.

### **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:

- a) work of the Corporate Leadership Team (CLT) who have responsibility for the development and maintenance of the governance environment
- b) the role of the Cabinet and committees, including the Audit and Standards Committee and the Shareholders Sub Committee for the council's wholly owned subsidiary company HTS Group Ltd
- c) the Head of Internal Audit's Annual Report
- d) comments made by the external auditors
- e) other review agencies and inspectorates

- 4.2. The review has been led by the Head of Internal Audit in conjunction with the deputy Section 151 Officer, the Monitoring Officer, and the Insurance and Risk Manager in conjunction with the Wider Leadership Team (WLT) and CLT. In carrying out the review, the group has kept in mind the seven CIPFA/SOLACE principles of effective governance. The following evidence has been considered as part of the review:

- a) Service Assurance Statements – Assistant Directors, have completed a self-assessment covering the effectiveness of governance arrangements in their area. The self-assessments, which have been reviewed by Internal Audit, have been used to identify areas for improvement both at a service level and, where more than one service has identified an area for improvement; corporate actions have been added to the improvement plan covered in the next section.
- b) The Head of Internal Audit's annual opinion on the council's control framework, delivered to the Audit and Standards Committee, as the body charged with governance.
- c) Based upon the results of work undertaken during the year it is the Head of Internal Audit's overall opinion that the council has an adequate and effective governance, risk management and control framework for 2023/24. Areas for improvement were identified in a number of reviews and action plans agreed. Where significant deficiencies in control processes have been identified by

## **ANNUAL GOVERNANCE STATEMENT**

Internal Audit, the actions that the council's management plan to take will, if implemented satisfactorily, resolve the deficiencies in the appropriate manner.

- d) The ongoing work of External Audit with regards to the 2018/19 accounts and the impact of this on subsequent year's accounts. The government has put in place proposals to clear the backlog of outstanding audits nationally.
- e) Where these exist, we have also used reports from other agencies and inspectorates. This includes the Local Government Association (LGA) Corporate Peer Challenge that was carried out 27 February to 2 March 2023, the results formally reported May 2023, the subsequent action plan and the results of the progress review undertaken 27 to 29 November 2023. These documents are available on the council's website.

- 4.3. During the year the Corporate Governance Group has been responsible for monitoring and reviewing the corporate governance framework and for considering specific governance issues as they arise. The Corporate Governance Group comprised of the Director of Governance, the Section 151 Officer, the Head of Internal Audit, the Insurance and Risk Manager and the Legal Services Manager and other officers when they have specific contributions to make. The work of the group has strengthened many of the council's governance processes and has addressed issues raised in the Annual Governance Statement.

### **5. Overall opinion of Harlow's governance arrangements**

- 5.1. This AGS demonstrates that the council's governance arrangements have remained fit for purpose during 2023/24.
- 5.2. The WLT and CLT has undertaken an assessment of the arrangements for governance during 2023/24 including a review of the assurance checklists and statements submitted by Assistant Directors. It has concluded that arrangements are fit for purpose and working effectively. As a result of this assessment, a small number of governance issues have been identified and made in order to further strengthen arrangements, as detailed in table two.

### **6. Governance Issues Identified**

- 6.1. This final part of the Annual Governance Statement (AGS) outlines the actions taken, or proposed, to deal with significant governance issues identified. The council's Corporate Governance Group during 2023/24 has monitored and reviewed the corporate governance framework, ensuring that the issues raised in the previous AGS have been addressed as detailed in Table 1 below:

**Table 1 – Progress on significant governance issues identified in the 2022/23 AGS**

Significant issue identified in 2022/23 AGS with context	Action taken in 2023/24 to address the issue
<p>Economic issues</p> <p>Economic volatility, both nationally and globally, continues. This along with supply chain issues and inflation continuing to rise has a direct impact on the council in terms of potential cost increases including major works and projects.</p> <p>The 2022/23 economic situation and the cost of living impact on residents did have an indirect consequence as there was an increase in demand by those accessing council services in some areas.</p>	<p>Implications monitored by CLT and featured as key considerations in the reports presented to Cabinet and in the development of the MTFP (Medium Term Financial Plan) for 2024/25 and future years.</p> <p>The council has a specific Help With the Cost of Living page on its website, which includes useful websites, organisations and advice to help with rising costs.</p>
<p>Statement of Accounts</p> <p>As reported in last year's AGS, due to technical and resource issues there has been a delay in the sign off of</p>	<p>The council continued to work with its External Auditors to resolve the current issues. The Audit and Standards Committee continued to be kept abreast on</p>

## ANNUAL GOVERNANCE STATEMENT

Significant issue identified in 2022/23 AGS with context	Action taken in 2023/24 to address the issue
<p>the 2018/19 accounts. This will lead to a knock-on effect regarding the 2019/20, 2020/21, 2021/22 and 2022/23 accounts.</p> <p>Nationally, there has been an ongoing issue with councils being unable to get their final accounts audited.</p>	<p>progress.</p> <p>The government has put in place proposals to clear the backlog of outstanding local audits, this will impact on the audit of the council's outstanding financial statements. Government proposals include drop dead dates for audits to be completed. It is recognised that many audits cannot not be completed by this deadline date and therefore alternative arrangements will allow the External Auditor to issue a disclaimer to the accounts. It is likely BDO will disclaim the opinion for the 2019/20, 2020/21 and 2021/22 accounts.</p> <p>For the 2023/24 accounts, and beyond, the council has a new auditor (KPMG), who are already carrying out work on the accounts.</p>
<p>LGA Corporate Peer Challenge (CPC) action plan</p> <p>The Corporate Peer Challenge report identified a number of areas for development. Those pertinent to this AGS include:</p> <ul style="list-style-type: none"> <li>• Development of a new corporate strategy, aligned with a refreshed Medium Term Financial Plan</li> <li>• Developing a more transparent decision making process</li> </ul>	<p>The Council's progress against its Corporate Peer Challenge action plan is regularly monitored by WLT, CLT and Cabinet. The majority of actions are complete or in progress. The Council was subject to a follow up by the CPC Review Team in late November 2023. The review concluded 'there has been profound change achieved in many aspects of how the council operates and what it is delivering'</p>
<p>Regeneration</p> <p>The council has a number of exciting regenerations opportunities reflected in the Harlow and Gilston Garden Town (HGGT) project and the £100m of investment that has been secured for the town centre.</p> <p>Delivery of these will be key to the success of the town.</p>	<p>There are a number of governance structures in place for both the HGGT and town centre projects. These are overseen by CLT and Cabinet.</p> <p>An internal audit of the governance structure is included in the 2024/25 audit plan.</p>
<p>HTS</p> <p>The Council has commissioned a number of reports to help decide the short, medium and long-term priorities of the company and the processes required to deliver these.</p>	<p>Progress against the action plans resulting from the consultant reports regarding HTS are regularly monitored by CLT, the Shareholders Sub Committee and Cabinet. HTS and the council have been working together to rationalise the operational and governance structure of HTS Group.</p> <p>New Articles of Association, for both HTS Group Limited and HTS (Property &amp; Environment) Limited, and a Group Governance Agreement were approved by the Shareholders Sub Committee at its April 2024 meeting.</p>
<p>Financial Management Code review</p> <p>Carried over from last year's AGS action plan</p>	<p>An assessment will be undertaken to ensure the council can demonstrate compliance with the Code. Or if there are deficiencies, develop an action plan to address these. Resource issues has delayed this work but has been prioritised for 2024/25.</p>
<p><b>Common themes from the Service Assurance Statements were:</b></p>	
<p>Project management processes – corporate approach</p>	<p>During 2023/24 the work of the project governance working group was endorsed by the Senior</p>

## ANNUAL GOVERNANCE STATEMENT

Significant issue identified in 2022/23 AGS with context	Action taken in 2023/24 to address the issue
	Management Board, the predecessor to CLT. Programme management boards for key capital projects are in place e.g. town centre regeneration, council house building and commercial development. 2023/24 service statements show that relevant training is in place for officers undertaking projects and milestones are recorded and monitored.
<p>Succession planning</p> <p>The conclusions from the Local Government Association Peer Challenge highlighted the need for a more consistent approach across the organisation for development opportunities and succession planning, and forms part of the action plan.</p>	<p>Action has been undertaken to identify appropriate successors in some key areas supported by local management.</p> <p>There has been an increase in the internal access to the training, implementation of development plans and in some cases the apprenticeship levy. All of these elements support and focus on the requirements of individual roles and provide more tailored learning and development opportunities for professional development of internal staff.</p> <p>The necessity to invest long term in the growth of the Human Resources team budget is supported and will now enable further centralised workforce planning.</p> <p>The implementation of a new Personnel Committee will amongst its responsibilities, consider policy implementation which, with investment in the HR team will support wider succession plan delivery.</p>

- 6.2. In preparing this statement and reviewing the effectiveness of the Council's governance arrangements, the following areas have been identified for improvement. These are set out in the table below, together with the steps to be taken to address them:

**Table 2: Areas for improvement or monitoring during 2024/25**

Key improvement/review area	Action to be taken in 2024/25
<p>LGA Corporate Peer Challenge (CPC) action plan</p> <p>The Corporate Peer Challenge follow up review report identified further areas for development. Those pertinent to this AGS include:</p> <p>Determine the stance towards the Garden Town based on an evidence-led approach</p>	<p>A Joint Committee to ensure robust governance of Harlow Gilston Garden Town (HGGT) related decisions and delivery is to be set up in July 2024.</p>
<p>Procurement</p> <p>By 28 October 2024 the Council must ensure that it is fully compliant with the Procurement Act 2023. The Act consolidates the different regimes currently governing procurement into one Act, thereby creating a simpler and more flexible system. The existing overarching principles have been replaced with these new objectives which authorities must consider in all procurement activities:</p> <ul style="list-style-type: none"> <li>• Value for money</li> <li>• Acting with (and being seen to act with) integrity</li> <li>• Maximising public benefit</li> </ul>	<p>Work has commenced to review internal processes, update all procurement related policies, procedures and guidance and identify training and awareness needs for both Officers and Members</p>

## ANNUAL GOVERNANCE STATEMENT

Key improvement/review area	Action to be taken in 2024/25
<ul style="list-style-type: none"> <li>Treating suppliers the same (unless otherwise justified)</li> </ul> <p>The council will have wider and timely transparency requirements; adoption of Cabinet approved contracts where possible, and amendments to the council's contract standing orders.</p>	
<p>Financial Management Code review</p> <p>Carried over from last year's AGS action plan</p>	<p>An assessment will be undertaken to ensure the council can demonstrate compliance with the Code. Or if there are deficiencies, develop an action plan to address these. Resource issues has delayed this work but has been prioritised for 2024/25</p>
<b>Common theme from the Service Assurance Statements was:</b>	
<p>Operational risk management</p> <p>Further work is required to embed risk management at the service level.</p>	<p>Work is already in hand with the introduction of service plans and the roll out of risk management training in 2024/25.</p>

- 6.3. Both Wider Leadership Team and the Corporate Leadership Team will oversee this action plan over the coming year and report on progress to the Audit and Standards Committee. Both Groups will ensure that governance issues are promoted, addressed and monitored in a co-ordinated manner throughout the next financial year.

We, the undersigned, are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness. The Council's Governance Group will monitor their implementation and operation throughout the year and report progress as part of our next annual review.

Signed: DAN SWORDS

Date: 11 November 2025

**Cllr Dan Swords - Leader of the Council**

Signed: JAMES GARDNER

Date: 11 November 2025

**James Gardner - Managing Director (Head of Paid Service)**

INTEGRITY	OPENNESS	VISION	OUTCOMES	CAPACITY AND CAPABILITY	RISK AND PERFORMANCE	ACCOUNTABILITY
Behave with integrity, demonstrating a strong commitment to ethical values and respect the rule of law.	Ensure openness in its culture and engage comprehensively with stakeholders, citizens and service users.	Have a clear vision and defined desired outcome in terms of sustainable, social and environmental benefit.	Have in place interventions necessary to optimise the achievement of its intended outcomes.	Develop the council's capacity and capability of its leadership and staff	Manage the council's risk and performance through robust internal control and strong public finance management.	Implement good practice in transparency, reporting and audit to deliver effective accountability.
Annual Governance Statement 2023/24						
<ul style="list-style-type: none"> <li>• A robust whistleblowing policy and zero tolerance approach to fraud and corruption.</li> <li>• The Constitution sets out codes of conduct for Councillors and Officers.</li> <li>• The Constitution, which is continuously reviewed, sets out the decision making framework, gives clear definitions of roles and responsibilities and a protocol for how Councillors and Officers work together</li> <li>• Equality Policy revised and updated and an Equality Framework &amp; Action Plan developed</li> </ul>	<ul style="list-style-type: none"> <li>• Leadership encourages open and supportive culture.</li> <li>• Standard committee report format and publicly available modern.gov system for reporting.</li> <li>• Strategy for encouraging stakeholder involvement.</li> <li>• Overview and Scrutiny Committee</li> </ul>	<ul style="list-style-type: none"> <li>• A 2024 to 2028 Corporate Plan, with an associated delivery plan</li> <li>• Adopted Local Plan that supports the council's vision</li> <li>• Defined standards of customer service backed by a complaints procedure</li> </ul>	<ul style="list-style-type: none"> <li>• Open and transparent reporting of Key Performance Indicators and action plans for indicators that are out of tolerance</li> <li>• Decision making processes that receive objective and rigorous analysis including involvement of the Monitoring and Section 151 Officers</li> <li>• Anti-Fraud and Corruption Strategy</li> </ul>	<ul style="list-style-type: none"> <li>• A People Resources Plan (to be updated) to ensure that the Council has the staff, the skills, the knowledge, the facilities and the resources to meet legal requirements, and Corporate Plan</li> <li>• The Council has an established induction and training programme for existing and new Councillors. This process includes mentoring and training events as and when identified</li> </ul>	<ul style="list-style-type: none"> <li>• A corporate Risk Strategy and toolkit.</li> <li>• A performance management framework which includes integrated performance and financial management report.</li> <li>• Medium Term Financial Plan and integrated service planning approach</li> <li>• Internal Audit function to provide assurance on governance, risk management and control.</li> <li>• Audit and Standards Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Accountability for decision making detailed within the Constitution</li> <li>• Reporting regularly on performance and use of resources.</li> <li>• Requirement for managers to produce annual assurance statements which feeds into the Annual Governance Statement</li> <li>• Processes to ensure internal and external audit recommendations are acted upon</li> </ul>
<ul style="list-style-type: none"> <li>• During 2023/24, an active Corporate Governance Group which took charge of the Annual Governance Statement.</li> </ul>						