



**DRAFT**  
**STATEMENT OF  
ACCOUNTS**  
**(SUBJECT TO AUDIT)**



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# NARRATIVE REPORT

### **Introduction**

Welcome to Harlow Council's draft Statement of Accounts for the financial year ending 31 March 2026. These accounts fulfil an important statutory purpose that sets out the council's financial performance, financial position, cashflows and governance arrangements for the year.

They also provide residents, businesses, partners and government with a clear and transparent account of how public money has been managed and how resources have been used to support the council's priorities.

But this year's Statement of Accounts tells a wider story too. It covers the first full year of Building Harlow's Future and the framework through which we are transforming the council, rebuilding the town, investing in housing, renewing neighbourhoods, securing Harlow's future and protecting our communities.

Harlow has always been a town built on bold ambition. Commissioned in 1947 as one of Britain's first post-war New Towns, and designed around neighbourhoods, green spaces and local centres, Harlow was created to offer opportunity, quality of life and optimism for a new generation. That founding spirit remains central to the town's identity today.

Now, Harlow exists in another defining chapter. Located at the heart of the UK Innovation Corridor, with strong connections to London, Cambridge, Stansted Airport and the wider region, Harlow is one of the most strategically significant and fastest-growing towns in the country. Major regeneration investment, new homes, improved infrastructure and the town's growing role in science, technology and innovation all point to the scale of opportunity ahead.

The council's responsibility is to ensure that this opportunity translates into visible, lasting improvement for residents. That is the purpose of Building Harlow's Future.

During 2025/26, the first year of the plan moved the council from ambition into delivery. Governance was strengthened, services continued to improve, major investment was progressed, regeneration schemes moved forward, housing improvement remained a central priority and neighbourhood renewal became increasingly visible across the town.

This was not simply about launching a new corporate plan. It was about changing how the council works so that ambition could be translated into action. During the year, the council continued to strengthen its governance, performance and delivery arrangements, embedding clearer accountability, sharper decision-making and stronger oversight of the programmes and projects that matter most to residents.

A major part of this improvement was the adoption and implementation of a new Constitution. During 2025/26, the council undertook a comprehensive rewrite and modernisation of its constitutional framework, replacing outdated arrangements with a clearer, more streamlined and more effective model of governance. The revised Constitution was implemented in stages through the year, with the full version coming into effect in January 2026.

This was a significant achievement for the council. The Constitution is the foundation of how the organisation makes decisions, exercises authority and demonstrates accountability. By modernising it, the council has strengthened the clarity of roles and responsibilities for councillors, committees, statutory officers and senior officers. It has also reinforced the framework for delegation, financial decision-making, procurement, conduct and the relationship between members and officers.

The new Constitution provides a stronger platform for delivery. It supports faster, clearer and more accountable decision-making, while ensuring that proper checks, balances and safeguards remain in place. It also aligns the council's governance arrangements with the Executive Leader model

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and with the pace and complexity of the Building Harlow's Future programme. In practical terms, this means that the council is better able to take decisions at the right level, reduce unnecessary bureaucracy, strengthen assurance and maintain clear accountability for delivery.

This matters because governance is not simply a matter of process. Good governance is what allows ambition to be delivered responsibly. The adoption of the new Constitution has given the council a stronger decision-making framework at precisely the time when it is delivering one of the most ambitious programmes of transformation in its history. It provides the rules, responsibilities and assurance needed to ensure that investment, regeneration, housing improvement, neighbourhood renewal and service transformation are delivered lawfully, transparently and effectively.

Alongside the new Constitution, the council has continued to develop a more disciplined programme management approach, with greater visibility of progress, risk, finance and delivery confidence across the council's priorities. Mission-led governance, stronger performance monitoring and clearer reporting arrangements are helping to ensure that issues are identified earlier, resources remain focused on delivery and the council maintains grip over a complex and ambitious programme of change.

That progress matters because it shows that the council is not simply setting out aspirations, it is building the discipline, capacity and confidence to deliver them.

By the end of March 2026, 92% of projects due for completion in 2025/26 had been completed, delivering across 66 outcomes for Harlow. This represents a significant achievement for the organisation and provides a strong foundation for the next phase of delivery.

The achievements of the first year were broad and practical. Major regeneration schemes progressed, helping to lay the foundations for the renewal of the town centre and wider neighbourhoods. Investment in council housing remained one of the council's most important priorities, with improvement work focused on raising standards, strengthening compliance, improving services for tenants and leaseholders and supporting the council's wider responsibilities as Harlow's largest social landlord. Neighbourhood renewal also became more visible, with work to improve public spaces, restore pride in local areas and address the everyday environmental issues that residents consistently tell us matter to them.

During 2025/26, the council's ambitions were supported by a significant programme of investment and delivery. More than £136 million was committed to improving housing quality, compliance and services, representing the largest housing investment Harlow has ever made. This has supported the council's work to raise standards across its housing stock, improve repairs and maintenance, strengthen compliance with landlord responsibilities, embed the new Housing Allocations Policy and digital application system, and progress the Consumer Standards Improvement Plan. In governance terms, this demonstrates the connection between strategic priorities, financial planning, operational delivery and assurance: resources have been aligned to one of the council's most important statutory and community responsibilities, with progress monitored corporately and reported through member governance.

Significant achievements were also delivered through the council's regeneration programme. Broad Walk was transformed and reintroduced as a more vibrant and welcoming civic space, supported by new planting, seating, lighting and CCTV. The Christmas light switch-on marked an important moment in bringing that renewed space back into public use, followed by Harlow's first ever Christmas Market, which brought seasonal activity, artisan stalls and increased footfall into the town centre. Progress also continued across the wider town centre programme, including Market Square, the Arts and Cultural Quarter, the new Sustainable Transport Interchange and the acquisition and renewal of key buildings such as Market House and Adams House. These projects provide clear evidence of the council's place-shaping role and show how capital investment,

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governance, partnership working and delivery discipline are being brought together to rebuild confidence in Harlow's town centre.

The council's transformation has also extended to the way key services are managed and assured. Work with HTS has continued to support improved performance, stronger systems, better leadership and greater resilience in the delivery of housing and environmental services. This is central to the council's wider improvement journey, because the ambitions in Building Harlow's Future can only be achieved if the council and its delivery partners have the capability, culture and accountability to deliver consistently high standards.

Financial discipline has remained at the heart of this approach. The council has continued to balance significant ambition with responsible financial management, ensuring that major investment decisions are supported by clear governance, risk management and performance oversight. This has meant maintaining focus on value for money, managing demand and cost pressures, using reserves prudently and ensuring that financial planning remains aligned to the council's corporate missions.

The 2026/27 Building Harlow's Future plan now sets out the next stage of that journey. The council's six missions remain the guiding framework, but the ambition is to go further and faster, accelerating delivery, strengthening accountability, improving services and ensuring that every project, reform and investment contributes to tangible outcomes for residents.

The next year of the plan will see continued focus on transforming the council into a modern, high-performing organisation capable of delivering one of the most ambitious programmes of renewal anywhere in local government. This means continuing to strengthen programme management, improving the use of data and technology, reducing bureaucracy, improving customer experience, strengthening contract and company governance, and ensuring that performance, finance and risk are considered together as part of a single view of organisational delivery.

This Statement of Accounts should therefore be read as more than a technical financial document.

It is part of the council's wider commitment to openness, accountability and disciplined delivery. It shows how resources have been managed during a year of significant change and how financial stewardship supports the council's wider mission to deliver the rebirth of Harlow as a New Town for a new generation.

It should also be read alongside the council's Annual Governance Statement as evidence of an organisation that is strengthening the way it leads, manages and assures delivery. The council's governance arrangements are increasingly focused on ensuring that ambition is matched by control, that delivery is supported by proper oversight, and that risks, resources and performance are actively managed. This is essential if the council is to maintain momentum while continuing to meet its statutory duties and responsibilities to residents.

The financial context for local government remains challenging. Demand pressures, inflation, housing need, borrowing costs and wider economic uncertainty continue to require careful management.

In that environment, strong financial control, prudent use of reserves, effective governance and clear prioritisation are essential.

The council's approach throughout 2025/26 has been to combine ambition with discipline: investing in the future of Harlow while maintaining a clear focus on value for money, resilience and responsible financial management.

## NARRATIVE REPORT

Harlow Council is a major landlord, a major local investor, a key partner in regeneration and a civic leader for the town.

Through Building Harlow's Future, the council is using those roles to drive change, restore pride and improve outcomes across every community.

These accounts provide a transparent record of that work and of the resources that support it.

The year ahead will be about maintaining momentum and turning ambition into even greater delivery. The foundations are now in place. The task is to keep building a stronger council, better services, renewed neighbourhoods, improved homes, a regenerated town centre and a future in which Harlow's potential is fully realised.

### Financial Context

The Council has an annual net General Fund budget of £14.113 million and through its Housing Revenue Account (HRA) is the landlord for over 9,000 properties and over 2,600 leasehold properties at a gross cost of over £52.990 million. The Council currently delivers an overall annual capital investment programme of approximately £111.631 million (£76.562m Housing Capital Programme, £35.069m Non-housing Capital Programme).

The services it provides affect the lives of everybody who lives in, works in or visits Harlow. Over the past year, the focus has been on significantly improving service standards and delivery which has been coupled with greater investment into services.

The Government core funding settlement for 2025/26 was above that in the previous financial year and the Council froze its level of Council Tax for 2025/26 as it has each year since 2022/23.

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)

### Revenue spending - General Fund 2025/26

Prior to the start of the new financial 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 2025/26 of £14.113 million in February 2025. The Council made a £39k 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 - 2025/26   | Original Estimate<br>£'000 | Revised Estimate<br>£'000 | Actual<br>£'000 | Variance to Revised<br>£'000 |
|----------------------------------|----------------------------|---------------------------|-----------------|------------------------------|
| <b>Council Services</b>          |                            |                           |                 |                              |
| Corporate Services & Improvement | 1,829                      | 1,932                     | 1,992           | 60                           |
| Culture & Community              | 2,662                      | 2,716                     | 3,124           | 408                          |
| Environment                      | 5,308                      | 5,529                     | 5,207           | (322)                        |

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|  |                 |                 |                 |                |
|--|-----------------|-----------------|-----------------|----------------|
| Executive Office                                 | 2,486           | 2,287           | 3,086           | 799            |
| Facilities & Assets                              | (5,460)         | (5,632)         | (5,648)         | (16)           |
| Finance  | 2,147           | 2,147           | 2,401           | 254            |
| Housing Operations (People) General Fund         | 1,525           | 1,515           | 2,297           | 783            |
| Housing Operations (Property) General Fund       | (159)           | (159)           | 198             | 358            |
| Human Resources & Organisational Development     | 463             | 463             | 531             | 68             |
| Legal & Democratic Services                      | 682             | 742             | 843             | 101            |
| Planning & Garden Town                           | 777             | 777             | 652             | (125)          |
| Public Protection                                | 1,135           | 1,260           | 1,249           | (11)           |
| Regeneration                                     | 554             | 553             | 905             | 351            |
| <b>Net Service Expenditure</b>                   | <b>13,949</b>   | <b>14,129</b>   | <b>16,836</b>   | <b>2,708</b>   |
| Net Interest Payable                             | 558             | 558             | 1,146           | 588            |
| MRP  | 1,596           | 1,596           | 1,827           | 231            |
| Other Operating Expenditure                      | -               | -               | 207             | 207            |
| Other Operating income                           | (773)           | (773)           | (492)           | 281            |
|  | <b>15,330</b>   | <b>15,510</b>   | <b>19,525</b>   | <b>4,015</b>   |
| <b>Transfers to/(from) Reserves</b>              | <b>(1,217)</b>  | <b>(1,397)</b>  | <b>(2,089)</b>  | <b>(691)</b>   |
| <b>Net Spending Requirement</b>                  | <b>14,113</b>   | <b>14,113</b>   | <b>17,436</b>   | <b>3,324</b>   |
| Total Funding                                    | <b>(14,113)</b> | <b>(14,113)</b> | <b>(17,475)</b> | <b>(3,363)</b> |
| <b>Net (Surplus)/Deficit as at 31 March 2026</b> | <b>-</b>        | <b>-</b>        | <b>(39)</b>     | <b>(39)</b>    |

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

During 2025/26 the Council's total net service expenditure on its General Fund was £16.836 million (£14.467 million 2024/25), which was offset by income from Council Tax and Government Grants.

Key variances include:

|   |         |
|---|---------|
| Reduced income from Car Parks                             | £0.135m |
| Realignment of HTS contract                               | £0.452m |
| Increased cost of employees                               | £0.648m |
| Short term support for households at risk of homelessness | £0.845m |
| Increased cost of Insurance                               | £0.236m |
| Reduced income from Planning Applications                 | £0.136m |
| Increased cost of Legal Fees                              | £0.111m |
| Other variations  | £0.145m |

The General Fund Balance as at 31 March 2026 stands at £4.008 million. This continues to compare favourably with the Council's recommended minimum working balance of £2.5 million.

The purpose of the General Fund balance 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 2025/26**

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 £62.177 million on HRA services. This was offset by a planned revenue income budget of £61.107 million, to leave a planned deficit of £1.071 million. The following table summarises the updated outturn position:

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| Housing Revenue Account Outturn - 2025/26                  | Original<br>Budget<br>£'000 | Revised<br>Estimate<br>£'000 | Actual<br>£'000 | Variance<br>to<br>Revised<br>£'000 |
|--|-----------------------------|------------------------------|-----------------|------------------------------------|
| <b>Expenditure</b>   |                             |                              |                 |                                    |
| General Management   | 14,514                      | 14,913                       | 14,981          | 68                                 |
| Special Services   | 9,656                       | 9,684                        | 11,138          | 1,454                              |
| Repairs & Maintenance                                      | 13,638                      | 14,033                       | 15,571          | 1,538                              |
| Rents, Rates & Taxes and Other Charges                     | 108                         | 108                          | 299             | 191                                |
| Provision for Bad and Doubtful Debts                       | 424                         | 424                          | 746             | 322                                |
| Supporting People Transitional Arrangements                | 1                           | 1                            | 1               | 0                                  |
| Depreciation & Impairment of Non-Current Assets            | 13,827                      | 13,827                       | 13,935          | 108                                |
| <b>Total Spending for Year</b>                             | <b>52,168</b>               | <b>52,990</b>                | <b>56,671</b>   | <b>3,681</b>                       |
| <b>Income</b>  |                             |                              |                 |                                    |
| Dwelling Rents   | (52,971)                    | (52,971)                     | (52,837)        | 134                                |
| Non-Dwelling Rents   | (1,261)                     | (1,261)                      | (948)           | 313                                |
| Other Rents  | (80)                        | (80)                         | (70)            | 10                                 |
| Charges for Services & Facilities                          | (6,348)                     | (6,348)                      | (7,099)         | (751)                              |
| <b>Total Income for Year</b>                               | <b>(60,661)</b>             | <b>(60,661)</b>              | <b>(60,954)</b> | <b>(294)</b>                       |
| <b>Net income for HRA services</b>                         | <b>(8,492)</b>              | <b>(7,670)</b>               | <b>(4,283)</b>  | <b>3,387</b>                       |
| Interest payable and similar charges                       | 8,329                       | 8,329                        | 9,496           | 1,167                              |
| Interest and investment income                             | (446)                       | (446)                        | (447)           | (1)                                |
| <b>HRA share of Other Operating Income and Expenditure</b> | <b>7,883</b>                | <b>7,883</b>                 | <b>9,049</b>    | <b>1,166</b>                       |
| <b>Transfer to/(from) Reserves</b>                         | <b>858</b>                  | <b>858</b>                   | <b>174</b>      | <b>(684)</b>                       |
| <b>Net (Surplus)/Deficit on HRA as at 31 March 2026</b>    | <b>248</b>                  | <b>1,071</b>                 | <b>4,940</b>    | <b>3,869</b>                       |

It can be seen from the above table that in 2025/26 the net variation in HRA income and expenditure was an adverse £3.869 million (net of favourable).

Summary of key variances on the HRA include:

- Rents (£457k Adverse)
  - Short term support for vulnerable households (£1.063m Adverse)
  - Transfer to Reserves (£684k Favourable)
  - HTS delivery additional to contract (£2.580m Adverse)
  - Other Minor Variations (£740k Favourable)
  - Support Costs (£753k Adverse)
  - Provision for bad debts (£321k Adverse)
  - Leaseholder Service charges (£900k Favourable)
  - Interest Charges (£1.157m Adverse)
  - Interest on revenue balances (£1k Favourable)
- 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 2025/26**

In its capital investment programme aligned with both General Fund and Housing services, the Council incurred expenditure totalling £111.631 million in 2025/26 against an approved programme

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of £127.449 million. Schemes to the value of £23.103 million are to be carried forward for works due to be undertaken or completed during 2026/27. Housing schemes included:

| <b>Housing Capital Programme - 2025/26</b> | <b>Expenditure<br/>£000s</b> |
|--|------------------------------|
| <b>Core Programme</b>                      |                              |
| HTS  | 1,319                        |
| External Works                             | 14,093                       |
| Damp & Structural Works                    | 2,646                        |
| Other Works                                | 9,711                        |
| Fire Safety & Compliance                   | 21,182                       |
| Energy Efficiency Works                    | 2,232                        |
| Housing IT                                 | 69                           |
| Open Spaces Parking Programme              | 4,201                        |
| <b>Total Core Programme</b>                | <b>55,455</b>                |
| Acquisitions/Other Developments            | 4,203                        |
| New Build Programme                        | 16,904                       |
| <b>Total Housing Capital Programme</b>     | <b>76,562</b>                |
| <b>Financed by:</b>                        |                              |
| Major Repairs Reserve                      | 13,954                       |
| Capital Receipts                           | 20,604                       |
| Other grants and contributions             | 1,010                        |
| Borrowing                                  | 40,993                       |
| <b>Total Funding</b>                       | <b>76,562</b>                |

### Non-housing schemes included:

| <b>Non-Housing Capital Programme - 2025/26</b> | <b>Expenditure<br/>£000s</b> |
|--|------------------------------|
| Corporate Services & Improvement               | 275                          |
| Culture & Community                            | 912                          |
| Environment                                    | 358                          |
| Facilities & Assets                            | 2,129                        |
| HR & Organisational Development                | 44                           |
| Public Protection                              | 1,737                        |
| Regeneration                                   | 1,401                        |
| <b>Total Core Programme</b>                    | <b>6,855</b>                 |
| Acquisitions                                   | 16,518                       |
| Council House Building Programme               | 992                          |
| Harlow Innovation Park                         | 753                          |
| Levelling Up Fund                              | 1,367                        |
| Towns Fund                                     | 8,584                        |
| <b>Total Specific Projects</b>                 | <b>28,213</b>                |
| <b>Total Non-Housing Capital Programme</b>     | <b>35,069</b>                |
| <b>Financed by:</b>                            |                              |
| Capital Receipts                               | 4,500                        |
| Direct Revenue Contribution                    | 260                          |

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|                                |               |
|--------------------------------|---------------|
| Other grants and contributions | 15,790        |
| Borrowing                      | 14,519        |
| <b>Total Funding</b>           | <b>35,069</b> |

### Funding the Capital Programme

In 2025/26 the total capital programme was £111.631 million (General Fund £35.069 million and Housing Capital Programme £76.562 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 - 2025/26</b> | <b>Expenditure</b> |
|--|--------------------|
|  | <b>£000s</b>       |
| Housing Capital Programme                    | 76,562             |
| Non Housing Capital Programme                | 35,069             |
| <b>Total Capital Programme</b>               | <b>111,631</b>     |
| <b>Financed by:</b>                          |                    |
| Capital Receipts                             | 8,701              |
| Capital Receipts (HRA)                       | 16,403             |
| Direct Revenue Contribution                  | 260                |
| Major Repairs Reserve                        | 13,954             |
| Other grants and contributions               | 16,800             |
| Borrowing (HRA)                              | 40,993             |
| Borrowing                                    | 14,519             |
| <b>Total Funding</b>                         | <b>111,631</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.

### Current Assets and Current Liabilities

The level of current assets reported in the balance sheet has increased from £31.416 million at 31 March 2025 to £48.710 million as at 31 March 2026, an increase of £17.294 million. The most significant movements were:

- An increase in cash and cash equivalents of £9.581 million.
- An increase in short term debtors of £8.273 million

Current liabilities have increased from £125.182 million as at 31 March 2025 to £129.983 million as at 31 March 2026. This is largely represented by a decrease in short-term Borrowing of £6.000 million and an increase in sundry creditors, as shown the financial statements.

### **Other Long-Term Liabilities - Pension Fund**

Pension Fund liabilities have decreased from £4.627 million as at 31 March 2025 to £4.274 million as at 31 March 2026. Further details of the movement can be found in Note 40. Defined Benefit Pension Scheme.

### **Going Concern**

The Council has prepared the 2025/26 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 missions 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 six missions and priorities are set out in its Building Harlow's Future plan 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>

### **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 2025/26 ("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 Interim Director (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.

### [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.

### [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.

### [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).

### [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

## ***NARRATIVE REPORT***

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 Council is the billing authority for council tax and business rates and has a 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, other preceptors 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 Ltd., Burnt Mills LLP, Market Square (Harlow) LLP (both of which are part of Millbrook (Harlow) Ltd) and Harlow Regeneration Partnership LLP 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 and Income Expenditure Statement; the Balance Sheet; the Cash Flow Statement and associated notes.

### Prior Period (2024/25) Correction

In March 2025 the council acquired Adams House in Harlow. The acquisition was accounted for wholly as investment property in the 2024/25 financial statements. The council subsequently disposed of part of the property (under a lease) to Market Square (Harlow) LLP, financed by a council loan to the LLP. The council has now re-stated the 2024/25 comparatives to reflect the correction to the treatment, since the disposal and loan took place by 31 March 2025. In the 2024/25 Balance Sheet, investment property is decreased by £5.608m from £70.073m to £64.465m and long-term debtors is increased by £5.608m from £2.356m to £7.964m (in the Group Balance Sheet, PPE is increased by £5.608m). Notes to the accounts 2024/25 comparatives on Investment Property, Financial Instruments and Capital Financing have also been updated for this amendment.

### Change in accounting policy

The 2025/26 Cipfa Code of Practice introduced an amendment regarding the valuation of property, plant and equipment whereby valuations are required every 5 years or on a five year rolling basis and are to be supported by indexation in the intervening years. Prior period comparatives are not required to be made following the change in policy.

**Jan Willis IPFA**  
**Interim Director – Finance (Section 151 Officer)**  
**30 June 2026**



# **STATEMENT OF ACCOUNTS 2025/26**

(subject to audit)

# STATEMENT OF RESPONSIBILITIES

## The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to ensure 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 2026 and of its expenditure and income for the year ended 31 March 2026.

The unaudited accounts were issued on 30 June 2026 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



Date 30 June 2026

Jan Willis IPFA  
Interim Director – Finance and Section 151 Officer



# **CORE FINANCIAL STATEMENTS**

## EXPENDITURE AND FUNDING ANALYSIS

The expenditure and funding analysis demonstrates how funding available to the authority (government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's directorates. Income and expenditure accounted for under generally accepted accounting practices are presented more fully in the Comprehensive Income and Expenditure Statement.

| 2024/25  |   |                                      | Expenditure and Funding Analysis                 | 2025/26  |   |                                      |
|--|---|--------------------------------------|--|--|---|--------------------------------------|
| Net Expenditure Chargeable to the General Fund Balances<br>£'000 | Adjustments between Funding and Accounting Basis (see note 7a)<br>£'000 | Net Expenditure in the CIES<br>£'000 |  | Net Expenditure Chargeable to the General Fund Balances<br>£'000 | Adjustments between Funding and Accounting Basis (see note 7a)<br>£'000 | Net Expenditure in the CIES<br>£'000 |
| 2,746  | 104   | 2,850                                | Corporate Services & Improvement                 | 3,569  | (111)   | 3,458                                |
| 2,372  | 960   | 3,332                                | Culture & Community                              | 3,172  | (116)   | 3,056                                |
| 4,589  | 238   | 4,828                                | Environment                                      | 4,066  | (49)  | 4,017                                |
| 3,254  | (67)  | 3,187                                | Executive Office                                 | 4,321  | (134)   | 4,187                                |
| (5,014)  | 5,188   | 175                                  | Facilities & Assets                              | (5,332)  | 8,218   | 2,885                                |
| 6,848  | (33)  | 6,815                                | Finance  | 5,697  | (252)   | 5,445                                |
| 2,488  | (1)   | 2,487                                | Housing Operations (People) General Fund         | 2,588  | (115)   | 2,473                                |
| 565  | 10  | 575                                  | Human Resources & Organisational Development     | 677  | (29)  | 648                                  |
| 972  | (30)  | 942                                  | Legal & Democratic Services                      | 1,156  | (41)  | 1,116                                |
| 1,000  | (38)  | 963                                  | Planning & Garden Town                           | 670  | (40)  | 630                                  |
| 1,534  | 273   | 1,806                                | Public Protection                                | 2,108  | (116)   | 1,990                                |
| 1,936  | 210   | 2,146                                | Regeneration                                     | 1,705  | (25)  | 1,680                                |
| (27,696)   | 11,715  | (15,981)                             | HRA (Housing Revenue Account)                    | (24,466)   | 29,743  | 5,277                                |
| <b>(4,405)</b>   | <b>18,529</b>   | <b>14,124</b>                        | <b>Net Cost of Services</b>                      | <b>(69)</b>  | <b>36,930</b>   | <b>36,862</b>                        |
| (2,418)  | (10,175)  | (12,592)                             | Other income & Expenditure                       | 6,885  | (39,551)  | (32,666)                             |
| <b>(6,823)</b>   | <b>8,354</b>  | <b>1,531</b>                         | <b>(Surplus)/Deficit on Provision of Service</b> | <b>6,816</b>   | <b>(2,621)</b>  | <b>4,196</b>                         |
| <b>(49,377)</b>  |   |                                      | <b>Opening Balances</b>                          | <b>(56,200)</b>  |   |                                      |
| <b>(6,823)</b>   |   |                                      | (Surplus)/Deficit on Balances for Year           | <b>6,816</b>   |   |                                      |
| <b>(56,200)</b>  |   |                                      | <b>Closing Balance</b>                           | <b>(49,384)</b>  |   |                                      |
| <b>(3,969)</b>   |   |                                      | General Fund Balance                             | <b>(4,008)</b>   |   |                                      |
| <b>(27,951)</b>  |   |                                      | General Fund Earmarked                           | <b>(25,862)</b>  |   |                                      |
| <b>(14,916)</b>  |   |                                      | HRA Balance                                      | <b>(9,976)</b>   |   |                                      |
| <b>(9,364)</b>   |   |                                      | HRA Earmarked                                    | <b>(9,537)</b>   |   |                                      |
| <b>(56,200)</b>  |   |                                      | <b>Total</b>                                     | <b>(49,384)</b>  |   |                                      |

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

The Comprehensive Income and Expenditure 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 (or rents). Authorities raise taxation (and rents) to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the expenditure and funding analysis and the Movement in Reserves Statement.

| 2024/25 HARLOW DC |                  |               | 2025/26 HARLOW DC  |  |                |                  |                 |
|-------------------|------------------|---------------|--|--|----------------|------------------|-----------------|
| Exp.<br>000       | Income<br>£'000  | Net<br>£'000  | Comprehensive Income and<br>Expenditure Statement                    |  | Exp.<br>£'000  | Income<br>£'000  | Net<br>£'000    |
| 3,150             | (300)            | 2,850         | Corporate Services & Improvement                                     |  | 3,771          | (314)            | 3,458           |
| 5,311             | (1,979)          | 3,332         | Culture & Community  |  | 5,172          | (2,115)          | 3,056           |
| 7,732             | (2,904)          | 4,828         | Environment  |  | 8,201          | (4,184)          | 4,017           |
| 3,283             | (96)             | 3,187         | Executive Office   |  | 4,373          | (186)            | 4,187           |
| 9,590             | (9,415)          | 175           | Facilities & Assets  |  | 11,985         | (9,100)          | 2,885           |
| 29,012            | (22,197)         | 6,815         | Finance  |  | 24,116         | (18,671)         | 5,445           |
| 5,082             | (2,595)          | 2,487         | Housing Operations (People) General Fund                             |  | 5,310          | (2,837)          | 2,473           |
| 591               | (16)             | 575           | Human Resources & Organisational Development                         |  | 749            | (101)            | 648             |
| 1,433             | (491)            | 942           | Legal & Democratic Services  |  | 1,379          | (263)            | 1,116           |
| 1,440             | (478)            | 963           | Planning & Garden Town   |  | 1,305          | (675)            | 630             |
| 4,151             | (2,345)          | 1,806         | Public Protection  |  | 4,641          | (2,651)          | 1,990           |
| 3,190             | (1,044)          | 2,146         | Regeneration   |  | 2,339          | (658)            | 1,680           |
| 43,027            | (59,008)         | (15,981)      | HRA (Housing Revenue Account)  |  | 68,792         | (63,514)         | 5,277           |
| <b>116,991</b>    | <b>(102,867)</b> | <b>14,124</b> | <b>Cost of Service</b>   |  | <b>142,133</b> | <b>(105,272)</b> | <b>36,862</b>   |
|                   |                  | 4,132         | 10 Other Operating Expenditure                                       |  |                |                  | (9,798)         |
|                   |                  | 6,826         | 11 Financing and Investment Income & Equipment                       |  |                |                  | 9,438           |
|                   |                  | (23,551)      | 12 Taxation & Non-specific Grant Income                              |  |                |                  | (32,306)        |
|                   |                  | <b>1,531</b>  | <b>(Surplus)/Deficit on Provision of Service</b>                     |  |                |                  | <b>4,196</b>    |
|                   |                  | 26,121        | 14 (Surplus)/Deficit on revaluation of Property, Plant & Equipment   |  |                |                  | (63,639)        |
|                   |                  | (32)          | 28 (Surplus)/Deficit Revaluation Available for Sale Financial Assets |  |                |                  | (1)             |
|                   |                  | 507           | 40 Remeasurement of the net defined benefit liability/(asset)        |  |                |                  | 1,243           |
|                   |                  | <b>26,596</b> | <b>Other Comprehensive (Income) &amp; Expenditure</b>                |  |                |                  | <b>(62,396)</b> |
|                   |                  | <b>28,127</b> | <b>Total Comprehensive (Income) &amp; Expenditure</b>                |  |                |                  | <b>(58,200)</b> |

| 2024/25 # GROUP # |                  |               |  | 2025/26 # GROUP # |                  |                 |
|-------------------|------------------|---------------|--|-------------------|------------------|-----------------|
| Exp.<br>£'000     | Income<br>£'000  | Net<br>£'000  | CIES   | Exp.<br>£'000     | Income<br>£'000  | Net<br>£'000    |
| 3,150             | (300)            | 2,850         | Corporate Services & Improvement                       | 3,771             | (314)            | 3,457           |
| 5,311             | (1,979)          | 3,332         | Culture & Community                                    | 5,172             | (2,115)          | 3,057           |
| 7,732             | (2,904)          | 4,828         | Environment  | 8,201             | (4,184)          | 4,017           |
| 3,283             | (96)             | 3,187         | Executive Office                                       | 4,373             | (186)            | 4,187           |
| 9,590             | (9,415)          | 175           | Facilities & Assets                                    | 11,985            | (9,100)          | 2,885           |
| 755               | (21,397)         | (20,642)      | Finance  | 24,116            | (18,671)         | 5,445           |
| 5,082             | (2,595)          | 2,487         | Housing Operations (People)<br>General Fund            | 5,310             | (2,837)          | 2,473           |
| 591               | (16)             | 575           | Human Resources &<br>Organisational Development        | 749               | (101)            | 648             |
| 1,433             | (491)            | 942           | Legal & Democratic Services                            | 1,379             | (263)            | 1,116           |
| 1,440             | (478)            | 962           | Planning & Garden Town                                 | 1,305             | (675)            | 630             |
| 4,151             | (2,345)          | 1,806         | Public Protection                                      | 4,641             | (2,651)          | 1,990           |
| 3,190             | (1,044)          | 2,146         | Regeneration   | 2,339             | (658)            | 1,681           |
| 43,027            | (59,008)         | (15,981)      | Housing HRA  | 19,130            | (62,965)         | 43,835          |
| 28,890            | -                | 28,890        | HTS Group Ltd  | 44,493            | -                | 44,493          |
| -                 | -                | -             | Other Entities   | 530               | (1,242)          | (712)           |
| <b>117,625</b>    | <b>(102,068)</b> | <b>15,557</b> | <b>Cost of Service</b>                                 | <b>137,494</b>    | <b>(105,964)</b> | <b>31,530</b>   |
|                   |                  | 4,132         | Other Operating Expenditure                            |                   |                  | (5,711)         |
|                   |                  | 6,845         | Financing and Investment I&E                           |                   |                  | 9,533           |
|                   |                  | (23,551)      | Taxation & Non-specific Grant<br>Income                |                   |                  | (32,306)        |
|                   |                  | <b>2,983</b>  | <b>(Surplus)/Deficit on Prov. of<br/>Service</b>       |                   |                  | <b>3,046</b>    |
|                   |                  | -             | Tax expense of Subsidiary                              |                   |                  | 296             |
|                   |                  | <b>2,983</b>  | <b>(Surplus)/Deficit on Group</b>                      |                   |                  | <b>3,342</b>    |
|                   |                  | 26,121        | (Surplus)/Deficit on revaluation of<br>PPE             |                   |                  | (63,639)        |
|                   |                  | (32)          | (Surplus)/Deficit Reval Avail. for<br>Sale Fin. Assets |                   |                  | (1)             |
|                   |                  | (8,130)       | Remeasure of net defined benefit                       |                   |                  | (812)           |
|                   |                  | <b>17,959</b> | <b>Other Comprehensive I&amp;E</b>                     |                   |                  | <b>(64,452)</b> |
|                   |                  | <b>20,942</b> | <b>Total Comprehensive I&amp;E</b>                     |                   |                  | <b>(61,110)</b> |

## 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.

| HARLOW DISTRICT COUNCIL 2025/26   | General Fund Balance<br>£'000 | General Fund Ear-marked<br>£'000 | HRA Balance<br>£'000 | HRA Ear-marked<br>£'000 | Capital Receipts Reserve<br>£'000 | Major Repairs Reserve<br>£'000 | Capital Grants Unapplied<br>£'000 | Total Usable Reserves<br>£'000 | Unusable Reserves<br>£'000 | Total Council Reserves<br>£'000 |
|---|-------------------------------|----------------------------------|----------------------|-------------------------|-----------------------------------|--------------------------------|-----------------------------------|--------------------------------|----------------------------|---------------------------------|
| <b>MIRS</b>   |                               |                                  |                      |                         |                                   |                                |                                   |                                |                            |                                 |
| <b>Balance at 31 March brought forward</b>  | <b>(3,969)</b>                | <b>(27,951)</b>                  | <b>(14,916)</b>      | <b>(9,364)</b>          | <b>(22,777)</b>                   | <b>-</b>                       | <b>(2,833)</b>                    | <b>(81,811)</b>                | <b>(779,614)</b>           | <b>(861,425)</b>                |
| (Surplus)/Deficit on Provision of Services  | (1,091)                       | -                                | 5,288                | -                       | -                                 | -                              | -                                 | 4,196                          | -                          | 4,196                           |
| Other Comprehensive I&E   | -                             | -                                | -                    | -                       | -                                 | -                              | -                                 | -                              | (62,396)                   | (62,396)                        |
| <b>Total Comprehensive I&amp;E</b>  | <b>(1,091)</b>                | <b>-</b>                         | <b>5,288</b>         | <b>-</b>                | <b>-</b>                          | <b>-</b>                       | <b>-</b>                          | <b>4,196</b>                   | <b>(62,396)</b>            | <b>(58,200)</b>                 |
| Transfer of recharges between GF & HRA  | (6,229)                       | -                                | 6,229                | -                       | -                                 | -                              | -                                 | -                              | -                          | -                               |
| Adjustments between Accounting Basis and Funding Basis under Regulations (Note 8) | 9,370                         | -                                | (6,750)              | -                       | 4,477                             | -                              | 348                               | 7,445                          | (7,445)                    | -                               |
| Transfers to/(from) reserves  | <b>(2,089)</b>                | <b>2,089</b>                     | <b>173</b>           | <b>(173)</b>            | <b>-</b>                          | <b>-</b>                       | <b>-</b>                          | <b>-</b>                       | <b>-</b>                   | <b>-</b>                        |
| <b>(Increase) or Decrease in year</b>   | <b>(39)</b>                   | <b>2,089</b>                     | <b>4,940</b>         | <b>(173)</b>            | <b>4,477</b>                      | <b>-</b>                       | <b>348</b>                        | <b>11,641</b>                  | <b>(69,842)</b>            | <b>(58,200)</b>                 |
| <b>Balance at 31 March carried forward</b>  | <b>(4,008)</b>                | <b>(25,862)</b>                  | <b>(9,976)</b>       | <b>(9,537)</b>          | <b>(18,300)</b>                   | <b>-</b>                       | <b>(2,485)</b>                    | <b>(70,170)</b>                | <b>(849,455)</b>           | <b>(919,625)</b>                |

| HARLOW DISTRICT COUNCIL 2024/25              | General Fund Balance<br>£'000 | General Fund Ear-marked<br>£'000 | HRA Balance<br>£'000 | HRA Ear-marked<br>£'000 | Capital Receipts Reserve<br>£'000 | Major Repairs Reserve<br>£'000 | Capital Grants Unapplied<br>£'000 | Total Usable Reserves<br>£'000 | Unusable Reserves<br>£'000 | Total Council Reserves<br>£'000 |
|--|-------------------------------|----------------------------------|----------------------|-------------------------|-----------------------------------|--------------------------------|-----------------------------------|--------------------------------|----------------------------|---------------------------------|
| <b>MIRS</b>                                  |                               |                                  |                      |                         |                                   |                                |                                   |                                |                            |                                 |
| <b>Balance at 31 March brought forward</b>   | <b>(3,969)</b>                | <b>(25,060)</b>                  | <b>(10,781)</b>      | <b>(9,568)</b>          | <b>(33,113)</b>                   | <b>-</b>                       | <b>(2,741)</b>                    | <b>(85,232)</b>                | <b>(804,320)</b>           | <b>(889,552)</b>                |
| (Surplus)/Deficit on Provision of Services   | 9,264                         | -                                | (7,733)              | -                       | -                                 | -                              | -                                 | 1,531                          | -                          | 1,531                           |
| Other Comprehensive I&E                      | -                             | -                                | -                    | -                       | -                                 | -                              | -                                 | -                              | 26,596                     | 26,596                          |
| <b>Total Comprehensive I&amp;E</b>           | <b>9,264</b>                  | <b>-</b>                         | <b>(7,733)</b>       | <b>-</b>                | <b>-</b>                          | <b>-</b>                       | <b>-</b>                          | <b>1,531</b>                   | <b>26,596</b>              | <b>28,127</b>                   |
| Transfers of recharges between GF & HRA      | (5,510)                       | -                                | 5,510                | -                       | -                                 | -                              | -                                 | -                              | -                          | -                               |
| Adjs acc & funding basis under regs (Note 8) | (6,645)                       | -                                | (1,709)              | -                       | 10,337                            | -                              | (93)                              | 1,890                          | (1,890)                    | -                               |
| Transfers to/(from) reserves                 | <b>2,891</b>                  | <b>(2,891)</b>                   | <b>(204)</b>         | <b>204</b>              | <b>-</b>                          | <b>-</b>                       | <b>-</b>                          | <b>-</b>                       | <b>-</b>                   | <b>-</b>                        |
| <b>(Increase) or Decrease in year</b>        | <b>-</b>                      | <b>(2,891)</b>                   | <b>(4,136)</b>       | <b>204</b>              | <b>10,337</b>                     | <b>-</b>                       | <b>(93)</b>                       | <b>3,421</b>                   | <b>24,706</b>              | <b>28,127</b>                   |
| <b>Balance at 31 March carried forward</b>   | <b>(3,969)</b>                | <b>(27,951)</b>                  | <b>(14,916)</b>      | <b>(9,364)</b>          | <b>(22,777)</b>                   | <b>-</b>                       | <b>(2,833)</b>                    | <b>(81,811)</b>                | <b>(779,614)</b>           | <b>(861,424)</b>                |

| # GROUP # 2025/26                              | General Fund Balance | General Fund Earmarked | HRA Balance     | HRA Earmarked  | Capital Receipts Reserve | Major Repairs Reserve | Capital Grants Unapplied Account | # Cou. share of Subs P&L Res # | Total Usable Reserves | Unusable Reserves | # HTS unusable Reserves # | Total Reserves   |
|--|----------------------|------------------------|-----------------|----------------|--------------------------|-----------------------|----------------------------------|--------------------------------|-----------------------|-------------------|---------------------------|------------------|
| MIRS   | £'000                | £'000                  | £'000           | £'000          | £'000                    | £'000                 | £'000                            | £'000                          | £'000                 | £'000             | £'000                     | £'000            |
| <b>Balance at 31 March brought forward</b>     | <b>(3,169)</b>       | <b>(27,951)</b>        | <b>(14,916)</b> | <b>(9,364)</b> | <b>(22,777)</b>          | <b>-</b>              | <b>(2,833)</b>                   | <b>(343)</b>                   | <b>(81,353)</b>       | <b>(779,614)</b>  | <b>(25,334)</b>           | <b>(886,416)</b> |
| (Surplus)/Deficit on Prov of Services          | (1,092)              |                        | 5,288           |                |                          |                       |                                  |                                | 4,196                 |                   |                           | 4,196            |
| (Surp)/Defc on Prov of Services HTS            |                      |                        |                 |                |                          |                       |                                  | (4,619)                        | (4,619)               |                   |                           | (4,619)          |
| (Surp)/Defi on Prov of Services Other Entities |                      |                        |                 |                |                          |                       |                                  | (714)                          | (714)                 |                   |                           | (714)            |
| Other Comprehensive I&E                        |                      |                        |                 |                |                          |                       |                                  |                                |                       | (62,396)          |                           | (62,396)         |
| Other Comprehensive I&E HTS                    |                      |                        |                 |                |                          |                       |                                  | 4,478                          | 4,478                 |                   | (2,055)                   | 2,423            |
| Other Comprehensive I&E Other Entities         |                      |                        |                 |                |                          |                       |                                  |                                |                       |                   |                           |                  |
| <b>Total Comprehensive I&amp;E</b>             | <b>(1,092)</b>       | <b>-</b>               | <b>5,288</b>    | <b>-</b>       | <b>-</b>                 | <b>-</b>              | <b>-</b>                         | <b>(855)</b>                   | <b>3,341</b>          | <b>(62,396)</b>   | <b>(2,055)</b>            | <b>(61,110)</b>  |
| Transfer of recharges from General to HRA      | (6,229)              |                        | 6,229           |                |                          |                       |                                  |                                | -                     |                   |                           | -                |
| Adjs acc & funding basis under regs (Note 8)   | 9,370                |                        | (6,750)         |                | 4,477                    |                       | 348                              |                                | 7,445                 | (7,445)           |                           | -                |
| Transfer to/from Earmarked Reserves            | (2,089)              | 2,089                  | 173             | (173)          |                          |                       |                                  |                                | -                     |                   |                           | -                |
| <b>(Increase) or decrease in year</b>          | <b>(40)</b>          | <b>2,089</b>           | <b>4,940</b>    | <b>(173)</b>   | <b>4,477</b>             | <b>-</b>              | <b>348</b>                       | <b>(855)</b>                   | <b>10,786</b>         | <b>(69,841)</b>   | <b>(2,055)</b>            | <b>(61,110)</b>  |
| <b>Balance at 31 March carried forward</b>     | <b>(3,209)</b>       | <b>(25,862)</b>        | <b>(9,976)</b>  | <b>(9,537)</b> | <b>(18,300)</b>          | <b>-</b>              | <b>(2,485)</b>                   | <b>(1,198)</b>                 | <b>(70,567)</b>       | <b>(849,455)</b>  | <b>(27,389)</b>           | <b>(947,411)</b> |
| # GROUP # 2024/25                              | General Fund Balance | General Fund Earmarked | HRA Balance     | HRA Earmarked  | Capital Receipts Reserve | Major Repairs Reserve | Capital Grants Unapplied Account | # Cou. share of Subs P&L Res # | Total Usable Reserves | Unusable Reserves | # HTS unusable Reserves # | Total Reserves   |
| MIRS   | £'000                | £'000                  | £'000           | £'000          | £'000                    | £'000                 | £'000                            | £'000                          | £'000                 | £'000             | £'000                     | £'000            |
| Balance at 31 March brought forward            | (3,969)              | (25,060)               | (10,781)        | (9,568)        | (33,113)                 | -                     | (2,741)                          | (1,106)                        | (86,338)              | (804,320)         | (16,697)                  | (907,355)        |
| <i>Adjustment to opening balance classes</i>   | -                    | -                      | -               | -              | -                        | -                     | -                                | -                              | -                     | -                 | -                         | -                |
| <b>Balance at 31 March brought forward</b>     | <b>(3,969)</b>       | <b>(25,060)</b>        | <b>(10,781)</b> | <b>(9,568)</b> | <b>(33,113)</b>          | <b>-</b>              | <b>(2,741)</b>                   | <b>(1,106)</b>                 | <b>(86,338)</b>       | <b>(804,320)</b>  | <b>(16,697)</b>           | <b>(907,355)</b> |
| (Surplus)/Deficit on Prov of Services          | 10,064               | -                      | (7,733)         | -              | -                        | -                     | -                                | -                              | 2,331                 | -                 | -                         | 2,331            |
| # (Surp)/Def on Prov of Services HTS #         | -                    | -                      | -               | -              | -                        | -                     | -                                | 652                            | 652                   | -                 | -                         | 652              |
| Other Comprehensive I&E                        | -                    | -                      | -               | -              | -                        | -                     | -                                | -                              | -                     | 26,595            | -                         | 26,595           |
| # Other Comprehensive I&E HTS #                | -                    | -                      | -               | -              | -                        | -                     | -                                | -                              | -                     | -                 | (8,637)                   | (8,637)          |
| <b>Total Comprehensive I&amp;E</b>             | <b>10,064</b>        | <b>-</b>               | <b>(7,733)</b>  | <b>-</b>       | <b>-</b>                 | <b>-</b>              | <b>-</b>                         | <b>652</b>                     | <b>2,981</b>          | <b>26,595</b>     | <b>(8,637)</b>            | <b>20,942</b>    |
| Transfers of recharges between GF & HRA        | (5,510)              | -                      | 5,510           | -              | -                        | -                     | -                                | -                              | -                     | -                 | -                         | -                |
| Adjs acc & funding basis under regs (Note 8)   | (6,645)              | -                      | (1,709)         | -              | 10,337                   | -                     | (93)                             | -                              | 1,890                 | (1,890)           | -                         | -                |
| Transfers to/(from) reserves                   | 2,891                | (2,891)                | (204)           | 204            | -                        | -                     | -                                | -                              | -                     | -                 | -                         | -                |
| <b>(Increase) or decrease in year</b>          | <b>800</b>           | <b>(2,891)</b>         | <b>(4,136)</b>  | <b>204</b>     | <b>10,337</b>            | <b>-</b>              | <b>(93)</b>                      | <b>652</b>                     | <b>4,873</b>          | <b>24,705</b>     | <b>(8,637)</b>            | <b>20,942</b>    |
| <b>Balance at 31 March carried forward</b>     | <b>(3,169)</b>       | <b>(27,951)</b>        | <b>(14,916)</b> | <b>(9,364)</b> | <b>(22,777)</b>          | <b>-</b>              | <b>(2,833)</b>                   | <b>(454)</b>                   | <b>(81,467)</b>       | <b>(779,614)</b>  | <b>(25,334)</b>           | <b>(886,415)</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.

### **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).

### **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.

### **Capital Grants Unapplied Reserve**

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.

## 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.

| HDC<br>31 March<br>2025 | # GROUP #<br>31 March<br>2025 | Balance Sheet |   | HDC<br>31 March<br>2026 | # GROUP #<br>31 March<br>2026 |
|-------------------------|-------------------------------|---------------|---|-------------------------|-------------------------------|
| Re-stated<br>£'000      | Re-stated<br>£'000            | Note          |   | £'000                   | £'000                         |
| 1,114,447               | 1,123,392                     | 14            | Property, Plant and Equipment (PPE)           | 1,285,521               | 1,293,542                     |
| 1,756                   | 1,756                         | 15            | Heritage Assets                               | 1,756                   | 1,756                         |
| 64,465                  | 64,465                        | 17            | Investment Property                           | 17,083                  | 17,083                        |
| 798                     | 1,546                         | 18            | Intangible Assets                             | 1,225                   | 1,902                         |
| 4,294                   | 4,294                         | 19            | Long-Term Investments                         | 4,294                   | 4,294                         |
| 7,964                   | 944                           | 19            | Long-Term Debtors                             | 7,513                   | 1,043                         |
| -                       | 24,884                        | -             | Long-Term Provisions                          | -                       | 26,939                        |
| <b>1,193,723</b>        | <b>1,221,281</b>              |               | <b>Long-Term Assets</b>                       | <b>1,317,393</b>        | <b>1,346,560</b>              |
| -                       | 307                           | 24            | Assets Held for Sale                          | -                       | -                             |
| 56                      | 200                           | 20            | Inventories                                   | 65                      | 448                           |
| 19,526                  | 20,433                        | 21            | Short-Term Debtors                            | 27,229                  | 31,113                        |
| 11,835                  | 14,171                        | 23            | Cash and Cash Equivalents (Assets)            | 21,416                  | 30,540                        |
| <b>31,416</b>           | <b>35,111</b>                 |               | <b>Current Assets</b>                         | <b>48,710</b>           | <b>62,100</b>                 |
| -                       | -                             |               | Current Tax Liability                         | -                       | (185)                         |
| (101,500)               | (101,500)                     | 19            | Short-Term Borrowing                          | (95,500)                | (95,500)                      |
| (22,197)                | (27,999)                      | 25            | Short-Term Creditors                          | (33,054)                | (46,802)                      |
| (1,485)                 | (1,485)                       | 26            | Short-Term Provisions                         | (1,430)                 | (1,430)                       |
| <b>(125,182)</b>        | <b>(130,984)</b>              |               | <b>Current Liabilities</b>                    | <b>(129,983)</b>        | <b>(143,917)</b>              |
| (253)                   | (579)                         | 25            | Long-Term Creditors                           | (134)                   | (46,498)                      |
| (211,837)               | (211,837)                     | 19            | Long-Term Borrowing                           | (251,837)               | (252,321)                     |
| (4,627)                 | (4,627)                       | 40            | Pensions Liability Scheme                     | (4,274)                 | (4,274)                       |
| (671)                   | (671)                         | 25            | Other Long-Term Liabilities                   | (46,679)                | (451)                         |
| (21,146)                | (21,146)                      | 35            | Long-Term Capital Grants- Receipts in Advance | (13,571)                | (13,571)                      |
| -                       | (134)                         | -             | Deferred Tax Liability                        | -                       | (217)                         |
| <b>(238,534)</b>        | <b>(238,994)</b>              |               | <b>Long-Term Liabilities</b>                  | <b>(316,494)</b>        | <b>(317,331)</b>              |
| <b>861,423</b>          | <b>886,415</b>                |               | <b>Net Assets</b>                             | <b>919,625</b>          | <b>947,411</b>                |
| (81,811)                | (81,467)                      | 27            | Usable Reserves                               | (70,170)                | (70,567)                      |
| (779,612)               | (804,498)                     | 28            | Unusable Reserves                             | (849,455)               | (876,394)                     |
| -                       | (450)                         | -             | # Share Capital #                             | -                       | (450)                         |
| <b>(861,423)</b>        | <b>(886,415)</b>              |               | <b>Total Reserves</b>                         | <b>(919,625)</b>        | <b>(947,411)</b>              |

*The 2024-25 closing Balance Sheet has been re-stated to reduce Investment Property by £5.608m and increase Long Term Debtors by £5.608m (Group - PPE increase by £5.608m) to reflect the correction to the accounting treatment of a long-term loan in the previous year.*

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

SIGNED BY:



Jan Willis CPFA, Interim Director – Finance and Section 151 Officer

Date: 30 June 2026

## CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. 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.

| HDC<br>2024/25<br>£'000    | # GROUP<br>#<br>2024/25<br>£'000 | Note |   | HDC<br>2025/26<br>£'000 | # GROUP #<br>2025/26<br>£'000 |
|----------------------------|----------------------------------|------|---|-------------------------|-------------------------------|
| <b>Cash Flow Statement</b> |                                  |      |   |                         |                               |
| (1,531)                    | (2,983)                          |      | CIES Net surplus/(deficit) on the provision of services   | (4,196)                 | (3,343)                       |
| 34,459                     | 36,934                           | 29   | Adjustments to surplus/deficit on the provision of services for non-cash movements  | 48,230                  | 53,547                        |
| (14,609)                   | (14,609)                         | 29   | Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities | (52,005)                | (52,005)                      |
| <b>18,319</b>              | <b>19,362</b>                    |      | <b>Net Cash flows from operating activities</b>   | <b>(7,971)</b>          | <b>(1,801)</b>                |
| (46,680)                   | (46,680)                         | 30   | Net cash flows from investing activities  | (58,906)                | (59,046)                      |
| 34,212                     | 34,212                           | 31   | Net cash flows from financing activities  | 76,458                  | 77,215                        |
| <b>5,851</b>               | <b>6,894</b>                     |      | <b>Net (increase) or decrease in cash and cash equivalents</b>  | <b>9,581</b>            | <b>16,368</b>                 |
| 5,984                      | 7,277                            | BS   | Cash and cash equivalents at the beginning of the reporting period  | 11,835                  | 14,172                        |
| <b>11,835</b>              | <b>14,171</b>                    | BS   | <b>Cash and cash equivalents at the end of the reporting period</b>   | <b>21,416</b>           | <b>30,540</b>                 |



# NOTES TO THE ACCOUNTS

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## 1. ACCOUNTING POLICIES

### i. General principles

The Statement of Accounts summarise the authority's transactions for the 2025/26 financial year and its position at the year-end of 31 March 2026. The authority is required to prepare an annual statement of accounts by the Accounts and Audit (Amendment) Regulations 2023 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the statement of accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The Statement of Accounts have been prepared on a "going concern" basis.

### ii. Accruals of income and expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on 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 revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue in financing and investment income and expenditure 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 without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

### iv. Prior period adjustments, changes in accounting policies and estimates and errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment. Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless not material or stated otherwise) by adjusting opening

balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

#### **v. Charges to revenue for non-current assets**

Services and support services are charged an accounting estimate of the cost of holding non-current assets during the year. This comprises:

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

The authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance.

Depreciation, revaluation and impairment losses, and amortisation are therefore replaced by the contribution in the General Fund balance by way of an adjusting transaction with the capital adjustment account in the Movement in Reserves Statement for the difference between the two.

#### **vi. Council tax and non-domestic rates**

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the collection fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the collection fund, billing authorities, major preceptors and central government (for NDR) share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

#### **Accounting for council tax and NDR**

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the authority's General Fund. Therefore, 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 included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

#### **vii. Employee benefits**

##### **Benefits payable during employment**

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end that employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to surplus or deficit on the provision of services but then reversed out through the Movement in Reserves Statement to the accumulated absences account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

### **Termination benefits**

Termination benefits are amounts payable as a result of a decision by the authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the pensions reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

### **Post-employment benefits**

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 scheme provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the authority.

### **The Local Government Pension Scheme**

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Essex County Council pension fund attributable to the authority 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 projected 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;
  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unlisted securities – current bid price
  - property – market value.

The change in the net pensions liability is analysed into the following components:

- Service cost comprising:
  - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.

– past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement

– net interest on the net defined benefit liability (asset), i.e. net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the financing and investment income and expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

- Remeasurements comprising:
  - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the pensions reserve as other comprehensive income and expenditure
  - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the pensions reserve 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 authority 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 transfers 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 are earned by employees.

### **Discretionary benefits**

The authority also 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 as are applied to the Local Government Pension Scheme.

### **Effect of the asset ceiling**

The authority has applied the accounting standard in relation to the defined benefit pension asset/liability and the asset ceiling. The asset ceiling calculation has been provided by actuary based on the present value of the projected future service cost less the minimum future contributions.

### **viii. Events after the reporting period**

Events after the Balance Sheet reporting period are those events, both favourable and unfavourable, that occur between the Balance Sheet date and the date when the statement of accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the statement of accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the statement of accounts is not adjusted to reflect such events, but where such a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the statement of accounts.

## **ix. Financial instruments**

### **Financial liabilities**

Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. For most of the borrowings that the authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

### **Financial assets**

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. The authority holds financial assets measured at:

- amortised cost, and
- fair value through profit or loss (FVPL)

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

### **Financial assets measured at amortised cost**

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the financing and investment income and expenditure line in the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest), and interest credited to the CIES is the amount receivable for the year in the loan agreement.

### **Financial assets measured at fair value through other comprehensive income**

Financial assets that are measured at FVOCI are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in other comprehensive income.

### **Financial assets measured at fair value through profit of loss**

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the surplus or deficit on the provision of services.

#### **Fair value measurements of financial assets**

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the authority's financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

Any gains and losses that arise on the derecognition of the asset are credited or debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

#### **x. Government grants and contributions**

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

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

Amounts recognised as due to the council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied.

Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or taxation and non-specific grant income and expenditure (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the capital grants unapplied reserve. Where it has been applied, it is posted to the capital adjustment account. Amounts in the capital grants unapplied reserve are transferred to the capital adjustment account once they have been applied to fund capital expenditure.

## **xi. Heritage assets**

Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the authority's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The accounting policies in relation to heritage assets that are deemed to include elements of intangible heritage assets are also presented below.

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.

- Museum Artefacts- artefacts held at the Museum of Harlow
- Community Heritage Assets- including bandstand in the town park and six war memorials.
- Art Collection- fine art including sculpture, civic gifts and regalia

Further details can be found on the heritage assets note in the main body of the Accounts.

### **Heritage assets – general**

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the authority's general policies on impairment.

## **xii. Intangible assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the authority as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the authority.

Intangible assets are measured initially at cost. They are subsequently carried at cost less accumulated depreciation and any accumulated impairment loss. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the other operating expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the capital adjustment account and (for any sale proceeds greater than £10,000) the capital receipts reserve.

## **xiii. Interests in companies and other entities**

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 (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 makes further contributions to the fund in respect of HTS employees to ensure that the pension liability attributable to HTS is

fully funded. As such, that pension fund liability is included in the pension disclosures in the single entity accounts of the Council. financial assets at cost, less any provision for losses.

#### **xiv. Long-term contracts**

Long-term contracts are accounted for on the basis of charging the surplus or deficit on the provision of services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

#### **xv. Investment property**

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the financing and investment income line and result in a gain for the General Fund balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the capital adjustment account and (for any sale proceeds greater than £10,000) the capital receipts reserve.

#### **xvi. Leases**

##### **The authority as lessee**

The authority classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

##### **Initial measurement**

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- amounts expected to be payable under a residual value guarantee

- the exercise price under a purchase option that the authority is reasonably certain to exercise
- lease payments in an optional renewal period if the authority is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the authority is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received. However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

### **Subsequent measurement**

The right-of-use asset is subsequently measured using the fair value model. The authority considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases
- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of-use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method. The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee
- the authority changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

### **Low value and short lease exemption**

As permitted by the Code, the authority excludes leases:

- for low-value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to exercise and any termination options that the authority is reasonably certain not to exercise).

### **Lease expenditure**

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight-line depreciation, any asset impairments and changes in variable lease payments not included in

the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

### **The authority as lessor**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

### **Finance leases**

Where the authority 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. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund balance to the capital receipts reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund balance to the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the capital receipts reserve.

The written-off value of disposals is not a charge against council tax, as the cost of non-current asset is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

### **Operating leases**

Where the authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease or where this is initiated by a service to the individual service, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are

added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

### **xvii Overheads and support services**

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

### **xviii. Property, plant and equipment**

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

#### **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 authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

#### **Measurement**

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

The authority does not capitalise borrowing costs incurred while 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 variation in the cash flows of the authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the authority.

Donated assets (Heritage only for the authority) are measured initially at fair value. The difference between fair value and any consideration paid is credited to the taxation and non-specific grant income and expenditure line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the donated assets account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance to the capital adjustment account in the Movement in Reserves Statement.

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

- infrastructure, community assets and assets under construction – in this and predecessor Codes these assets have been consistently required to be measured at depreciated historical cost, but this practice has been subject to modification. The annex to Section 4.1 of the Code provides a historical summary of the modifications to historical costs and sets out how the depreciated historical cost basis of measurement has been established
- council dwellings – current value, determined using the basis of existing use value for social housing (EUV–SH)
- council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV), except for a few offices that are situated close to the council's housing properties, where there is no market for office accommodation, and that are measured at depreciated replacement cost (instant build) as an estimate of current value

- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant’s perspective
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

From 1 April 2025, the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requirements changed in respect of revaluations of property, plant and equipment. Where authorities do not have a rolling programme of revaluations in place and/or the assets are not non-property assets subject to indexation, authorities revalue their assets every 5 years, with annual indexation applied to assets during the four intervening years. Where authorities cannot obtain indices without undue cost or effort, authorities revalue those assets using a quinquennial revaluation, with a desktop revaluation in year three.

Increases in valuations are matched by credits to the revaluation reserve to recognise unrealised gains.

Where decreases in value are identified, they are accounted for by:

- 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 Comprehensive Income and Expenditure Statement.

## **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.

Where impairment losses are identified, they are accounted for by:

- 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 Comprehensive Income and Expenditure Statement.

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

## **Depreciation**

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain community assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

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

Where an item of property, plant and equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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.

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 General Fund.

### **Disposals and non-current assets held for sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the surplus or deficit on the provision of services. Depreciation is not charged on assets held for sale.

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

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the revaluation reserve are transferred to the capital adjustment account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of capital receipts relating to housing disposals is payable to the government. The balance of receipts remains within the capital receipts reserve and can then only be used for new capital investment or set aside to reduce the authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the reserve from the General Fund balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

### **xix. Provisions, contingent liabilities and contingent assets**

## **Provisions**

Provisions are made where an event has taken place on or before the Balance Sheet date:

- that gives the authority a present obligation
- that probably requires settlement by a transfer of economic benefits or service potential, and
- where a reliable estimate can be made of the amount of the obligation.

If it is not clear whether an event has taken place on or before the Balance Sheet date, it is deemed to give rise to a present obligation if, taking account of all available evidence, it is more likely than not that a present obligation exists at the Balance Sheet date. The present obligation can be legal or constructive.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the authority has an 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.

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

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the authority settles the obligation.

## **Contingent liabilities**

A contingent liability arises where an event has taken place that gives the authority 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 authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

## **Contingent assets**

A contingent asset arises where an event has taken place that gives the authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

## **xx. Reserves**

The authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund balance. 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 Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund balance so that there is no net charge against council tax for the expenditure.

Certain 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 authority – these reserves are explained in the relevant policies.

#### **xxi. Revenue expenditure funded from capital under statute**

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

#### **xxii. VAT**

VAT payable is included as an expense only to the extent that it is not recoverable from HMRC. VAT receivable is excluded from income.

#### **xxiii. Fair value measurement of non-financial assets**

The authority's accounting policy for fair value measurement of financial assets is set out in section ix. The authority also measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:

- a) in the principal market for the asset, or
- b) in the absence of a principal market, in the most advantageous market for the asset.

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

When measuring the fair value of a non-financial asset, the authority 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.

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

Inputs to the valuation techniques in respect of assets for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

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

## 2. 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 2025/26 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 FRS 102 The Financial Reporting Standard applicable in the UK and RoI (amendments to heritage assets) issued in March 2024.
- Amendments to the Classification and Measurement of Financial Instruments (amendments to IFRS 9 and IFRS 7) issued in May 2024.
- Annual improvements to IFRS accounting standards issued in July 2024.
- Contracts Referencing Nature-dependent Electricity (amendments to IFRS 9 and IFRS 7) issued in December 2024.

It is judged that Harlow Council is unlikely to be affected materially by these changes.

## 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) 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 to the company 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 53 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 2026 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

| <b>Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty</b> |   |   |
|--|---|---|
| <b>Item</b>  | <b>Uncertainties</b>  | <b>Effect if Actual Results Differ from Assumptions</b>   |
| 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.<br>It is estimated that the annual depreciation charge for buildings would increase by £1,450 for Council Dwellings and decrease £28k for Other buildings- for every year that useful lives had to be reduced.   |
| Fair Value Measurement   | When the fair values of financial assets cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques. Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values.<br>These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the authority's assets and liabilities.<br>Where Level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties an external valuer).<br>Information about the valuation techniques and inputs used in determining the fair value of the authority's assets and liabilities is disclosed in notes below. | The authority uses the discounted cash flow (DCF) model to measure the fair value of its investment properties and financial assets.<br>The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels and discount rates – adjusted for regional factors (for both investment properties and some financial assets). Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial assets. |
| 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 £324k to the total amount required, of which £129k (40%) 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.<br>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 £2.412 million.<br>However, the assumptions interact in complex ways.   |
| Arrears  | At 31 March 2026, the Council had made significant allowances for the impairment of debts, totalling circa £6.5 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 £65k.  |

## 5. MATERIAL ITEMS OF INCOME AND EXPENDITURE

### Revaluation of Council Properties

The Council had its non-current assets valued as at 31 December 2025. A further exercise was undertaken to determine if there had been any material changes in values between that date and 31 March 2026. Movements and balances for non-current assets are shown in Note 14 – Property, Plant and Equipment.

### Council Tax

The Council received £8.464 million from the Collection Fund as its share of Council Tax receipts in 2025/26 (£8.307 million in 2024/25).

### Non-Domestic (Business) Rates

The Council received Non-Domestic Rates of £20.220 million under the rate retention system in 2025/26 (£19.387 million in 2024/25). This was offset by a payment under the system of £18.358 million as a tariff in 2025/26 (£17.966 million in 2024/25).

### Housing Benefits

The Council has incurred spending of £16.869 million on housing benefits in 2025/26 (£20.058 million in 2024/25) and received Government grants of £16.596 million to meet this cost in 2025/26 (£19.935 million in 2024/25).

### Harlow Trading Services (HTS) Ltd.

The Council paid a net amount of £49.072 million to its wholly owned company in 2025/26 (£34.785 million in 2024/25) for the provision of a range of services which include housing property services, grounds maintenance, street cleaning and capital works.

### Pensions

The Council paid £3.358 million in 2025/26 (£3.251 million in 2024/25) into the Local Government Pension Scheme in respect of pension costs (£3.972 million employers contributions minus £0.614 million unfunded). The Council also paid £0.888 million in 2025/26 directly to HTS (Property and Environment) Ltd as a contribution in respect of their employees that are part of the LGPS (£0.949 million in 2024/25).

### Grants

The Council received a number of material grants during the year and details of these can be found in Note 35 Grant Income.

### Deferred Income

The council received £47 million lease premium in 2025/26 following it entering into a series of leases of Burnt Mills property, Harlow. The premium is being written down to revenue over the life of the land and buildings that the council has leased out under an operating lease.

## 6. EVENTS AFTER THE REPORTING PERIOD

The draft Statement of Accounts were authorised for issue by the Interim Director – Finance (Section 151 Officer) on 30 June 2026. Events taking place after this date are not reflected in the financial statements nor notes. Where events taking place before this date provided information about conditions existing at 31 March 2026, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

**7. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS**  
**7A. ADJUSTMENT BETWEEN FUNDING AND ACCOUNTING BASIS**

| <b>Adjustments between funding and accounting basis</b>  |   |  |                                    | <b>2025/26</b>                     |
|--|---|--|------------------------------------|------------------------------------|
| <b>Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts</b> | <b>Adjustments for Capital Purposes<br/>£'000</b> | <b>Net change for the Pensions Adjustments<br/>£'000</b> | <b>Other Differences<br/>£'000</b> | <b>Total Adjustments<br/>£'000</b> |
| Corporate Services & Improvement   | -   | (109)  | (2)                                | (111)                              |
| Culture & Community  | -   | (109)  | (7)                                | (116)                              |
| Environment  | -   | (48)   | (1)                                | (49)                               |
| Executive Office   | -   | (146)  | 11                                 | (134)                              |
| Facilities & Assets  | 8,256   | (37)   | (2)                                | 8,218                              |
| Finance  | -   | (265)  | 13                                 | (252)                              |
| Housing Operations (People) General Fund   | -   | (119)  | 4                                  | (115)                              |
| Human Resources & Organisational Development   | -   | (29)   | (1)                                | (29)                               |
| Legal & Democratic Services  | -   | (45)   | 4                                  | (41)                               |
| Planning & Garden Town   | -   | (41)   | 1                                  | (40)                               |
| Public Protection  | -   | (120)  | 2                                  | (118)                              |
| Regeneration   | -   | (25)   | -                                  | (25)                               |
| HRA (Housing Revenue Account)  | 30,382  | (657)  | 18                                 | 29,743                             |
| <b>Net Cost of Services</b>  | <b>38,638</b>                                     | <b>(1,749)</b>   | <b>41</b>                          | <b>36,931</b>                      |
| Other I&E from the Expenditure and Funding Analysis  | (40,604)  | 153  | 900                                | (39,551)                           |
| <b>Difference between GF surplus or deficit and CIES Surplus or Deficit on the Provision of Services</b>     | <b>(1,965)</b>                                    | <b>(1,596)</b>   | <b>941</b>                         | <b>(2,620)</b>                     |

| <b>Adjustments between funding and accounting basis</b>  |  |  |                                    | <b>2024/25</b>                     |
|--|--|--|------------------------------------|------------------------------------|
| <b>Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts</b> | <b>Adjustments for Capital Purposes)<br/>£'000</b> | <b>Net change for the Pensions Adjustments<br/>£'000</b> | <b>Other Differences<br/>£'000</b> | <b>Total Adjustments<br/>£'000</b> |
| Corporate Services & Improvement   | 175  | (74)   | 2                                  | 104                                |
| Culture & Community  | 1,025  | (73)   | 6                                  | 960                                |
| Environment  | 264  | (29)   | 5                                  | 240                                |
| Executive Office   | 10   | (82)   | 4                                  | (68)                               |
| Facilities & Assets  | 5,210  | (20)   | (2)                                | 5,188                              |
| Finance  | -  | (32)   | (1)                                | (33)                               |
| Housing Operations (People) General Fund   | 85   | (83)   | (3)                                | (1)                                |
| Human Resources & Organisational Development   | 21   | (14)   | 2                                  | 9                                  |
| Legal & Democratic Services  | -  | (29)   | (1)                                | (30)                               |
| Planning & Garden Town   | 4  | (37)   | (5)                                | (38)                               |
| Public Protection  | 354  | (78)   | (4)                                | 272                                |
| Regeneration   | 235  | (26)   | 1                                  | 210                                |
| HRA (Housing Revenue Account)  | 12,301   | (580)  | (6)                                | 11,715                             |
| <b>Net Cost of Services</b>  | <b>19,685</b>                                      | <b>(1,156)</b>   | <b>4,425</b>                       | <b>18,529</b>                      |
| Other I&E from the Expenditure and Funding Analysis  | (14,577)   | (23)   | 4,425                              | (10,175)                           |
| <b>Difference between GF surplus or deficit and CIES Surplus or Deficit on the Provision of Services</b>     | <b>5,108</b>                                       | <b>(1,179)</b>   | <b>4,425</b>                       | <b>8,354</b>                       |

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.

## 7B. SEGMENTAL INCOME

Income received on a segmental basis is analysed below:

|   | 2024/25          | 2025/26          |
|---|------------------|------------------|
|   | £'000            | £'000            |
| <b>Income from services</b>                     |                  |                  |
| Corporate Services & Improvement                | (300)            | (314)            |
| Culture & Community                             | (1,979)          | (2,115)          |
| Environment                                     | (2,904)          | (4,184)          |
| Executive Office                                | (96)             | (186)            |
| Facilities & Assets                             | (9,415)          | (9,100)          |
| Finance   | (22,197)         | (18,671)         |
| Housing Operations (People) General Fund        | (2,595)          | (2,837)          |
| Human Resources & Organisational Development    | (16)             | (101)            |
| Legal & Democratic Services                     | (491)            | (263)            |
| Planning & Garden Town                          | (478)            | (675)            |
| Public Protection                               | (2,345)          | (2,651)          |
| Regeneration                                    | (1,044)          | (658)            |
| HRA (Housing Revenue Account)                   | (59,008)         | (63,514)         |
| <b>Total income analysed on a segment basis</b> | <b>(102,867)</b> | <b>(105,272)</b> |

## 8. ADJUSTMENTS BETWEEN ACCOUNTING BASIS & 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.

| 2025/26   | General Fund Balance | HRA Balance     | Capital Receipts Reserve | Major Repairs Reserve | Capital Grants Unapp'd Account | Movement Unusable Reserves |
|---|----------------------|-----------------|--------------------------|-----------------------|--------------------------------|----------------------------|
|   | £'000                | £'000           | £'000                    | £'000                 | £'000                          | £'000                      |
| <b>Adjustments to Revenue Reserves:</b>   |                      |                 |                          |                       |                                |                            |
| <b>Amounts by which income and expenditure included in the Comprehensive Income &amp; Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</b> |                      |                 |                          |                       |                                |                            |
| Pension costs (transferred to/from the Pensions Reserve)  | 939                  | 657             |                          |                       |                                | (1,596)                    |
| Financial Instruments (transferred to the financial instruments adjustment account)   |                      | (27)            |                          |                       |                                | 27                         |
| Council Tax & NNDR (transfers to/from the Collection Fund Adjustment Account)   | (900)                |                 |                          |                       |                                | 900                        |
| Holiday pay (transferred to/from to the Accumulated Absences Reserve)   | (23)                 | (18)            |                          |                       |                                | 41                         |
| <b>Reversal of entries relating to capital expenditure (charged to the Capital Adjustment Account):</b>   |                      |                 |                          |                       |                                |                            |
| Charges for depreciation and impairment of non-current assets   | (6,500)              | (13,954)        |                          |                       |                                | 20,454                     |
| Revaluation Losses/(Gains) on Property, Plant and Equipment   | (1,757)              | (16,426)        |                          |                       |                                | 18,184                     |
| Movements in the Market Value of Investment Properties  | 14                   |                 |                          |                       |                                | (14)                       |
| Reverse Impairments in the year from Revaluation Increase   |                      |                 |                          |                       |                                |                            |
| Amortisation of Intangible Assets   |                      |                 |                          |                       |                                |                            |
| Revenue Expenditure Funded from Capital under Statute   | (1,567)              |                 |                          |                       |                                | 1,567                      |
| -Funded by Grants   |                      |                 |                          |                       |                                |                            |
| -Funded by Capital Receipts (Flexible Use)  | (912)                |                 | 912                      |                       |                                | -                          |
| Amounts of Non-current Assets written off on disposal or sale as part of the Gain/(Loss) on Disposal to the CIES  | (3,357)              | (7,601)         |                          |                       |                                | 10,959                     |
| <b>Total Adjustments to Revenue Resources</b>   | <b>(14,063)</b>      | <b>(37,372)</b> | <b>912</b>               |                       |                                | <b>50,522</b>              |
| <b>Adjustments between Revenue and Capital Resources:</b>   |                      |                 |                          |                       |                                |                            |
| Transfer of non-current asset sale proceeds to the Capital/Deferred Receipts Reserve  | 4,122                | 16,668          | (20,536)                 |                       |                                | (253)                      |
| Transfer of capital grants and contributions to capital grants unapplied  | 2,239                |                 |                          |                       | (2,239)                        | -                          |
| Payments to the government housing receipts pool  |                      |                 |                          |                       |                                |                            |
| Transfer of HRA resources from revenue to the Major Repairs Reserve   |                      | 13,954          |                          | (13,954)              |                                | -                          |
| Statutory provision for the repayment of debt (transfer from Capital adjustment account)  | 2,599                |                 |                          |                       |                                | (2,599)                    |
| Capital expenditure financed from revenue balances  | 260                  |                 |                          |                       |                                | (260)                      |
| <b>Total Adjustments between Revenue and Capital Resources</b>  | <b>9,220</b>         | <b>30,622</b>   | <b>(20,536)</b>          | <b>(13,954)</b>       | <b>(2,239)</b>                 | <b>(3,112)</b>             |
| <b>Adjustments to Capital Resources:</b>  |                      |                 |                          |                       |                                |                            |
| Use of the Capital Receipts Reserve to finance capital expenditure  |                      |                 | 24,192                   |                       |                                | (24,192)                   |
| Use of the Major Repairs Reserve to finance capital expenditure   |                      |                 |                          | 13,954                |                                | (13,954)                   |
| Application of Capital grants to finance capital expenditure  | 14,213               |                 |                          |                       | 2,587                          | (16,800)                   |
| Transfer from Deferred Capital Receipts Reserve upon receipt of cash  |                      |                 | (91)                     |                       |                                | 91                         |
| <b>Total Adjustments to Capital Resources</b>   | <b>14,213</b>        | <b>-</b>        | <b>24,101</b>            | <b>13,954</b>         | <b>2,587</b>                   | <b>(54,856)</b>            |
| <b>Total Adjustments</b>  | <b>9,370</b>         | <b>(6,750)</b>  | <b>4,477</b>             | <b>-</b>              | <b>348</b>                     | <b>(7,445)</b>             |

| 2024/25   | General Fund Balance | HRA Balance     | Capital Receipts Reserve | Major Repairs Reserve | Capital Grants Unapp'd Account | Move-ment Unusable Reserves |
|---|----------------------|-----------------|--------------------------|-----------------------|--------------------------------|-----------------------------|
|   | £'000                | £'000           | £'000                    | £'000                 | £'000                          | £'000                       |
| <b>Adjustments to Revenue Reserves:</b>   |                      |                 |                          |                       |                                |                             |
| <b>Amounts by which income and expenditure included in the Comprehensive Income &amp; Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</b> |                      |                 |                          |                       |                                |                             |
| Pension costs (transferred to/from the Pensions Reserve)  | 599                  | 580             |                          |                       |                                | (1,179)                     |
| Financial Instruments (transferred to the financial instruments adjustment account)   | -                    | (6)             |                          |                       |                                | 6                           |
| Council Tax & NNDR (transfers to/from the Collection Fund Adjustment Account)   | (4,425)              | -               |                          |                       |                                | 4,425                       |
| Holiday pay (transferred to/from to the Accumulated Absences Reserve)   | (6)                  | 6               |                          |                       |                                | -                           |
| Reversal of entries relating to capital expenditure (charged to the Capital Adjustment Account):  |                      |                 |                          |                       |                                |                             |
| Charges for depreciation and impairment of non-current assets   | (3,742)              | (11,942)        |                          |                       |                                | 15,684                      |
| Revaluation Losses/(Gains) on Property, Plant and Equipment   | (3,460)              | (160)           |                          |                       |                                | 3,620                       |
| Movements in the Market Value of Investment Properties  | (288)                | -               |                          |                       |                                | 288                         |
| Reverse Impairments in the year from Revaluation Increase   |                      |                 |                          |                       |                                | -                           |
| Amortisation of Intangible Assets   | (183)                | (198)           |                          |                       |                                | 381                         |
| Revenue Expenditure Funded from Capital under Statute   | (2,467)              | -               | 1,451                    |                       |                                | 1,016                       |
| Amounts of Non-current Assets written off on disposal or sale as part of the Gain/(Loss) on Disposal to the CIES  | (4,951)              | (5,925)         |                          |                       |                                | 10,876                      |
| <b>Total Adjustments to Revenue Resources</b>   | <b>(18,922)</b>      | <b>(17,645)</b> | <b>1,451</b>             | <b>-</b>              | <b>-</b>                       | <b>35,116</b>               |
| <b>Adjustments between Revenue and Capital Resources:</b>   |                      |                 |                          |                       |                                |                             |
| Transfer of non-current asset sale proceeds to the Capital/Deferred Receipts Reserve  | 2,958                | 3,796           | (6,622)                  |                       |                                | (132)                       |
| Transfer of capital grants and contributions to capital grants unapplied  | 2,252                | -               |                          |                       | (2,252)                        | -                           |
| Payments to the government housing receipts pool  |                      |                 |                          |                       |                                |                             |
| Transfer of HRA resources from revenue to the Major Repairs Reserve   |                      | 12,140          |                          | (12,140)              |                                | -                           |
| Statutory provision for the repayment of debt (transfer from Capital adjustment account)  | 1,307                |                 |                          |                       |                                | (1,307)                     |
| Capital expenditure financed from revenue balances  | 157                  |                 |                          |                       |                                | (157)                       |
| <b>Total Adjustments between Revenue and Capital Resources</b>  | <b>6,674</b>         | <b>15,936</b>   | <b>(6,622)</b>           | <b>(12,140)</b>       | <b>(2,252)</b>                 | <b>(1,596)</b>              |
| <b>Adjustments to Capital Resources:</b>  |                      |                 |                          |                       |                                |                             |
| Use of the Capital Receipts Reserve to finance capital expenditure  |                      |                 | 15,582                   |                       |                                | (15,582)                    |
| Settlement of Loan written back to Capital Receipts Reserve   |                      |                 |                          |                       |                                |                             |
| Use of the Major Repairs Reserve to finance capital expenditure   |                      |                 |                          | 12,140                |                                | (12,140)                    |
| Application of Capital grants to finance capital expenditure  | 5,603                | -               | -                        |                       | 2,159                          | (7,762)                     |
| Transfer from Deferred Capital Receipts Reserve upon receipt of cash  |                      |                 | (74)                     |                       |                                | 74                          |
| <b>Total Adjustments to Capital Resources</b>   | <b>5,603</b>         | <b>-</b>        | <b>15,508</b>            | <b>12,140</b>         | <b>2,159</b>                   | <b>(35,410)</b>             |
| <b>Total Adjustments</b>  | <b>(6,645)</b>       | <b>(1,709)</b>  | <b>10,337</b>            | <b>-</b>              | <b>(93)</b>                    | <b>(1,890)</b>              |

## 9. 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 2025/26.

| General Fund Earmarked Reserves          | Bal at 1st April 2024<br>£'000 | Transfer in 2024/25<br>£'000 | Transfer out 2024/25<br>£'000 | Bal at 31 Mar 2025<br>£'000 | Transfer in 2025/26<br>£'000 | Transfer out 2025/26<br>£'000 | Bal at 31st Mar 2026<br>£'000 |
|--|--------------------------------|------------------------------|-------------------------------|-----------------------------|------------------------------|-------------------------------|-------------------------------|
| Audit Fees                               | (166)                          | -                            | 166                           | -                           | -                            | -                             | -                             |
| Budget Carryovers                        | (166)                          | -                            | 166                           | -                           | -                            | -                             | -                             |
| Budget Stabilisation                     | (1,201)                        | (1,328)                      | -                             | (2,529)                     | (1,323)                      | 624                           | (3,228)                       |
| Business Rates Equalisation              | (6,589)                        | (2,040)                      | 8,629                         | -                           | -                            | -                             | -                             |
| Climate Change                           | (100)                          | -                            | -                             | (100)                       | -                            | 100                           | -                             |
| Collection Fund                          | -                              | (1,000)                      | -                             | (1,000)                     | (29)                         | -                             | (1,029)                       |
| Debt Financing                           | (3,155)                        | (711)                        | 866                           | (3,000)                     | -                            | 570                           | (2,430)                       |
| Discretionary Services Fund              | (1,553)                        | (175)                        | 563                           | (1,165)                     | (650)                        | 561                           | (1,254)                       |
| Enterprise Zone                          | (75)                           | -                            | 75                            | -                           | -                            | -                             | -                             |
| Environmental Urgent Works & Improvement | (1,305)                        | (57)                         | 1,363                         | -                           | -                            | -                             | -                             |
| Hardship Fund                            | (155)                          | -                            | 105                           | (50)                        | -                            | 50                            | -                             |
| Housing Benefits Subsidy                 | -                              | (300)                        | -                             | (300)                       | -                            | -                             | (300)                         |
| Housing TA                               | -                              | (500)                        | -                             | (500)                       | -                            | 300                           | (200)                         |
| Insurance claims - GF                    | (906)                          | -                            | 906                           | -                           | -                            | -                             | -                             |
| Insurance Fund - GF                      | (2,141)                        | -                            | 1,541                         | (600)                       | -                            | 37                            | (563)                         |
| Invest To Save & Improve Reserve         | (108)                          | -                            | 108                           | -                           | -                            | -                             | -                             |
| Local Government Reform                  | -                              | (500)                        | -                             | (500)                       | -                            | -                             | (500)                         |
| Neighbourhood Renewal                    | (166)                          | (2,180)                      | 327                           | (2,019)                     | -                            | 464                           | (1,555)                       |
| Neighbourhood Renewal Capital            | (42)                           | -                            | 42                            | -                           | -                            | -                             | -                             |
| Partnership Fund                         | (200)                          | -                            | 200                           | -                           | -                            | -                             | -                             |
| Pensions                                 | (1,255)                        | -                            | 255                           | (1,000)                     | -                            | 500                           | (500)                         |
| Perpetuity                               | (831)                          | -                            | 19                            | (812)                       | -                            | 7                             | (805)                         |
| Planning                                 | (79)                           | (26)                         | 106                           | -                           | -                            | -                             | -                             |
| Public Protection                        | -                              | (80)                         | -                             | (80)                        | -                            | -                             | (80)                          |
| Regeneration Capital Reserve             | -                              | -                            | -                             | -                           | (7,200)                      | -                             | (7,200)                       |
| Regeneration & Enterprise Reserve        | (507)                          | (10,039)                     | 275                           | (10,271)                    | (380)                        | 7,941                         | (2,710)                       |
| Risk Management - GF                     | (268)                          | -                            | 68                            | (200)                       | -                            | 68                            | (132)                         |
| Severance                                | (588)                          | (15)                         | 303                           | (300)                       | (221)                        | 121                           | (400)                         |
| The Harlow & Gilston Garden              | (126)                          | -                            | 126                           | -                           | -                            | -                             | -                             |
| Town Funding                             | -                              | -                            | -                             | -                           | -                            | -                             | -                             |
| Transformation                           | (144)                          | (400)                        | 44                            | (500)                       | -                            | -                             | (500)                         |
| <b>Total</b>                             | <b>(21,825)</b>                | <b>(19,351)</b>              | <b>16,250</b>                 | <b>(24,926)</b>             | <b>(9,803)</b>               | <b>11,343</b>                 | <b>(23,386)</b>               |

| <b>HRA Earmarked Reserves</b>      | <b>Bal at 1st April 2024</b> | <b>Transfer in 2024/25</b> | <b>Transfer out 2024/25</b> | <b>Bal at 31 Mar 2025</b> | <b>Transfer in 2025/26</b> | <b>Transfer out 2025/26</b> | <b>Bal at 31st Mar 2026</b> |
|------------------------------------|------------------------------|----------------------------|-----------------------------|---------------------------|----------------------------|-----------------------------|-----------------------------|
|                                    | <b>£'000</b>                 | <b>£'000</b>               | <b>£'000</b>                | <b>£'000</b>              | <b>£'000</b>               | <b>£'000</b>                | <b>£'000</b>                |
| Housing Insurance Property Reserve | (80)                         | -                          | -                           | (80)                      |                            | 80                          | 0                           |
| Housing Investment Fund            | (3,583)                      | (2,931)                    | -                           | (6,514)                   |                            | 6,514                       | 0                           |
| Council House Externals Programme  | 0                            | 0                          | 0                           | 0                         | (7,365)                    |                             | (7,365)                     |
| Insurance claims                   | (846)                        | -                          | 846                         | -                         |                            |                             |                             |
| Insurance Fund                     | (2,499)                      | -                          | 1,899                       | (600)                     |                            | 112                         | (488)                       |
| Pensions Reserve                   | (1,333)                      | -                          | 333                         | (1,000)                   |                            | 500                         | (500)                       |
| Perpetuity Reserves                | (667)                        | (556)                      | 549                         | (674)                     | (1,259)                    | 1,253                       | (680)                       |
| Risk Management Reserve            | (543)                        | -                          | 47                          | (496)                     |                            | 68                          | (427)                       |
| <b>Total</b>                       | <b>(9,552)</b>               | <b>(3,486)</b>             | <b>3,674</b>                | <b>(9,364)</b>            | <b>(8,624)</b>             | <b>8,527</b>                | <b>(9,461)</b>              |

| <b>Earmarked Grants</b> | <b>Bal at 1st April 2024</b> | <b>Transfer in 2024/25</b> | <b>Transfer out 2024/25</b> | <b>Bal at 31 Mar 2025</b> | <b>Transfer in 2025/26</b> | <b>Transfer out 2025/26</b> | <b>Bal at 31st Mar 2026</b> |
|-------------------------|------------------------------|----------------------------|-----------------------------|---------------------------|----------------------------|-----------------------------|-----------------------------|
|                         | <b>£'000</b>                 | <b>£'000</b>               | <b>£'000</b>                | <b>£'000</b>              | <b>£'000</b>               | <b>£'000</b>                | <b>£'000</b>                |
| General Fund            | (3,234)                      | (1,372)                    | 1,582                       | (3,024)                   | (593)                      | 1,141                       | (2,476)                     |
| HRA                     | (16)                         | -                          | 16                          | -                         | (76)                       | -                           | (76)                        |
| <b>Total</b>            | <b>(3,250)</b>               | <b>(1,372)</b>             | <b>1,599</b>                | <b>(3,024)</b>            | <b>(669)</b>               | <b>1,141</b>                | <b>(2,552)</b>              |

| <b>All Earmarked Reserves</b>   | <b>Bal at 1st April 2024</b> | <b>Transfer in 2024/25</b> | <b>Transfer out 2024/25</b> | <b>Bal at 31 Mar 2025</b> | <b>Transfer in 2025/26</b> | <b>Transfer out 2025/26</b> | <b>Bal at 31st Mar 2026</b> |
|---------------------------------|------------------------------|----------------------------|-----------------------------|---------------------------|----------------------------|-----------------------------|-----------------------------|
|                                 | <b>£'000</b>                 | <b>£'000</b>               | <b>£'000</b>                | <b>£'000</b>              | <b>£'000</b>               | <b>£'000</b>                | <b>£'000</b>                |
| <b>Total Earmarked Reserves</b> | <b>(34,628)</b>              | <b>(24,210)</b>            | <b>21,522</b>               | <b>(37,315)</b>           | <b>(19,096)</b>            | <b>21,011</b>               | <b>(35,400)</b>             |

| <b>Earmarked Reserves - Description and Purpose</b> |   |
|---|---|
| <b><u>General Fund Reserves</u></b>                 | <b><u>Purpose</u></b>   |
| Budget Stabilisation                                | This reserve removes the need to make short term decisions related to potential budget reductions, thus providing future stability and predictability.                              |
| Collection Fund                                     | Established to mitigate possible future deficits within the collection fund.  |
| 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 and to provide financial support to organisations providing such services.                                       |
| Housing benefits subsidy                            | An equalisation reserve to meet any future reductions in subsidy from previous years' increases.  |
| Housing Temporary Accommodation                     | Set aside to mitigate against potential increasing cost of Temporary Accommodation.   |
| 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.                  |
| Local Government Reform                             | Pressures around local government reform.   |
| Neighbourhood Renewal                               | Activities to meet our corporate mission of renewing our neighbourhood.   |
| Pension   | To mitigate future risk in Pension fluctuations.  |
| Perpetuity  | Amounts set aside to meet long-term contractual obligations under a range of covenants.   |
| Public Protection                                   | <a href="#">Set aside to contribute to public protection initiatives.</a>   |
| Regeneration Capital Reserve                        | A reserve to support the regeneration of the Town Centre.   |
| Regeneration and Enterprise                         | <a href="#">A reserve to support Harlow's regeneration.</a>   |
| 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.  |
| Transformation                                      | <a href="#">To support the transformation of the council.</a>   |

| <b>Earmarked Reserves - Description and Purpose</b> |   |
|---|---|
| <b><u>Housing Revenue Account Reserves</u></b>      | <b><u>Purpose</u></b>   |
| Council House External Programme                    | Set aside for investing in our housing to meet our corporate mission.   |
| 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.  |
| Perpetuity reserves                                 | Amounts set aside to meet long-term contractual obligations under a range of covenants.   |
| 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. |
|---|--|

## 10. OTHER OPERATING EXPENDITURE

| 2024/25<br>£'000 |   | 2025/26<br>£'000 |
|------------------|---|------------------|
| 4,132            | (Gain)/loss on the disposal of non-current assets | (9,798)          |
| <b>4,132</b>     | <b>Total Other Operating Expenditure</b>          | <b>(9,798)</b>   |

## 11. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

| 2024/25<br>£'000 |   | 2025/26<br>£'000 |
|------------------|---|------------------|
| 7,415            | Interest payable and similar charges  | 11,271           |
| (23)             | Net interest on the net defined benefit liability / (asset)                                 | 153              |
| (561)            | Interest receivable and similar income  | (1,774)          |
| 196              | Income and expenditure in relation to investment properties and changes in their fair value | (113)            |
| (201)            | Other investment income   | (99)             |
| <b>6,826</b>     | <b>Total</b>  | <b>9,438</b>     |

## 12. TAXATION AND NON-SPECIFIC GRANT INCOME

| 2024/25<br>£'000 |   | 2025/26<br>£'000 |
|------------------|---|------------------|
| (8,556)          | District Council element of Council Tax income  | (8,686)          |
| (3,427)          | District Council element of NNDR income in year | (4,232)          |
| (4,837)          | Non-ringfenced government grants                | (4,149)          |
| (6,731)          | Capital grants and contributions                | (15,239)         |
| <b>(23,551)</b>  | <b>Total</b>                                    | <b>(32,306)</b>  |

## 13. 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 further as follows:

|  | 2024/25<br>£'000 | 2025/26<br>£'000 |
|--|------------------|------------------|
| <b>Expenditure:</b>                                      |                  |                  |
| Employee benefits expenses                               | 22,517           | 26,269           |
| Other services expenses                                  | 73,406           | 75,302           |
| Depreciation, amortisation and impairment                | 19,685           | 38,638           |
| Interest payments  | 7,392            | 11,424           |
| Loss/(gain) on disposal                                  | 4,132            | (9,798)          |
| <b>Total expenditure</b>                                 | <b>127,131</b>   | <b>141,837</b>   |
| <b>Income:</b>   |                  |                  |
| Fees, charges and other service income                   | (76,227)         | (79,945)         |
| Interest and investment income                           | (565)            | (1,986)          |
| Income from council tax and non-domestic rates income    | (11,983)         | (12,918)         |
| Government grants and contributions                      | (36,824)         | (42,792)         |
| <b>Total income</b>                                      | <b>(125,600)</b> | <b>(137,640)</b> |
| <b>(Surplus) or Deficit on the Provision of Services</b> | <b>1,531</b>     | <b>4,196</b>     |

## 14. PROPERTY, PLANT AND EQUIPMENT

| 2025/26   | Council Dwellings<br>£'000 | Other Land & Buildings<br>£'000 | Vehicles, Plant & Equipment<br>£'000 | Infrastructure Assets<br>£'000 | Community Assets<br>£'000 | Surplus Assets<br>£'000 | Assets Under Construction<br>£'000 | Property, Plant & Equipment<br>£'000 |
|---|----------------------------|---------------------------------|--------------------------------------|--------------------------------|---------------------------|-------------------------|------------------------------------|--------------------------------------|
| <b>Cost or Valuation at 1 April</b>   | <b>851,034</b>             | <b>223,485</b>                  | <b>7,594</b>                         | <b>11,587</b>                  | <b>2,762</b>              | <b>1,624</b>            | <b>26,662</b>                      | <b>1,124,749</b>                     |
| Adjustments to opening balance  |                            |                                 |                                      |                                |                           |                         |                                    |                                      |
| Additions   | 55,385                     | 11,155                          | 350                                  | 2,512                          | 10                        |                         | 30,193                             | <b>99,605</b>                        |
| Donations   |                            |                                 |                                      |                                |                           |                         |                                    |                                      |
| Revaluation increases/ (decreases) recognised in the Revaluation Reserve                            | 42,722                     | 5,261                           | -                                    | -                              |                           | (328)                   | -                                  | <b>47,656</b>                        |
| Revaluation increases/ (decreases) recognised in the Surplus/(Deficit) on the Provision of Services | (16,428)                   | (1,518)                         | -                                    | -                              |                           | (239)                   | -                                  | <b>(18,184)</b>                      |
| Reversal of impairments   |                            |                                 |                                      |                                |                           |                         |                                    |                                      |
| Derecognition - Disposals   | (7,734)                    | (3,492)                         | (34)                                 | (3)                            |                           | -                       | -                                  | <b>(11,263)</b>                      |
| Derecognition - Other   |                            |                                 |                                      |                                |                           |                         |                                    |                                      |
| Assets reclassified   | 26,555                     | 51,515                          | (1,480)                              | 3,696                          |                           | -                       | (23,162)                           | <b>57,124</b>                        |
| Other movements in cost or valuation  |                            |                                 |                                      |                                |                           |                         |                                    |                                      |
| <b>at 31 March</b>  | <b>951,536</b>             | <b>286,408</b>                  | <b>6,430</b>                         | <b>17,792</b>                  | <b>2,772</b>              | <b>1,057</b>            | <b>33,693</b>                      | <b>1,299,687</b>                     |
| <b>Accumulated Depreciation at 1 April</b>  | <b>-</b>                   | <b>(2,931)</b>                  | <b>(2,719)</b>                       | <b>(4,653)</b>                 | <b>-</b>                  | <b>-</b>                | <b>-</b>                           | <b>(10,303)</b>                      |
| Adjustment to opening balance   |                            |                                 |                                      |                                |                           |                         |                                    |                                      |
| Depreciation Charge   | (13,306)                   | (5,437)                         | (1,085)                              | (419)                          | -                         | -                       | -                                  | <b>(20,248)</b>                      |
| Depreciation written out to the Revaluation Reserve   | 12,096                     | 3,420                           | -                                    | -                              | -                         | -                       | -                                  | <b>15,516</b>                        |
| Depreciation written out to the Surplus/(Deficit) on the Provision of Services                      | 219                        | 248                             | -                                    | -                              | -                         | -                       | -                                  | <b>467</b>                           |
| Derecognition - Disposals   | 133                        | 126                             | 42                                   | 3                              | -                         | -                       | -                                  | <b>306</b>                           |
| Impairments recognised in RR  |                            |                                 |                                      |                                |                           |                         |                                    |                                      |
| Assets reclassified   | -                          | (93)                            | 405                                  | (217)                          | -                         | -                       | -                                  | <b>95</b>                            |
| Other movements in cost or valuation  |                            |                                 |                                      |                                |                           |                         |                                    |                                      |
| <b>at 31 March</b>  | <b>(859)</b>               | <b>(4,667)</b>                  | <b>(3,356)</b>                       | <b>(5,285)</b>                 | <b>-</b>                  | <b>-</b>                | <b>-</b>                           | <b>(14,167)</b>                      |
| <b>NBV at 31 March 2026</b>   | <b>950,677</b>             | <b>281,741</b>                  | <b>3,074</b>                         | <b>12,507</b>                  | <b>2,772</b>              | <b>1,057</b>            | <b>33,693</b>                      | <b>1,285,520</b>                     |
| NBV at 31 March 2025  | 851,034                    | 220,555                         | 4,875                                | 6,934                          | 2,762                     | 1,624                   | 26,662                             | <b>1,114,447</b>                     |

| 2024/25   | Council Dwellings<br>£'000 | Other Land & Buildings<br>£'000 | Vehicles, Plant & Equipment<br>£'000 | Infrastructure Assets<br>£'000 | Community Assets<br>£'000 | Surplus Assets<br>£'000 | Assets Under Construction<br>£'000 | Property, Plant & Equipment<br>£'000 |
|---|----------------------------|---------------------------------|--------------------------------------|--------------------------------|---------------------------|-------------------------|------------------------------------|--------------------------------------|
| <b>Cost or Valuation at 1 April</b>   | <b>856,117</b>             | <b>213,999</b>                  | <b>12,767</b>                        | <b>12,584</b>                  | <b>2,837</b>              | <b>2,222</b>            | <b>26,897</b>                      | <b>1,127,423</b>                     |
| Adjustments to opening balance  |                            |                                 |                                      |                                |                           |                         |                                    |                                      |
| Additions   | 31,394                     | 6,911                           | 1,347                                | 237                            | 271                       | -                       | 17,205                             | 57,365                               |
| Donations   | -                          | -                               | -                                    | -                              | -                         | -                       | -                                  | -                                    |
| Revaluation increases/ (decreases) recognised in the Revaluation Reserve                            | (33,620)                   | (6,678)                         | -                                    | -                              | -                         | (358)                   | -                                  | (40,656)                             |
| Revaluation increases/ (decreases) recognised in the Surplus/(Deficit) on the Provision of Services | (265)                      | (4,136)                         | -                                    | -                              | -                         | -                       | -                                  | (4,401)                              |
| Reversal of impairments   | -                          | -                               | -                                    | -                              | -                         | -                       | -                                  | -                                    |
| Derecognition - Disposals   | (3,503)                    | (4,273)                         | (6,520)                              | -                              | -                         | (193)                   | (489)                              | (14,978)                             |
| Derecognition - Other   | -                          | -                               | -                                    | -                              | -                         | -                       | -                                  | -                                    |
| Assets reclassified (to)/from Held for Sale   | 910                        | 17,665                          | -                                    | (1,232)                        | (346)                     | (46)                    | (16,951)                           | -                                    |
| Other movements in cost or valuation  |                            |                                 |                                      |                                |                           |                         |                                    |                                      |
| <b>at 31 March</b>  | <b>851,033</b>             | <b>223,488</b>                  | <b>7,593</b>                         | <b>11,589</b>                  | <b>2,762</b>              | <b>1,625</b>            | <b>26,662</b>                      | <b>1,124,752</b>                     |
| <b>Accumulated Depreciation at 1 April</b>  | <b>(145)</b>               | <b>(3,303)</b>                  | <b>(8,314)</b>                       | <b>(4,449)</b>                 | <b>(84)</b>               | <b>(67)</b>             | <b>(28)</b>                        | <b>(16,390)</b>                      |
| Adjustment to opening balance   |                            |                                 |                                      |                                |                           |                         |                                    |                                      |
| Depreciation Charge   | (11,936)                   | (2,948)                         | (926)                                | (205)                          | -                         | -                       | -                                  | (16,015)                             |
| Depreciation written out to the Revaluation Reserve   | 11,830                     | 2,706                           | -                                    | -                              | -                         | -                       | -                                  | 14,536                               |
| Depreciation written out to the Surplus/(Deficit) on the Provision of Services                      | 105                        | 676                             | -                                    | -                              | -                         | -                       | -                                  | 781                                  |
| Derecognition - Disposals   | -                          | (64)                            | 6,520                                | -                              | -                         | -                       | -                                  | 6,456                                |
| Impairments recognised in RR  | -                          | -                               | -                                    | -                              | -                         | -                       | -                                  | -                                    |
| Assets reclassified (to)/from Held for Sale   | -                          | -                               | -                                    | -                              | -                         | -                       | -                                  | -                                    |
| Other movements in cost or valuation  | 146                        | -                               | -                                    | -                              | 85                        | 67                      | 27                                 | 325                                  |
| <b>at 31 March</b>  |                            | <b>(2,933)</b>                  | <b>(2,719)</b>                       | <b>(4,654)</b>                 | <b>1</b>                  | <b>0</b>                | <b>(1)</b>                         | <b>(10,306)</b>                      |
| <b>NBV at 31 March 2025</b>   | <b>851,033</b>             | <b>220,555</b>                  | <b>4,874</b>                         | <b>6,935</b>                   | <b>2,763</b>              | <b>1,625</b>            | <b>26,661</b>                      | <b>1,114,445</b>                     |
| NBV at 31 March 2024  | 855,972                    | 210,697                         | 4,453                                | 8,135                          | 2,754                     | 2,154                   | 26,869                             | 1,111,034                            |

## 14.1 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 – 53 years
- Other Land and Buildings – 4 to 53 years
- Vehicles, Plant, Furniture and Equipment – 5 years
- Infrastructure – 40 years

## 14.2 Capital Commitments

As at 31 March 2026 the Council had entered into a number of contracts for enhancement to Property, Plant and Equipment and other assets. The major commitments are:

| 31/03/25<br>£'000 |                                       | 31/03/26<br>£'000 |
|-------------------|---------------------------------------|-------------------|
| 625               | Housing                               | 4,387             |
| 11,496            | New builds                            | 26,205            |
| 1,700             | Other works                           | 11,050            |
| <b>13,821</b>     | <b>Total PPE- Capital Commitments</b> | <b>41,643</b>     |

## 14.3 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 2025 as part of the valuation process and reviewed as at 31 March 2026. The number of dwellings pending disposal 31 March 2026 was 22, 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 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

#### 14.4 Indexation

From 1 April 2025, the Code of Practice on Local Authority Accounting in the United Kingdom (the code) requirements changed in respect of revaluations of property, plant and equipment. Where authorities do not have a rolling programme of revaluations in place and/or the assets are not non-property assets subject to indexation, authorities revalue their assets every five years with annual indexation applied to assets during the four intervening years.

Full revaluations are carried out in accordance with RICS requirements, while indexation reflects market based movements applied in intervening periods. Although the valuation approaches differ, both are treated equally for accounting purposes under the revaluation model.

Choice of index – These have been provided by our external valuers Wilks, Head and Eve and have been applied to the net book value of the asset as at 31 March 2026.

#### 15. 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.

| 2024/25<br>Artefact<br>£'000 | 2024/25<br>Comm<br>£'000 | 2024/25<br>Art Coll<br>£'000 | 2024/25<br>Total<br>£'000 | Heritage Assets                             | 2025/26<br>Artefact<br>£'000 | 2025/26<br>Comm<br>£'000 | 2025/26<br>Art Col<br>£'000 | 2025/26<br>Total<br>£'000 |
|------------------------------|--------------------------|------------------------------|---------------------------|---|------------------------------|--------------------------|-----------------------------|---------------------------|
|                              |                          |                              |                           | <b>Cost or Valuation</b>                    |                              |                          |                             |                           |
| 729                          | 22                       | 1,005                        | 1,756                     | Start of year                               | 729                          | 22                       | 1,005                       | 1,756                     |
| -                            | -                        | -                            | -                         | Additions                                   | -                            | -                        | -                           | -                         |
| -                            | -                        | -                            | -                         | Reval Incr/(decr)                           | -                            | -                        | -                           | -                         |
| <b>729</b>                   | <b>22</b>                | <b>1,005</b>                 | <b>1,756</b>              | <b>End of year</b>                          | <b>729</b>                   | <b>22</b>                | <b>1,005</b>                | <b>1,756</b>              |
|                              |                          |                              |                           | <b>Accumulative depreciation/impairment</b> |                              |                          |                             |                           |
| -                            | (6)                      | -                            | (6)                       | Start of year                               | -                            | -                        | -                           | -                         |
| -                            | 6                        | -                            | 6                         | Depreciation charged in year                | -                            | -                        | -                           | -                         |
| -                            | -                        | -                            | -                         | Impairment recovered in CIES                | -                            | -                        | -                           | -                         |
| -                            | -                        | -                            | -                         | <b>End of year</b>                          | -                            | -                        | -                           | -                         |
| <b>729</b>                   | <b>22</b>                | <b>1,005</b>                 | <b>1,756</b>              | <b>Balance end of year</b>                  | <b>729</b>                   | <b>22</b>                | <b>1,005</b>                | <b>1,756</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 2024/25.

#### 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.

### 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.

### **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.

## **16. HERITAGE ASSETS: SUMMARY OF TRANSACTIONS**

| 31/03/25<br>Total<br>£'000 | Heritage<br>Assets | 2025/26<br>Purchases<br>£'000 | 2025/26<br>Donations<br>£'000 | 2025/26<br>Disposal<br>£'000 | 2025/26 Depr<br>w/back<br>£'000 | 31/03/26 Total<br>£'000 |
|----------------------------|--------------------|-------------------------------|-------------------------------|------------------------------|---------------------------------|-------------------------|
| 729                        | Artefact           | -                             | -                             | -                            | -                               | 729                     |
| 22                         | Community          | -                             | -                             | -                            | -                               | 22                      |
| 1,005                      | Art Collection     | -                             | -                             | -                            | -                               | 1,005                   |
| <b>1,756</b>               | <b>Total</b>       | -                             | -                             | -                            | -                               | <b>1,756</b>            |

## **17. INVESTMENT PROPERTIES**

The following items of income and expenditure have been accounted for in the Comprehensive Income and Expenditure Statement (excluding Fair Value movement):

| 2024/25<br>£'000 | Investment Property Income & Expenditure           | 2025/26<br>£'000 |
|------------------|--|------------------|
| (95)             | Rental income from investment property             | (99)             |
| -                | Direct operating expenses from investment property | -                |

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

| <b>2024/25<br/>Re-stated<br/>£'000</b> | <b>Investment Property Fair Value Movement</b>                     | <b>2025/26<br/>£'000</b> |
|--|--|--------------------------|
| <b>57,694</b>                          | <b>Opening Balance 1 April</b>                                     | <b>64,465</b>            |
| 7,059                                  | Additions (purchases)  | 10,075                   |
| -                                      | - Transfers  | (57,472)                 |
| (288)                                  | Net gains / (losses) from fair value adjustments taken to the CIES | 15                       |
| <b>64,465</b>                          | <b>Balance at the end of the year 31 March</b>                     | <b>17,083</b>            |

### Fair Value Hierarchy

All the Council's investment properties have been value assessed as Level 2 on the fair value hierarchy for valuation purposes.

### Valuation Techniques Used to Determine Level 2 Fair Value for Investment Property

The fair value for the residential properties (at market rents) has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local Council area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

| <b>2025/26 FV Hierarchy</b> | <b>Levels (No. Of Prop)</b>   |  |  | <b>Fair Value<br/>£'000</b> |
|-----------------------------|---|--|--|-----------------------------|
|                             | <b>Quoted prices in active markets for identical assets<br/>Level 1</b> | <b>Other significant observable inputs<br/>Level 2</b> | <b>Significant unobservable inputs<br/>Level 3</b> |                             |
| Farms                       | -   | 2  | -  | 357                         |
| Golf Club                   | -   | 1  | -  | 877                         |
| Other                       | -   | 6  | -  | 15,849                      |
| <b>Balance at 31 March</b>  | -   | <b>9</b>   | -  | <b>17,083</b>               |

| <b>2024/25 FV Hierarchy<br/>(re-stated)</b> | <b>Levels (No. of Prop)</b>   |  |  | <b>Fair Value<br/>£'000</b> |
|---|---|--|--|-----------------------------|
|   | <b>Quoted prices in active markets for identical assets<br/>Level 1</b> | <b>Other significant observable inputs<br/>Level 2</b> | <b>Significant unobservable inputs<br/>Level 3</b> |                             |
| Farms                                       | -   | 2  | -  | 357                         |
| Golf Club                                   | -   | 1  | -  | 691                         |
| Other                                       | -   | 6  | -  | 63,417                      |
| <b>Balance at 31 March</b>                  | <b>0</b>  | <b>9</b>   | <b>0</b>   | <b>64,465</b>               |

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use. There has been no change in the valuation techniques used during the year for investment properties. The fair value of the Council's investment property is measured annually at each reporting date. All valuations are carried out externally by WHE, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The Council's valuation experts work closely with Finance officers reporting directly to the Chief Financial Officer on a regular basis regarding all valuation matters.

## 18. INTANGIBLE ASSETS

Intangible fixed assets are those items which, although the cost incurred in their acquisition is of a capital nature, there is no physical tangible asset to show.

| 2024/25 Intangible Asset Movement |   | 2025/26      |
|-----------------------------------|---|--------------|
| £'000                             |   | £'000        |
| <u>Balance at start of year:</u>  |   |              |
| 5,237                             | Gross carrying amounts                      | 1,357        |
| (4,242)                           | Accumulated amortisation                    | (560)        |
| <b>995</b>                        | <b>Net carrying amount at start of year</b> | <b>797</b>   |
| 183                               | Purchases                                   | 382          |
| (4,063)                           | Disposals                                   |              |
| -                                 | Reclassification                            | 252          |
| (381)                             | Amorisation                                 | (206)        |
| 4,063                             | Reversal of past amort on disposal          |              |
| <b>797</b>                        | <b>Net carrying amount at end of year</b>   | <b>1,225</b> |
| <u>Comprising:</u>                |   |              |
| 1,357                             | Gross carrying amounts                      | 2,087        |
| (560)                             | Accumulated amortisation                    | (862)        |
| <b>797</b>                        | <b>Total at 31 March</b>                    | <b>1,225</b> |

The Council's intangible non-current assets are predominantly ICT / software items serving various areas of activity within the Council (Housing, Community, Planning, Payroll and HR as examples). The useful lives of these assets vary depending on circumstance but broadly are under 10 years.

## 19. FINANCIAL INSTRUMENTS

### Financial Assets

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

|  | Non-current             |                         |                         |                         | Current                 |                         |                         |                         | TOTAL                   |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|  | Investments             |                         | Debtors                 |                         | Investment              |                         | Debtors                 |                         | 31-Mar<br>2025<br>£'000 | 31-Mar<br>2026<br>£'000 |
|  | 31-Mar<br>2025<br>£'000 | 31-Mar<br>2026<br>£'000 | 31-Mar<br>2025<br>£'000 | 31-Mar<br>2026<br>£'000 | 31-Mar<br>2025<br>£'000 | 31-Mar<br>2026<br>£'000 | 31-Mar<br>2025<br>£'000 | 31-Mar<br>2026<br>£'000 |                         |                         |
| Fair value thru P&L (ST deposits Cash Equivalent)                    | -                       | -                       | -                       | -                       | 9,195                   | 20,210                  | -                       | -                       | 9,195                   | 20,210                  |
| Amortised cost- investments  | -                       | -                       | -                       | -                       | -                       | -                       | -                       | -                       | -                       | -                       |
| Amortised cost- debtors  | -                       | -                       | 7,964                   | 7,513                   | -                       | -                       | 19,526                  | 27,229                  | 27,490                  | 34,742                  |
| Fair value through other comp income – designated equity instruments | 4,294                   | 4,294                   | -                       | -                       | -                       | -                       | -                       | -                       | 4,294                   | 4,294                   |
| <b>Total financial assets</b>  | <b>4,294</b>            | <b>4,294</b>            | <b>7,964</b>            | <b>7,513</b>            | <b>9,195</b>            | <b>20,210</b>           | <b>19,526</b>           | <b>27,229</b>           | <b>40,979</b>           | <b>59,246</b>           |

|                               |              |              |              |              |              |               |              |              |               |               |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|---------------|---------------|
| Non-financial assets- debtors | -            | -            | -            | -            | -            | -             | (15,279)     | (19,028)     | (15,279)      | (19,028)      |
| <b>Total</b>                  | <b>4,294</b> | <b>4,294</b> | <b>7,964</b> | <b>7,513</b> | <b>9,195</b> | <b>20,210</b> | <b>4,247</b> | <b>8,201</b> | <b>25,700</b> | <b>40,218</b> |

## Financial Liabilities

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

| Financial Liabilities                       | Non-current             |                         |                         |                         | Current                 |                         |                         |                         | TOTAL                   |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Borrowing               |                         | Creditors               |                         | Borrowing               |                         | Creditors               |                         | 31-Mar<br>2025<br>£'000 | 31-Mar<br>2026<br>£'000 |
|   | 31-Mar<br>2025<br>£'000 | 31-Mar<br>2026<br>£'000 | 31-Mar<br>2025<br>£'000 | 31-Mar<br>2026<br>£'000 | 31-Mar<br>2025<br>£'000 | 31-Mar<br>2026<br>£'000 | 31-Mar<br>2025<br>£'000 | 31-Mar<br>2026<br>£'000 |                         |                         |
| Fair value through profit or loss           | -                       | -                       | -                       | -                       | -                       | -                       | -                       | -                       | -                       | -                       |
| Amortised cost- Borrowing                   | (211,837)               | (251,837)               | -                       | -                       | (101,500)               | (95,500)                | -                       | -                       | (313,337)               | (347,337)               |
| Amortised cost- Creditors                   | -                       | -                       | (253)                   | (133)                   | -                       | -                       | (21,981)                | (32,834)                | (22,234)                | (32,967)                |
| Amortised cost- Leases                      | (671)                   | (451)                   | -                       | -                       | -                       | -                       | (216)                   | (220)                   | (887)                   | (671)                   |
| <b>Total financial liabilities</b>          | <b>(212,508)</b>        | <b>(252,288)</b>        | <b>(253)</b>            | <b>(133)</b>            | <b>(101,500)</b>        | <b>(95,500)</b>         | <b>(22,197)</b>         | <b>(33,054)</b>         | <b>(336,458)</b>        | <b>(380,975)</b>        |
| Liabilities not defined as Fin. Instruments | -                       | -                       | -                       | -                       | -                       | -                       | 11,453                  | 8,686                   | 11,453                  | 8,686                   |
| <b>Total</b>                                | <b>(212,508)</b>        | <b>(252,288)</b>        | <b>(253)</b>            | <b>(133)</b>            | <b>(101,500)</b>        | <b>(95,500)</b>         | <b>(10,744)</b>         | <b>(24,368)</b>         | <b>(325,005)</b>        | <b>(372,289)</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 £132 in 2025/26 (a gain of £34,522 in 2024/25) has been debited 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 £794 in 2025/26 (a loss of £2,567 in 2024/25) has been credited to Other Comprehensive Income and Expenditure in the Comprehensive Income and Expenditure Statement.

| 31/03/25<br>£'000 | Fair Value is assessed                           | 31/03/26<br>£'000 |
|-------------------|--|-------------------|
| 1,828             | CCLA Property Fund                               | 1,828             |
| 450               | Harlow Trading Services HTS (purchase of shares) | 450               |
| 2,016             | Royal London Cash + Fund                         | 2,016             |
| <b>4,294</b>      | <b>Total non-current assets (Long Term)</b>      | <b>4,294</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 on Financial Instruments

| 2024/25<br>Surplus<br>or Deficit<br>on the<br>Provision<br>of<br>Services<br>£'000 | 2024/25<br>Other<br>Comprehe<br>n-sive<br>Income<br>and<br>Expenditur<br>e £'000 |   | 2025/26<br>Surplus<br>or Deficit<br>on the<br>Provisio<br>n of<br>Services<br>£'000 | 2025/26<br>Other<br>Comprehen-<br>sive Income<br>and<br>Expenditure<br>£'000 |
|--|--|---|---|--|
| -  | (32)   | <b>Net gain/loss on;</b><br>Investment in equity instrument designated at fair value through other comprehensive income | -   | (1)  |
| -  | (32)   | <b>Total net gain/loss</b>  | -   | (1)  |
| (560)  | -  | <b>Interest revenue;</b><br>- Fin asset measured at amortised cost  | (1,774)   | -  |
| -  | -  | - Fin asset measured at FVPL  | -   | -  |
| -  | -  | - Fin asset measured at FVOCI   | -   | -  |
| (560)  | -  | <b>Total interest revenue (note 11- interest receivable)</b>  | (1,774)   | -  |
| 10,641   | -  | <b>Interest Expense (note 11- interest payable)</b>   | 11,271  | -  |

### 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 (PWL) 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 2026;
- no early repayment or impairment is recognised.

Fair values are as follows:

|                          | Carrying amount<br>31-03-2025<br>£'000<br>Re-stated | Fair Value<br>31-03-2025<br>£'000<br>Re-stated | Carrying amount<br>31-03-2026<br>£'000 | Fair Value<br>31-03-2026<br>£'000 |
|--------------------------|---|--|--|-----------------------------------|
| <b>Financial assets;</b> |   |  |  |                                   |
| LT Investments           | 4,294   | 3,844  | 4,294                                  | 3,844                             |
| ST deposits (cash equiv) | 9,195   | 9,195  | 20,210                                 | 20,210                            |
| ST Debtors- FI's         | 4,247   | 4,247  | 8,201                                  | 8,201                             |

|                               |                  |                  |                  |                  |
|-------------------------------|------------------|------------------|------------------|------------------|
| ST Debtors- not FI's          | 15,279           | 15,279           | 19,028           | 19,028           |
| Other LT debtors              | 7,964            | 7,964            | 7,513            | 7,513            |
| <b>Total</b>                  | <b>40,979</b>    | <b>40,529</b>    | <b>59,246</b>    | <b>58,796</b>    |
| <b>Financial Liabilities;</b> |                  |                  |                  |                  |
| LT Borrowing                  | (211,837)        | (182,819)        | (251,837)        | (224,428)        |
| ST Borrowing                  | (101,500)        | (103,704)        | (95,500)         | (97,558)         |
| Creditors- FI's               | (10,781)         | (10,781)         | (24,368)         | (24,368)         |
| ST Creditors- not FI's        | (11,453)         | (11,453)         | (8,686)          | (8,686)          |
| Other LT creditors            | (887)            | (671)            | (584)            | (584)            |
| <b>Total</b>                  | <b>(336,458)</b> | <b>(309,428)</b> | <b>(380,975)</b> | <b>(355,624)</b> |

## 20. INVENTORY

| 31/03/25<br>£'000 |                          | 31/03/26<br>£'000 |
|-------------------|--------------------------|-------------------|
| 3                 | Leah Manning provisions  | 2                 |
| 6                 | Reprographics stock      | 5                 |
| 1                 | Franking machine         | 1                 |
| 22                | Playhouse stock          | 21                |
| 6                 | Pet's Corner stock       | 8                 |
| 14                | Refuse & recycling stock | 24                |
| 3                 | Museum supplies          | 2                 |
| -                 | Sumners Farm Close stock | 1                 |
| <b>55</b>         | <b>Total</b>             | <b>65</b>         |

## 21. DEBTORS

| 31/03/25<br>£'000 | Short Term Debtors                | 31/03/26<br>£'000 |
|-------------------|-----------------------------------|-------------------|
| 4,247             | Trade receivables                 | 8,201             |
| 268               | Payments in advance / prepayments | 340               |
| 15,011            | Other receivables                 | 18,688            |
| <b>19,526</b>     | <b>Total</b>                      | <b>27,229</b>     |

| 31/03/25<br>Re-stated<br>£'000 | Long Term Debtors          | 31/03/26<br>£'000 |
|--------------------------------|----------------------------|-------------------|
| 170                            | Service Charge Loans LAMAC | 222               |
| 439                            | Service Charge Debtor      | 403               |
| 256                            | Renovation Grants          | 245               |
| 1,412                          | HTS Loans                  | 863               |
| 5,608                          | Market Square (Harlow) LLP | 5,608             |
| 78                             | Soft Loans                 | 174               |
| <b>7,963</b>                   | <b>Total</b>               | <b>7,513</b>      |

The table below shows the amount that was owed to the Council as at 31 March 2026 by third parties, together with amounts paid by the Council in advance of receipt of goods or services.

## 22. DEBTORS FOR LOCAL TAXATION

The past due but not impaired amount for local taxation (council tax and non-domestic rates) can be analysed by age as follows:

| 31/03/25<br>£'000 |                      | 31/03/26<br>£'000 |
|-------------------|----------------------|-------------------|
|                   | - Less than 3 months | -                 |
|                   | - 3 to 6 months      | -                 |
| 1,302             | 6 months to 1 year   | 2,118             |
| 3,792             | More than 1 year     | 3,994             |
| <b>5,094</b>      | <b>Total</b>         | <b>6,112</b>      |

## 23. CASH AND CASH EQUIVALENTS

| 31/03/25<br>£'000 |  | 31/03/26<br>£'000 |
|-------------------|--|-------------------|
| 5                 | Cash held by officers                                    | 5                 |
| 2,635             | Bank account balances                                    | 1,201             |
| 9,195             | Short Term Deposits / Cash Equivalents                   | 20,210            |
| <b>11,835</b>     | <b>Total Cash &amp; Cash Equivalents (Assets)</b>        | <b>21,416</b>     |
|                   | - Cash and Bank balances                                 | -                 |
|                   | - Short Term Deposits / Cash Equivalents                 | -                 |
|                   | <b>- Total Cash &amp; Cash Equivalents (Liabilities)</b> | <b>-</b>          |

## 24. ASSETS HELD FOR SALE (CURRENT ONLY)

| 2024/25<br>£'000 |                                      | 2025/26<br>£'000 |
|------------------|--------------------------------------|------------------|
| <b>2,353</b>     | <b>Start of the Year 1 April</b>     | -                |
|                  | - Assets newly classified as HfS PPE | -                |
|                  | - Assets declassified as HfS PPE     | -                |
| (2,353)          | Assets sold                          | -                |
|                  | - Other movements                    | -                |
|                  | <b>- End of the Year 31 March</b>    | <b>-</b>         |

## 25. CREDITORS AND OTHER LONG-TERM LIABILITIES

| 31/03/25<br>£'000 | Short Term Creditors | 31/03/26<br>£'000 |
|-------------------|----------------------|-------------------|
| (10,744)          | Trade payables       | (24,368)          |
| (5,458)           | Receipts in advance  | (5,349)           |
| (5,996)           | Other payables       | (3,337)           |
| <b>(22,197)</b>   | <b>Total</b>         | <b>(33,054)</b>   |

| 31/03/25<br>£'000 | Long Term Creditors    | 31/03/26<br>£'000 |
|-------------------|------------------------|-------------------|
| (253)             | Leaseholder and Tenant | (134)             |
| <b>(253)</b>      | <b>Total</b>           | <b>(134)</b>      |

| 31/03/25<br>£'000 | Other Long Term Liabilities     | 31/03/26<br>£'000 |
|-------------------|---------------------------------|-------------------|
|                   | - Deferred lease premium income | (46,228)          |
| (671)             | Other long term lease liability | (451)             |
| <b>(671)</b>      | <b>Total</b>                    | <b>(46,779)</b>   |

The council received £47 million lease premium when entering into a series of leases of Burnt Mills, Harlow. The premium is being written down to revenue over the life of the land and buildings that the council has leased out under an operating lease.

## 26. PROVISIONS (CURRENT ONLY)

| 2024/25<br>£'000 | NDR Appeals                       | 2025/26<br>£'000 |
|------------------|-----------------------------------|------------------|
| (1,063)          | Opening Balance 1 April           | (1,325)          |
| (262)            | Increase in provision during year | (1,987)          |
| -                | Utilised during year              | 2,017            |
| <b>(1,325)</b>   | <b>Closing Balance 31 March</b>   | <b>(1,295)</b>   |

The total provision for NDR appeals at 31st March 2026 is (£3.236m); the above table reflects only the Council's share (40%) of the provision, at a value of (£1.295m).

| 2024/25<br>£'000 | Other Provisions                                     | 2025/26<br>£'000 |
|------------------|--|------------------|
| (106)            | Opening Balance 1 April                              | (160)            |
| (160)            | Increase in provision during year                    | -                |
| 106              | Utilised during year                                 | 25               |
| <b>(160)</b>     | <b>Closing Balance 31 March</b>                      | <b>(135)</b>     |
| <b>(1,485)</b>   | <b>All Provisions Total Closing Balance 31 March</b> | <b>(1,430)</b>   |

## 27. USABLE RESERVES

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

## 28. UNUSABLE RESERVES

| 31/03/25<br>£'000 |   | 31/03/26<br>£'000 |
|-------------------|---|-------------------|
| (526,729)         | Revaluation Reserve                       | (586,145)         |
| 156               | Financial Instruments Revaluation Reserve | 156               |
| (257,278)         | Capital Adjustment Account                | (268,156)         |
| 8                 | Financial Instruments Adjustment Account  | 35                |
| (840)             | Deferred Capital Receipts Reserve         | (1,002)           |
| 4,627             | Pension Reserve                           | 4,274             |
| 258               | Collection Fund Adjustment Account        | 1,158             |
| 184               | Accumulated Absences Account              | 225               |
| <b>(779,614)</b>  | <b>Total</b>                              | <b>(849,455)</b>  |

### 28.1 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.

| 2024/25<br>£'000 |  | 2025/26<br>£'000 |
|------------------|--|------------------|
| <b>(555,411)</b> | <b>Balance 1 April</b>   | <b>(526,729)</b> |
| (16,436)         | Upward revaluation of assets   | (63,967)         |
| 42,557           | Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on Provision of Services | 328              |
| <b>26,121</b>    | <b>Movement in year</b>  | <b>(63,639)</b>  |
| -                | - Difference between fair value depreciation and historical cost depreciation                                    | -                |
| 2,561            | Accumulated gains on assets sold or scrapped   | 4,223            |
| -                | - Other amounts written off to the Capital Adjustment Account  | -                |
| <b>2,561</b>     | <b>Amount written off to the Capital Adjustment Account</b>  | <b>4,223</b>     |
| <b>(526,729)</b> | <b>Balance 31 March</b>  | <b>(586,145)</b> |

## 28.2 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

| 2024/25<br>£'000 |  | 2025/26<br>£'000 |
|------------------|--|------------------|
| <b>188</b>       | <b>Balance 1 April</b>   | <b>156</b>       |
| (32)             | Upward revaluation of assets   | -                |
| -                | - Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on Provision of Services   | -                |
| -                | - Accumulated gains or losses on assets sold and maturing assets written out to the Comprehensive Income and Expenditure Statement as part of other investment income                      | -                |
| -                | - Accumulated gains or losses on assets sold and maturing assets written out to the General Fund balances for financial assets designated to fair value through other comprehensive income | -                |
| <b>156</b>       | <b>Balance 31 March</b>  | <b>156</b>       |

## 28.3 Capital Adjustment Account

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

| 2024/25<br>£'000 |   | 2025/26<br>£'000 |
|------------------|---|------------------|
| <b>(249,633)</b> | <b>Balance 1 April</b>  | <b>(257,278)</b> |
|                  | <u>Reversal of Items relating to capital expenditure debited/credited to the CIES</u>                 |                  |
| 15,684           | Charges for depreciation and impairment of non-current assets (PPE)                                   | 20,454           |
| 3,620            | Net revaluation gains/losses on non-current assets (PPE)  | 18,184           |
| 381              | Amortisation of intangible assets   | -                |
| 1,016            | Revenue expenditure funded from capital under statute   | 1,567            |
| 10,876           | Amounts of non-current assets w/off on disposal/sale as part of the gain/loss on disposal to CIES     | 10,959           |
|                  | - Expected Credit Gains or Losses on Financial Instruments  | -                |
|                  | - Other adjustments   | -                |
| <b>31,577</b>    | <b>Total</b>  | <b>51,164</b>    |
| (2,561)          | Adjusting Amounts written out of the Revaluation Reserve  | (4,223)          |
| <b>29,016</b>    | <b>Net written out amount of the cost of non-current assets consumed in the year</b>                  | <b>46,941</b>    |
| (15,582)         | Use of Capital Receipts Reserve to finance new capital expenditure                                    | (24,192)         |
| (12,140)         | Use of Major Repairs Reserve to finance new capital expenditure                                       | (13,954)         |
| (5,603)          | Capital Grants and Contributions credited to the CIES that have been applied to capital financing     | (14,213)         |
| (2,159)          | Application of grants to capital financing from the capital grants unapplied account                  | (2,587)          |
| (1,307)          | Statutory provision for the financing of capital investment charged against the General Fund balances | (2,599)          |
| (157)            | Capital expenditure charged against the General Fund balances   | (260)            |
| <b>(36,948)</b>  | <b>Total</b>  | <b>(57,805)</b>  |
| <b>288</b>       | Movements in the market value of Investment Properties debited/credited to the CIES                   | (14)             |
| <b>(257,278)</b> | <b>Balance 31 March</b>   | <b>(268,156)</b> |

#### 28.4 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.

| 2024/25<br>£'000 |  | 2025/26<br>£'000 |
|------------------|--|------------------|
| <b>2</b>         | <b>Balance 1 April</b>   | <b>8</b>         |
|                  | - Premiums incurred in the year and charged to the CIES  | -                |
|                  | - Proportion of premiums incurred in previous financial years to be charged against the General Fund balance in accordance with statutory requirements | -                |
| 6                | Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements    | 27               |

### 28.5 Deferred Capital Receipts Reserve

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

| 2024/25<br>£'000 |  | 2025/26<br>£'000 |
|------------------|--|------------------|
| (782)            | <b>Balance 1 April</b>   | (840)            |
| (132)            | Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the CIES | (253)            |
| 74               | Transfer to the capital receipts reserve upon receipt of cash                                | 91               |
| (840)            | <b>Balance 31 March</b>  | (1,002)          |

### 28.6 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.

| 2024/25<br>£'000 |   | 2025/26<br>£'000 |
|------------------|---|------------------|
| 5,299            | <b>Balance 1 April</b>  | 4,627            |
|                  | <i>Opening balance adjustment per IAS19 actuary report</i>  | (12)             |
| 507              | Remeasurements of the net defined benefit liability/asset   | 1,243            |
| 2,735            | Reversal of items relating to retirement benefits dr/cr to Surplus/Deficit on Provision of Services in the CIES | 2,388            |
| (3,914)          | Employer's pensions contributions and direct payments to pensioners payable in the year                         | (3,972)          |
| 4,627            | <b>Balance 31 March</b>   | 4,274            |

### 28.7 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.

| 2024/25 |  | 2025/26 |
|---------|--|---------|
|---------|--|---------|

| £'000          |   | £'000        |
|----------------|---|--------------|
| <b>(4,167)</b> | <b>Balance 1 April</b>  | <b>258</b>   |
| 4,425          | Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements | 900          |
| <b>258</b>     | <b>Balance 31 March</b>   | <b>1,158</b> |

### 28.8 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 March. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the account.

| 2024/25<br>£'000 |   | 2025/26<br>£'000 |
|------------------|---|------------------|
| <b>184</b>       | <b>Balance 1 April</b>  | <b>184</b>       |
| (184)            | Settlement or cancellation of accrual made at the end of the preceding year   | (184)            |
| 184              | Amounts accrued at the end of the current year  | 225              |
| -                | - Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements | -                |
| <b>184</b>       | <b>Balance 31 March</b>   | <b>225</b>       |

## 29. CASHFLOW STATEMENT - OPERATING ACTIVITIES

The cash flows for operating activities include the following items.

| 2024/25<br>£'000 |                    | 2025/26<br>£'000 |
|------------------|--------------------|------------------|
| 572              | Interest received  | 1,002            |
| (6,936)          | Interest paid      | (11,515)         |
| 201              | Dividends received | 104              |
| <b>(6,163)</b>   | <b>Total</b>       | <b>(10,409)</b>  |

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

| 2024/25<br>£'000 |  | 2025/26<br>£'000 |
|------------------|--|------------------|
| 15,684           | Depreciation of tangible assets  | 20,454           |
| 3,620            | Impairment and downward valuations   | 18,184           |
| 381              | Amortisation of intangible   | -                |
| -                | - Deferred revenue/ deferred payment agreements (IFRS 15)  | -                |
| -                | - Increase/(decrease) in provision for doubtful debts  | -                |
| 4,063            | Increase/(decrease) in creditors   | 6,099            |
| 410              | (Increase)/decrease in debtors   | (5,830)          |
| 1                | (Increase)/decrease in inventory   | (10)             |
| (1,179)          | Movement in pension liability  | (1,584)          |
| 10,876           | Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised | 10,959           |

|   |               |
|---|---------------|
| 604 Other non-cash items charged to the net surplus or deficit on the provision of services | (42)          |
| <b>34,459 Total</b>   | <b>48,230</b> |

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

| 2024/25<br>£'000      |  | 2025/26<br>£'000 |
|-----------------------|--|------------------|
| (6,754)               | Proceeds from the sale of property, plant and equipment, investment property and intangible assets | (20,789)         |
| -                     | - Net adjustment from the sale of short and long term investments not considered cash equivalents  | -                |
| (7,855)               | Capital Grants credited to surplus or deficit on the provision of services                         | (31,216)         |
| <b>(14,609) Total</b> |  | <b>(52,005)</b>  |

### 30. CASHFLOW STATEMENT - INVESTING ACTIVITIES

| 2024/25<br>£'000   |  | 2025/26<br>£'000 |
|--|--|------------------|
| (70,215)   | Purchase of property, plant and equipment, investment property and intangible assets             | (103,598)        |
| -  | - Purchase of short-term and long-term investments   | -                |
| (2,249)  | Other payments for investing activities  | (656)            |
| 6,695  | Proceeds from the sale of property, plant & equipment, investment property and intangible assets | 20,627           |
| -  | - Proceeds from short-term and long-term investments   | -                |
| 19,089   | Other receipts from investing activities   | 24,721           |
| <b>(46,680) Net cash flows from investing activities</b> |  | <b>(58,906)</b>  |

### 31. CASHFLOW STATEMENT - FINANCING ACTIVITIES

| 2024/25<br>£'000                                       |  | 2025/26<br>£'000 |
|--|--|------------------|
| 206,500  | Cash receipts of short and long term borrowing   | 402,767          |
| (2,197)  | Other receipts for financing activities  | 46,228           |
| -  | - Cash payments for the reduction of o/s liabilities relating to finance leases and BS PFI contracts | -                |
| (164,000)  | Repayments of short- and long-term borrowing   | (368,767)        |
| (6,091)  | Other payments for financing activities  | (3,770)          |
| <b>34,212 Net cash flows from financing activities</b> |  | <b>76,458</b>    |

### 32. MEMBERS' ALLOWANCES

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

| 2024/25<br>£'000 | Amounts paid to Members of the Council during the year. | 2025/26<br>£'000 |
|------------------|---|------------------|
| 363              | Allowances  | 399              |
| 3                | Expenses  | 2                |
| <b>366 Total</b> |   | <b>401</b>       |

### 33. OFFICERS' REMUNERATION

## Senior Officers' Remuneration 2025/26

| 2025/26   |                  | Salary, Fees and Allowances<br>£'000 | Comp for loss of office<br>£'000 | Total exc pension contr.<br>£'000 | Pension Contr.<br>£'000 | Total<br>£'000   |
|---|------------------|--------------------------------------|----------------------------------|-----------------------------------|-------------------------|------------------|
| Managing Director – James Gardner   |                  | 175,922                              | -                                | 175,922                           | 39,231                  | 215,153          |
| Executive Director (Regeneration and Community)                                 | (from 22.04.25)  | 146,130                              | -                                | 146,130                           | 32,587                  | 178,717          |
| Executive Director (Housing Focus)  | (up to 29.08.25) | 87,073                               | -                                | 87,073                            | 19,267                  | 106,340          |
| Interim Executive Director (Housing Focus)                                      | (from 06.10.25)  | 140,732                              | -                                | 140,732                           | -                       | 140,732          |
| Executive Director (Corporate and Regulatory Focus)                             | (up to 30.06.25) | 40,456                               | 75,000                           | 115,456                           | 8,107                   | 123,563          |
| Interim Executive Director (Corporate and Regulatory Focus)                     | (from 01.11.25)  | 53,550                               | -                                | 53,550                            | -                       | 53,550           |
| Director – Finance (S151 Officer)   |                  | 104,805                              | -                                | 104,805                           | 23,372                  | 128,177          |
| Director – Legal and Governance (Monitoring Officer)                            | (from 07.07.25)  | 83,495                               | -                                | 83,495                            | 18,619                  | 102,114          |
| Interim Assistant Director – Legal and Democratic Services (Monitoring Officer) | (up to 06.07.25) | 67,048                               | -                                | 67,048                            | -                       | 67,048           |
| <b>Total</b>  |                  | <b>899,211</b>                       | <b>75,000</b>                    | <b>974,211</b>                    | <b>141,183</b>          | <b>1,115,394</b> |

## Senior Officers' Remuneration 2024/25

| 2024/25 (01/04/2025 to 03/02/2026)                                 |                     | Salary, Fees and Allowances<br>£'000 | Comp for loss of office<br>£'000 | Total exc pension contr.<br>£'000 | Pension Contr.<br>£'000 | Total<br>£'000 |
|--|---------------------|--------------------------------------|----------------------------------|-----------------------------------|-------------------------|----------------|
| Director of Governance and Corporate Services (Monitoring Officer) | 01.04.24 - 05.04.24 | 4,086                                | 78,850                           | 82,936                            | 455                     | 83,391         |
| Deputy Chief Executive and Director of Finance (S151 Officer)      | 01.04.24 - 04.11.24 | 81,106                               | -                                | 81,106                            | 15,541                  | 96,647         |
| Interim Chief Executive - Yvonne Rees                              | 01.04.24 - 03.10.24 | 228,923                              | -                                | 228,923                           | -                       | 228,923        |
| Interim Director of Strategic Growth and Regeneration              | 29.04.24 - 03.10.24 | 123,046                              | -                                | 123,046                           | -                       | 123,046        |
| Assistant Director (S151 Officer)                                  | 18.10.24 - 31.01.25 | 29,068                               | -                                | 29,068                            | 6,482                   | 35,550         |
| Legal Services Manager (Monitoring Officer)                        | 11.04.24 - 31.01.25 | 70,243                               | -                                | 70,243                            | 15,664                  | 85,907         |
| <b>Total</b>   |                     | <b>536,472</b>                       | <b>78,850</b>                    | <b>615,322</b>                    | <b>38,142</b>           | <b>653,464</b> |

| 2024/25 (03/02/2025 to 31/03/2025)  |                     | Salary, Fees and Allowances<br>£'000 | Comp for loss of office<br>£'000 | Total exc pension contr.<br>£'000 | Pension Contr.<br>£'000 | Total<br>£'000 |
|---|---------------------|--------------------------------------|----------------------------------|-----------------------------------|-------------------------|----------------|
| Managing Director   | 01.02.25 - 31.03.25 | 27,500                               | -                                | 27,500                            | 6,133                   | 33,633         |
| Executive Director (Housing Focus)  | 01.02.25 - 31.03.25 | 33,250                               | -                                | 33,250                            | 7,415                   | 40,665         |
| Interim Assistant Director Legal and Democratic Services (Monitoring Officer) | 10.03.25 - 31.03.25 | 14,790                               | -                                | 14,790                            | -                       | 14,790         |
| Assistant Director (S151 Officer)   | 01.02.25 - 31.03.25 | 16,926                               | -                                | 16,926                            | 3,774                   | 20,700         |
| Legal Services Manager (Monitoring Officer)                                   | 01.02.25 - 25.02.25 | 9,478                                | -                                | 9,478                             | 1,236                   | 10,714         |
| <b>Total</b>  |                     | <b>101,944</b>                       | <b>-</b>                         | <b>101,944</b>                    | <b>18,558</b>           | <b>120,502</b> |

## Remuneration over £50,000

The table below shows the number of Council officers whose remuneration exceeds £50,000 per annum grouped into £5,000 bands. The banding table below is comprehensive and includes senior employees who are shown in the table of senior employees, shown above.

|                    | 2024/25 | 2025/26 |
|--------------------|---------|---------|
| £50,000 to £54,999 | 10      | 26      |
| £55,000 to £59,999 | 12      | 17      |
| £60,000 to £64,999 | 9       | 7       |
| £65,000 to £69,999 | 7       | 3       |
| £70,000 to £74,999 | 2       | 3       |
| £75,000 to £79,999 | -       | 3       |
| £80,000 to £84,999 | 2       | 2       |
| £85,000 to £89,999 | 3       | 3       |

|                      |           |           |
|----------------------|-----------|-----------|
| £90,000 to £94,999   | 2         | 1         |
| £95,000 to £99,999   | 1         | -         |
| £100,000 to £104,999 | -         | 2         |
| £105,000 to £109,999 | 1         | 1         |
| £115,000 to £119,999 | -         | 1         |
| £120,000 to £124,999 | -         | 1         |
| £135,000 to £134,999 | -         | 1         |
| £145,000 to £149,999 | 1         | 1         |
| £175,000 to £179,999 | -         | 1         |
| <b>Total</b>         | <b>50</b> | <b>73</b> |

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

| Exit package cost band (including special payments) | Number of comp redundancies |          | Number of other departures agreed |          | Total number of exit packages by cost band |           | Total cost of exit packages in each band £ |                |
|---|-----------------------------|----------|-----------------------------------|----------|--|-----------|--|----------------|
|   | 24/25                       | 25/26    | 24/25                             | 25/26    | 24/25                                      | 25/26     | 24/25                                      | 25/26          |
| £0-£20,000  | -                           | 2        | 5                                 | 5        | 5  | 7         | 29,359                                     | 31,575         |
| £20,001-£40,000                                     | 1                           | -        | -                                 | -        | 1  | -         | 29,485                                     | -              |
| £40,000-£60,000                                     | -                           | -        | -                                 | -        | -  | -         | -  | -              |
| £60,001-£80,000                                     | -                           | 2        | 1                                 | 1        | 1  | 3         | 78,850                                     | 210,857        |
| £100,001 -£150,000                                  | -                           | -        | -                                 | 1        | -  | 1         | -  | 101,499        |
| £200,001-£250,000                                   | 1                           | -        | -                                 | -        | 1  | -         | 215,694                                    | -              |
| <b>Total</b>  | <b>2</b>                    | <b>4</b> | <b>6</b>                          | <b>7</b> | <b>8</b>                                   | <b>11</b> | <b>353,388</b>                             | <b>343,931</b> |

#### 34. EXTERNAL AUDIT COSTS

| 2024/25<br>£'000  | 2025/26<br>£'000 |
|---|------------------|
| 215 Fees payable to external auditors with regard to external audit services carried out by the appointed auditor | 221              |
| 57 Fees payable to external auditors for the certification of grant claims & returns (HB only)                    | 124              |
| <b>272 Total</b>  | <b>345</b>       |

#### 35. GRANT INCOME

| 2024/25<br>£'000   | 2025/26<br>£'000 |
|--|------------------|
| <b>Grants credited to the Comprehensive Income and Expenditure Statement- Taxation and Non-specific Grant Income</b> |                  |
| (392) Council Tax Sharing Agreement  | (219)            |
| (475) New Homes Bonus Grant  | (273)            |
| (1,011) Funding Guarantee  | -                |
| (26) Levy Account Surplus Grant  | -                |
| (136) RSG  | (174)            |

|                 |  |                 |
|-----------------|--|-----------------|
| (2,775)         | S31 Grants   | (2,509)         |
| -               | - National Insurance Grant                           | (198)           |
| -               | - Recovery Grant                                     | (406)           |
| -               | - Floor Funding Grant                                | (369)           |
| (22)            | Service Grant  | -               |
| (6,731)         | Capital Grants and Contributions                     | (15,239)        |
| <b>(11,568)</b> | <b>Total Taxation and Non-specific grants Income</b> | <b>(19,388)</b> |

| <b>2024/25</b> | <b>Grants credited to the Comprehensive Income and Expenditure Statement-</b> | <b>2025/26</b> |
|----------------|---|----------------|
| <b>£'000</b>   | <b>Net Cost of Services</b>   | <b>£'000</b>   |
|                | <b>Department for Work and Pensions (DWP)</b>                                 |                |
| (167)          | Discretionary Housing payment   | (171)          |
| -              | - Housing Benefit Accuracy Award  | (19)           |
| (289)          | Housing Benefit Administration  | (281)          |
| (9,105)        | Rent Allowances   | (8,223)        |
| (10,663)       | Rent Rebates  | (8,374)        |
| -              | - Resources Management  | (35)           |
| (6)            | Verification of Earnings and Pensions   | -              |
| -              | - Other DWP Grants  | (2)            |
|                | <b>Department for Environment, Food &amp; Rural Affairs (DEFRA)</b>           |                |
| -              | - Air Quality   | (25)           |
| -              | - Biodiversity Net Gain   | (27)           |
| -              | - Extended Producer Responsibility for Packaging                              | (1,150)        |
| -              | - Simpler Recycling   | (79)           |
| (23)           | Woodland Improvement Plan   | (24)           |
| -              | - Other DEFRA Grants  | (1)            |
|                | <b>Home Office</b>  |                |
| (71)           | Full Dispersal Model  | (79)           |
|                | <b>Ministry of Housing, Communities and Local Government (MHCLG)</b>          |                |
| (113)          | Cost of Collection  | -              |
| (1,124)        | Disabled Facilities Grants  | (1,213)        |
| -              | - Digital Planning Improvement  | (50)           |
| (37)           | Domestic Abuse  | -              |
| (205)          | Elections Act 2022  | -              |
| (830)          | Homelessness Prevention   | (1,118)        |
| (51)           | LA IT   | -              |
| -              | - New Burdens Funding for Accommodation Based DA                              | (37)           |
| (149)          | Levelling Up Local Growth Capacity Support Grant                              | -              |
| -              | - Local Supported Housing Strategies  | (51)           |
| (250)          | Long Term Plan Capacity   | (350)          |
| (3)            | New Burdens   | -              |
| (55)           | Redmond Review  | (61)           |
| -              | - Residential PEEPs Social Housing Fund                                       | (76)           |
| (166)          | Rough Sleepers Fund   | (184)          |
| (18)           | Tenant Satisfaction Measures  | -              |
| (499)          | DLUHC UK Shared Prosperity Fund   | (217)          |
| (3)            | Other MHCLG Grants  | (2)            |
|                | <b>Essex County Council (ECC)</b>   |                |
| -              | - Active Essex  | (81)           |
| (24)           | Caseworker Funding  | -              |

|  |                 |
|--|-----------------|
| (196) Collection Investment Income               | (156)           |
| (140) Fraud and Error Reduction Incentive Scheme | (60)            |
| (27) Hardship Fund                               | (75)            |
| (24) Housing Domestic Abuse co-ordinator         | 24              |
| (889) Inter Authority Agreement                  | (898)           |
| - Single Person Discount Review                  | (13)            |
| - Supporting Healthy Behaviours                  | (28)            |
| - Other ECC Grants                               | (7)             |
| <b>Other</b>                                     |                 |
| (15) ASB Hot Spot Pilot                          | (16)            |
| - Land Transition Project                        | (20)            |
| - Major Public Art                               | (49)            |
| (6) PFCC Safer Streets                           | (35)            |
| (23) Rural Payments Agency                       | -               |
| (100) Other Smaller Grants                       | (138)           |
| <b>(25,257) Total Grant Income to Services</b>   | <b>(23,404)</b> |

|  |                 |
|--|-----------------|
| <b>(36,824) Total Grant Income to General Fund and HRA</b> | <b>(42,792)</b> |
|--|-----------------|

#### Long Term Liabilities- Grant Receipts in Advance (Capital)

| 31/03/25<br>£'000 |                           | 31/03/26<br>£'000 |
|-------------------|---------------------------|-------------------|
| (16,594)          | Town Fund                 | (9,352)           |
| (4,457)           | Levelling Up Fund         | (4,072)           |
| (76)              | Food Waste Grant          | (76)              |
| (19)              | UKSPF                     | (70)              |
| (2,833)           | Disabled Facilities Grant | (1)               |
| <b>(21,146)</b>   | <b>Total</b>              | <b>(13,571)</b>   |

## 36. 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

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 2026 are shown in Note 35.

### Members

Members have direct control over the Council's financial and operating policies. The total of Members' allowances is disclosed in Note 32. In addition, Members, chief officers and Directors 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 2025/26 are summarised on the Council's website at: [www.harlow.gov.uk/councillor-declarations](http://www.harlow.gov.uk/councillor-declarations).

### Senior Officers

There are no known senior officer interests.

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

|                            | Income         | Expenditure   | Debtors at<br>31/03/2026 | Creditors at<br>31/03/2026 |
|----------------------------|----------------|---------------|--------------------------|----------------------------|
|                            | £'000          | £'000         | £'000                    | £'000                      |
| Essex County Council       | (3,244)        | 120           | 815                      | (630)                      |
| HTS Ltd                    | (549)          | 49,622        | 1,269                    | (4,568)                    |
| Veolia                     | -              | 4,004         | 2                        | (728)                      |
| Burnt Mills (Harlow) LLP   | -              | -             | 56                       | -                          |
| Market Square (Harlow) LLP | -              | -             | 5,608                    | (270)                      |
| <b>Total</b>               | <b>(3,793)</b> | <b>53,746</b> | <b>7,750</b>             | <b>(6,196)</b>             |

|                      | Income         | Expenditure   | Debtors at<br>31/03/2025 | Creditors at<br>31/03/2025 |
|----------------------|----------------|---------------|--------------------------|----------------------------|
|                      | £'000          | £'000         | £'000                    | £'000                      |
| Essex County Council | (3,670)        | 224           | 831                      | (132)                      |
| HTS Ltd              | (1,585)        | 36,369        | 1,810                    | (1,664)                    |
| Veolia               | (17)           | 3,784         | 17                       | (622)                      |
| <b>Total</b>         | <b>(5,272)</b> | <b>40,377</b> | <b>2,659</b>             | <b>(2,418)</b>             |

### Entities controlled or significantly influenced by the Council

Harlow Trading Services 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. Millbrook (Harlow) Limited is a single purpose vehicle that owns minority shareholdings in council owned corporate entities. Burnt Mills (Harlow) LLP is a single purpose vehicle that owns a long lease of a mixed-use investment property in Harlow. Market Square (Harlow) LLP that invests in residential and mixed-use estate. Harlow Regeneration Partnership LLP that invests in and develops land for residential and mixed uses.

## 37. 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.

| 2024/25<br>Re-stated<br>£'000 |  | 2025/26<br>£'000 |
|-------------------------------|--|------------------|
| <b>372,273</b>                | <b>Opening Capital Financing Requirement</b> | <b>406,557</b>   |
|                               | Capital Investment:                          |                  |
| 57,367                        | Property Plant and Equipment                 | 99,417           |
| 7,059                         | Investment Properties                        | 10,264           |
| 183                           | Intangible Assets                            | 382              |
| 5,608                         | Long Term Debtor                             | -                |
| 1,016                         | Rev. Exp. Funded from Capital Under Statute  | 1,567            |
| <b>71,232</b>                 | <b>Total Capital Investment</b>              | <b>111,631</b>   |
|                               | Sources of Finance:                          |                  |
| (15,582)                      | Capital receipts                             | (25,104)         |

|                 |  |                 |
|-----------------|--|-----------------|
| (12,140)        | Government Grants and other contributions  | (16,800)        |
| (7,762)         | Major Repairs Reserve (MRR)  | (13,954)        |
| <b>(35,484)</b> | <b>Total</b>   | <b>(55,859)</b> |
|                 | Set Aside from revenue:  |                 |
| (157)           | Direct revenue contributions   | (260)           |
| (1,307)         | Minimum revenue provision (MRP)  | (1,827)         |
| <b>(1,464)</b>  | <b>Total</b>   | <b>(2,087)</b>  |
| <b>406,557</b>  | <b>Closing Capital Financing Requirement</b>   | <b>460,242</b>  |
| 34,284          | Increase in underlying need to borrow (unsupported by Government Financial Assistance) | 53,685          |
| <b>34,284</b>   | <b>Increase/(Decrease) in Capital Financing Requirement</b>                            | <b>53,685</b>   |

### 38. LEASES

#### Council as Lessee

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.

| 2024/25<br>£'000 | Finance Leases - Vehicles, plant, furniture and equipment | 2025/26<br>£'000 |
|------------------|---|------------------|
| 1,171            | Start of the year 1 April                                 | 937              |
| -                | - Additions   | -                |
| -                | - Revaluations  | -                |
| (234)            | Depreciation and amortisation                             | (234)            |
| -                | - Disposals   | -                |
| <b>937</b>       | <b>End of the year 31 March</b>                           | <b>703</b>       |

#### Transactions under leases

| 2024/25<br>£'000 | Vehicles only (under refuse contract)                                      | 2025/26<br>£'000 |
|------------------|--|------------------|
|                  | <b>CIES;</b>   |                  |
|                  | - Interest expense on lease liabilities                                    | 15               |
|                  | - Expense relating to short-term leases                                    | -                |
|                  | - Expense relating to exempt leases of low-value items                     | -                |
|                  | - Variable lease payments not included in the measure of lease liabilities | -                |
|                  | - Income from subletting right-of-use assets                               | -                |
|                  | - Gains or losses arising from sale and leaseback transactions             | -                |
|                  | <b>Cash Flow Statement;</b>  |                  |
| 1,157            | Minimum lease payments   | 694              |

#### Maturity analysis of lease liabilities

| 31/03/25<br>£'000 | Vehicles only (under refuse contract) | 31/03/26<br>£'000 |
|-------------------|---------------------------------------|-------------------|
| 216               | Less than 1 year                      | 220               |
| 671               | One to five years                     | 451               |
| -                 | - More than five years                | -                 |
| <b>887</b>        | <b>Total discounted liabilities</b>   | <b>671</b>        |

## Council as Lessor

The Council has leased out property in the Town Centre to the NatWest Bank on a finance lease, with a remaining term of 69 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.

### Burnt Mills, Harlow

The Council has leased out property Burnt Mills, Harlow in 2025/26 to Burnt Mill (Harlow) LLP for 151 years. The Council has determined the lease is an operating lease. In return, the Council is to receive rent from the LLP equal to its profit. No rental income was receivable in 2025/26 due to the LLP not earning a profit that year.

### Other operating leases

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

| 31/03/25<br>£'000 | Operating leases as lessor only (no finance leases as lessor) | 31/03/26<br>£'000 |
|-------------------|---|-------------------|
| 726               | Less than 1 year  | 576               |
| 2,302             | One to five years   | 1,351             |
| 2,551             | More than five years  | 3,964             |
| <b>5,579</b>      | <b>Total discounted receivables</b>                           | <b>5,891</b>      |

## 39. CAPITALISATION OF BORROWING COSTS

There was no capitalisation of borrowing costs during the year (£3.227m in 2024/25).

## 40. 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.

## Asset Ceiling

When the calculation results in an asset for the Council, the asset must be recognised at the lower of that asset and the asset ceiling which is calculated as the net present value of future costs less net present value of future contributions over the future working lifetime. Where the asset ceiling is the lower, an adjustment is required, which is included as a remeasurement.

## 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:

| 2024/25<br>Re-stated<br>£'000 |   | 2025/26<br>£'000 |
|-------------------------------|---|------------------|
|                               | <b>Cost of services:</b>  |                  |
|                               | Service cost comprising:  |                  |
| 2,576                         | Current service costs   | 2,110            |
| -                             | Past service costs  | -                |
|                               | Financing and Investment income and exp:                            |                  |
| (23)                          | Net interest expense  | 153              |
| 182                           | Admin costs   | 125              |
| <b>2,735</b>                  | <b>Total post emp benefit charged to the surplus/deficit on PoS</b> | <b>2,388</b>     |
|                               | <b>Other post emp benefits charge to the CIES</b>                   |                  |
|                               | Remeasurement of the net defined benefit liability comprising:      |                  |
| 253                           | Return on plan assets (exc. amount inc. the net interest exp.)      | 11,047           |
|                               | Other actuarial gains/(losses)                                      | 738              |
| 22,743                        | Actuarial gain/loss arising on changes in financial assumptions     | 7,120            |
| 501                           | Actuarial gain/loss arising on changes in demographic assumption    | (6,175)          |
| -                             | Experience loss/(gain) on defined benefit obligation                | (10,372)         |
| (23,992)                      | Changes in asset ceiling  | (3,601)          |
| <b>(495)</b>                  | <b>Total post emp benefit charged to the CIES</b>                   | <b>(1,243)</b>   |
|                               | <b>Movement in Reserves Statement</b>                               |                  |
| 2,735                         | Rev of net charges made to sur/def on PoS for post emp ben.         | 2,388            |
|                               | Actual amount charged to GF for pensions in year:                   |                  |
| 3,914                         | Employer's contributions payable to scheme                          | 3,972            |
|                               | Retirement benefits payable to pensioners                           |                  |

## Pensions Assets and Liabilities Recognised in the Balance Sheet

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

| 31/03/25       |  | 31/03/26       |
|----------------|--|----------------|
| Re-stated      |  |                |
| £'000          |  | £'000          |
| (184,846)      | Present value of the defined benefit obligation                  | (194,447)      |
| 309,117        | Fair value of plan assets  | 329,359        |
| <b>124,271</b> | <b>Net (Deficit)/Surplus</b>                                     | <b>134,912</b> |
| (124,271)      | Effect of asset ceiling  | (135,018)      |
| (4,615)        | PV of disc. obligations  | (4,168)        |
| <b>(4,615)</b> | <b>Net liability arising from the defined benefit obligation</b> | <b>(4,274)</b> |

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

| 2024/25  |  | 2025/26        |
|----------|--|----------------|
| £'000    |  | £'000          |
| 302,375  | <b>Opening fair value of scheme assets</b>                 | <b>309,117</b> |
| -        | <i>Opening balance adjustment per IAS19 actuary report</i> |                |
| 14,943   | Interest income  | 17,521         |
| 253      | Return on assets less interest                             | 11,047         |
|          | Other Actuarial gains/(losses)                             | 738            |
| (182)    | Administration expenses                                    | (125)          |
| 3,914    | Contribution from employer                                 | 3,972          |
| 942      | Contribution from employees into scheme                    | 1,028          |
| (13,128) | Benefits paid  | (13,939)       |
| 309,117  | <b>Closing fair value of scheme assets</b>                 | <b>329,359</b> |

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

| 2024/25          |   | 2025/26          |
|------------------|---|------------------|
| Re-stated        |   |                  |
| £'000            |   | £'000            |
| <b>(212,180)</b> | <b>Opening balance at 1st April</b>                                 | <b>(189,461)</b> |
| -                | Opening balance adjustment per IAS19 actuary report                 |                  |
| (2,407)          | Current service costs   | (2,108)          |
| (10,135)         | Interest costs  | (10,528)         |
| (942)            | Contributions by scheme participants                                | (1,028)          |
| 22,743           | Change in financial assumptions                                     | 7,120            |
|                  | Remeasurement gain/(loss):  |                  |
| -                | - Actuarial gain/loss arising on changes in demographic assumptions | (6,175)          |
| 501              | - Actuarial gain/loss arising from liability experience             | (10,372)         |
| 12,465           | Benefits paid   | 13,313           |
| (169)            | Past service costs  | (2)              |
| 663              | Unfunded pension payment  | 626              |
| <b>(189,461)</b> | <b>Closing balance at 31st March (without asset ceiling adj.)</b>   | <b>(198,615)</b> |

| 2024/25          | Reconciliation of asset ceiling                    | 2025/26          |
|------------------|--|------------------|
| £'000            |  | £'000            |
| <b>(95,494)</b>  | <b>Start of the year</b>                           | <b>(124,271)</b> |
| (4,785)          | Interest on impact asset ceiling                   | (7,146)          |
|                  | Actuarial loss/(gain);                             |                  |
| 95,494           | Reversal of previous years asset ceiling           | 124,271          |
| (119,486)        | In year asset ceiling                              | (127,872)        |
| <b>(23,992)</b>  | <b>Total Actuarial loss/(gain) charged to CIES</b> | <b>(3,601)</b>   |
| <b>(124,271)</b> | <b>End of year</b>                                 | <b>(135,018)</b> |

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

| 2024/25<br>Quoted<br>£'000 | 2024/25<br>Unquot<br>ed<br>£'000 | 2024/25<br>Total<br>£'000 | Fair value of scheme assets | 2025/26<br>Quoted<br>£'000 | 2025/26<br>Unquot<br>ed£'000 | 2025/26<br>Total<br>£'000 |
|----------------------------|----------------------------------|---------------------------|-----------------------------|----------------------------|------------------------------|---------------------------|
| -                          | 6,029                            | <b>6,029</b>              | Cash and Cash equivalents   | -                          | 6,656                        | <b>6,656</b>              |
| -                          | -                                | -                         | Equity instruments:         | -                          | -                            | -                         |
| -                          | -                                | -                         | • Overseas                  | -                          | -                            | -                         |
| 169,720                    | -                                | <b>169,720</b>            | Private equity:             | 178,311                    | -                            | <b>178,311</b>            |
| -                          | -                                | -                         | • Overseas                  | -                          | -                            | -                         |
| -                          | -                                | -                         | • Other                     | -                          | 10,432                       | <b>10,432</b>             |
| 4,685                      | -                                | <b>4,685</b>              | Debt securities:            | 4,714                      | -                            | <b>4,714</b>              |
| -                          | -                                | -                         | • Index linked Gov          | -                          | -                            | -                         |
| 4,637                      | 20,315                           | <b>24,952</b>             | Property:                   | 9,918                      | 19,837                       | <b>29,755</b>             |
| -                          | -                                | -                         | • All                       | -                          | -                            | -                         |
| -                          | 30,293                           | <b>30,293</b>             | Others:                     | -                          | 26,080                       | <b>26,080</b>             |
| -                          | 9,274                            | <b>9,274</b>              | • Infrastructure            | -                          | 7,824                        | <b>7,824</b>              |
| -                          | 7,026                            | <b>7,026</b>              | • Timber                    | -                          | 7,824                        | <b>7,824</b>              |
| -                          | 57,138                           | <b>57,138</b>             | • Private debt              | -                          | 57,763                       | <b>57,763</b>             |
| -                          | -                                | -                         | • Other managed funds       | -                          | -                            | -                         |
| <b>179,042</b>             | <b>130,075</b>                   | <b>309,117</b>            | <b>Total Assets</b>         | <b>192,943</b>             | <b>136,416</b>               | <b>329,359</b>            |

### 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 2026.

| 31/03/25 |   | 31/03/26 |
|----------|---|----------|
| 20.8 yrs | Life expectancy at 65 for current pensioners: | 21.8 yrs |
| 23.3 yrs | Men   | 24.1 yrs |
|          | Women   |          |
| 22.1 yrs | Life expectancy at 65 for future pensioners:  | 23.4 yrs |
| 24.8 yrs | Men   | 25.9 yrs |
|          | Women   |          |
| 5.75%    | Rate for discounting scheme liabilities       | 6.05%    |
| 2.90%    | Rate of increase in pensions (CPI)            | 2.90%    |
| 3.90%    | Rate of increase in salaries                  | 3.90%    |

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.

|  | Present value of total obligation |                 |                        |
|--|-----------------------------------|-----------------|------------------------|
|  | Increase in assumption            | Base assumption | Decrease in assumption |
|  | £000                              | £000            | £000                   |
| Longevity (change in 1 year)                             | 207,120                           | 198,615         | 190,491                |
| Rate of change in salaries (change by 0.5%)              | 199,060                           | 198,615         | 198,182                |
| Rate of change in pensions (change by 0.5%)              | 209,887                           | 198,615         | 188,975                |
| Rate for discounting scheme liabilities (change by 0.5%) | 189,691                           | 198,615         | 210,729                |

### 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 expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2027 is £3.549 million.

## 41. CONTINGENT LIABILITIES

At 31 March 2026, 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 2026 was reduced to £0.563 million (£0.600 million at 31 March 2025), due to the assessed risk of liability. 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.

## 42. CONTINGENT ASSETS

There were no contingent assets as at 31 March 2026.

## 43. 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 2025/26, which was approved by the Council on 27 February 2025, can be found on the Council's website - [Appendix C - Harlow Treasury Management Strategy 2025-26.pdf](#).

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 2026 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 2026, £23.341million of total short-term debt (gross of BDP) was overdue for payment, as shown below:

| 31/03/25<br>£'000 |                       | 31/03/26<br>£'000 |
|-------------------|-----------------------|-------------------|
| 1,613             | Past due < 3 months   | 3,279             |
| 210               | Past due 3 - 6 months | 442               |
| 23,404            | Past due 6+ months    | 21,121            |
| <b>25,227</b>     | <b>Total</b>          | <b>24,842</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 / assets is as follows:

| 31/03/25<br>£'000    |                 |                  | Time of<br>Maturity | 31/03/26<br>£'000    |                 |                  |
|----------------------|-----------------|------------------|---------------------|----------------------|-----------------|------------------|
| Liabilities<br>£'000 | Assets<br>£'000 | Net<br>£'000     |                     | Liabilities<br>£'000 | Assets<br>£'000 | Net<br>£'000     |
| (165,465)            | 28,721          | <b>(136,744)</b> | Under 1 year        | (127,949)            | 46,932          | <b>(81,017)</b>  |
| (253)                | -               | <b>(253)</b>     | 1-2 years           | (20,133)             | -               | <b>(20,133)</b>  |
| (42,438)             | 2,356           | <b>(40,082)</b>  | 2-5 years           | (42,219)             | 7,513           | <b>(34,706)</b>  |
| (41,767)             | -               | <b>(41,767)</b>  | 5-10 years          | (93,535)             | -               | <b>(93,535)</b>  |
| (83,535)             | -               | <b>(83,535)</b>  | 10-20 years         | (93,535)             | -               | <b>(93,535)</b>  |
| (3,000)              | -               | <b>(3,000)</b>   | Over 20 years       | (3,000)              | -               | <b>(3,000)</b>   |
| -                    | 4,294           | <b>4,294</b>     | Indefinite          | -                    | 454             | <b>454</b>       |
| <b>(336,458)</b>     | <b>35,371</b>   | <b>(301,087)</b> | <b>Total</b>        | <b>(380,371)</b>     | <b>54,899</b>   | <b>(325,472)</b> |

All trade payables/receivables 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, as at 31 March 2026, all interest rates had been 1% higher (with all other variables held constant) the financial effect would have been:

| 31/03/25<br>£'000  | 31/03/26<br>£'000 |
|--|-------------------|
| - Increase in interest payable on variable rate borrowing        | -                 |
| (3) Increase in interest receivable on variable rate investments | (4)               |
| - Decrease in FV of loans and receivables *                      | -                 |
| (11,689) Decrease in FV of fixed rate borrowing/liabilities *    | (13,198)          |

\* No impact on Comprehensive Income and Expenditure.

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

## 44. GROUP ACCOUNTS

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. This includes the Council's wholly owned subsidiary company, Harlow Trading Services Ltd. ("HTS"), which began active trading on 1 February 2017. 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.

### Accounting Policies

HTS has prepared 2025/26 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.

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.

#### (Profit)/Loss from Operations HTS


| 2024/25<br>£'000 |   | 2025/26<br>£'000 |
|------------------|---|------------------|
| (32,926)         | Turnover                                | (48,513)         |
| 29,966           | Cost of Sales                           | 43,893           |
| 3,669            | Admin expenses                          | 4,234            |
| (176)            | Other operating income                  | (146)            |
| <b>533</b>       | <b>Operating (profit)/loss</b>          | <b>(532)</b>     |
| 116              | Financing costs                         | 107              |
| (16)             | Investment income                       | 0                |
| 19               | Other loss/(gain)                       | (12)             |
| <b>652</b>       | <b>(Profit)/Loss before tax</b>         | <b>(437)</b>     |
| -                | Tax on ordinary activities              | 296              |
| <b>652</b>       | <b>Total (profit)/loss for the year</b> | <b>(141)</b>     |
| <b>24,988</b>    | <b>Shareholders' funds</b>              | <b>26,939</b>    |

#### Share of Ownership Interests between HTS and HDC

| 31/03/25<br>£'000 |                                       | 31/03/26<br>£'000 |
|-------------------|---------------------------------------|-------------------|
| -                 | Investments in Shareholding Companies | -                 |
| (1,810)           | Loans with Harlow District Council    | (1,225)           |
| <b>(1,810)</b>    | <b>Total</b>                          | <b>(1,225)</b>    |



# **SUPPLEMENTARY FINANCIAL STATEMENTS**



# **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).

| 2024/25<br>£'000 | HRA income and Expenditure Statement                                  | 2025/26<br>£'000 |
|------------------|---|------------------|
|                  | <b>Expenditure:</b>   |                  |
| 13,083           | Repairs and Maintenance   | 15,602           |
| 17,136           | Supervision and Management  | 21,787           |
| 228              | Rent, Rates and Other Charges   | 299              |
| 12,300           | Depreciation- Dwellings & amortisation                                | 30,382           |
|                  | - Depreciation- Other non-current assets                              | -                |
|                  | - Change in valuation of non-current assets                           | -                |
| 279              | Movement in the allowance for bad debts                               | 721              |
| 1                | Suns directed by SoS that are expenditure in accordance with the Code | 1                |
| <b>43,027</b>    | <b>Total Expenditure</b>  | <b>68,792</b>    |
|                  | <b>Income:</b>  |                  |
| (51,872)         | Dwelling Rents  | (52,837)         |
| (1,226)          | Non-dwelling Rents  | (1,044)          |
| (5,066)          | Charges for Services and Facilities                                   | (5,659)          |
| (580)            | Supervision and Management  | (3,178)          |
| (264)            | Contributions towards expenditure                                     | (796)            |
| <b>(59,008)</b>  | <b>Total Income</b>   | <b>(63,514)</b>  |
| <b>(15,981)</b>  | <b>Net Cost of HRA Services as included in the CIES</b>               | <b>5,277</b>     |
|                  | - HRA services share of non-distributed costs                         | -                |
| <b>(15,981)</b>  | <b>Net Cost of HRA services</b>                                       | <b>5,277</b>     |
| 2,134            | Loss/(Gain) on sale of HRA non-current assets & pooling               | (9,039)          |
| 7,298            | Interest Payable and similar charges                                  | 9,497            |
| (1,184)          | Interest and Investment Income  | (447)            |
|                  | - Capital grant and contributions                                     | -                |
| <b>(7,733)</b>   | <b>(Surplus)/Deficit for the year on HRA services</b>                 | <b>5,288</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.

| 2024/25<br>£'000 | Movement of HRA Statement   | 2025/26<br>£'000 |
|------------------|---|------------------|
| <b>(10,782)</b>  | <b>HRA balance brought forward</b>  | <b>(14,916)</b>  |
| (7,733)          | (Surplus)/Deficit for the year on the HRA Income and Expenditure Account        | 5,288            |
| (1,709)          | Adjustments between accounting basis and funding basis under statute            | (6,750)          |
| 5,510            | Net Transfer to/(from) General Fund   | 6,229            |
| <b>(3,932)</b>   | <b>Net increase/(decrease) in year on HRA before transfers to/from reserves</b> | <b>4,767</b>     |
| (204)            | Transfer to/from earmarked reserves   | 173              |
| -                | - Other   | -                |
| <b>(4,136)</b>   | <b>Decrease/(increase) in the HRA balance for the year</b>                      | <b>4,940</b>     |
| <b>(14,916)</b>  | <b>HRA balance at the end of the year, carried forward</b>                      | <b>(9,976)</b>   |

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

| 2024/25<br>£'000 | HRA Adjustment between Accounting and Funding Basis under Statute   | 2025/26<br>£'000 |
|------------------|---|------------------|
|                  | <b>Items included in the HRA Income and Expenditure Account but excluded from the Movement on the HRA Balance for the year:</b>         |                  |
|                  | - Amortisation of Intangible Assets   | -                |
| (160)            | Revaluation loss on Property, Plant & Equipment   | (16,428)         |
|                  | - Reversals of Impairment of Fixed Assets   | -                |
| (12,140)         | Depreciation  | (13,954)         |
| (2,129)          | Net Gain/(Loss) on sale of HRA Fixed Assets   | 9,066            |
| (6)              | Financial Instruments   | (27)             |
| 580              | Employer's contribution payable to ECC Pension Fund & retirement benefits payable direct to pensioners                                  | 657              |
| 12,140           | Transfers To/From the Major Repairs Reserve   | 13,954           |
|                  | - Application of Capital grants to finance capital expenditure  | -                |
| 6                | Accumulated Absences  | (18)             |
|                  | <b>Items not included in the HRA Income and Expenditure Account but to be included in the Movement on the HRA Balance for the year:</b> |                  |
|                  | - Capital Expenditure Funded by the HRA   | -                |
| <b>(1,709)</b>   | <b>Net additional amount required by statute debited/(credited) to HRA Bal for the year</b>   | <b>(6,750)</b>   |

## H2. TRANSFERS TO / (FROM) RESERVES

| 2024/25<br>£'000 | HRA Transfers to / (from) Reserves                       | 2025/26<br>£'000 |
|------------------|--|------------------|
|                  | - Contribution to Housing Insurance Property Reserve     | (80)             |
| 2,931            | Contribution to Housing Investment Fund                  | (6,514)          |
|                  | - Contribution to Council House Externals Programme Fund | 7,365            |
| (846)            | Contribution to Insurance Claims Reserve                 | -                |
| (1,899)          | Contribution from Insurance Fund                         | (112)            |
| 7                | Contribution from Perpetuity Earmarked Reserves          | 6                |
| (333)            | Contribution to Pensions Reserve                         | (500)            |
| (47)             | Contribution to Risk Management Reserve                  | (68)             |
| (16)             | Contribution to Earmarked Grants Reserve                 | 76               |
| <b>(203)</b>     | <b>Total</b>   | <b>173</b>       |

### H3. ANALYSIS OF THE HOUSING STOCK

| 31/03/25<br>No. Of<br>Prop | HRA Analysis of Housing Stock by Type of Dwelling      | 31/03/26<br>No. Of<br>Prop |
|----------------------------|--|----------------------------|
| 5,504                      | Houses and Bungalows                                   | 5,456                      |
| 3,534                      | Flats and Maisonettes                                  | 3,525                      |
| 9                          | Equity Share Ownership (ESO)                           | 8                          |
| 3                          | Houses of Multiple Occupation (HMO)                    | 3                          |
| -                          | - Assets (Dwellings ) Under Construction (AUC)         | -                          |
| -                          | - Assets (Dwellings ) Held for Sale under Right to Buy | -                          |
| <b>9,050</b>               | <b>Total Number of Housing Units</b>                   | <b>8,992</b>               |
| <b>4.88%</b>               | <b>Percentage of ESO owned by the Council</b>          | <b>3.63%</b>               |

| 31/03/25<br>No. Of<br>Prop | Analysis by Number of Bedrooms       | 31/03/26<br>No. Of<br>Prop |
|----------------------------|--------------------------------------|----------------------------|
| 394                        | Bedsitters                           | 392                        |
| 2,063                      | 1 Bedroom                            | 2,060                      |
| 3,468                      | 2 Bedrooms                           | 3,452                      |
| 2,786                      | 3 Bedrooms                           | 2,752                      |
| 311                        | 4 Bedrooms                           | 309                        |
| 25                         | 5 Bedrooms                           | 24                         |
| 3                          | HMO 6 Bedrooms or more               | 3                          |
| <b>9,050</b>               | <b>Total Number of Housing Units</b> | <b>8,992</b>               |

| 31/03/25<br>No. Of<br>Prop | HRA The change in Housing Stock can be summarised as follows: | 31/03/26<br>No. Of<br>Prop |
|----------------------------|---|----------------------------|
| 9,040                      | Stock at 1 April  | 9,050                      |
| (26)                       | Deduct Dwelling Sales   | (97)                       |
| (2)                        | Deduct Demolitions / Disposals                                | (2)                        |
| 38                         | Add House Purchases - New Build - AUC                         | 41                         |
| <b>9,050</b>               | <b>Total Number of Housing Units</b>                          | <b>8,992</b>               |

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

| 31/03/25<br>£'000 | HRA Balance Sheet Values                | 31/03/26<br>£'000 |
|-------------------|---|-------------------|
|                   | Council Dwellings;                      |                   |
| 202,143           | Land                                    | 209,699           |
| 721,603           | Dwellings                               | 740,978           |
| <b>923,746</b>    |   | <b>950,677</b>    |
| 4,548             | Other Land & Buildings                  | 22,354            |
|                   |   | 485               |
| 96                | Infrastructure and Community Assets     |                   |
| 4,577             | Assets under Construction               | 16,800            |
| 765               | Surplus Assets Not Held for Sale        | 783               |
| 965               | Assets Held for Sale                    | -                 |
| <b>934,697</b>    | <b>Balance carried forward 31 March</b> | <b>991,099</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.

| 31/03/25<br>£'000 | HRA Balance Sheet Values at Vacant Possession | 31/03/26<br>£'000 |
|-------------------|---|-------------------|
| 2,431             | Vacant possession Value of Dwellings          | 2,502             |
| <b>2,431</b>      | <b>Total HRA Balance Sheet Values</b>         | <b>2,502</b>      |

## H6. IMPAIRMENT CHARGES

There were no material impairment charges on the Housing Revenue Account for 2025/26.

## H7. CAPITAL EXPENDITURE AND FINANCING

| 2024/25<br>£'000 | HRA Capital Expenditure                              | 2025/26<br>£'000 |
|------------------|--|------------------|
| 31,394           | Dwelling Stock                                       | 55,385           |
| -                | - Non-dwelling Stock                                 | -                |
| 12,866           | Assets under Construction                            | 21,107           |
| 183              | Investment in IT                                     | 69               |
| <b>44,444</b>    | <b>Total HRA Capital Expenditure</b>                 | <b>76,562</b>    |
| -                | - Financed by: Revenue Contributions                 | -                |
| 13,213           | Financed by: Contribution from Major Repairs Reserve | 13,954           |
| 12,861           | Financed by: Capital Receipts                        | 20,604           |
| 475              | Financed by: Capital Grant & Contributions           | 1,010            |
| 17,895           | Financed by: Borrowing                               | 40,993           |
| <b>44,444</b>    | <b>Total Financing</b>                               | <b>76,562</b>    |

## H8. CAPITAL RECEIPTS

| 2024/25<br>£'000 | HRA Capital Receipts Reserve                 | 2025/26<br>£'000 |
|------------------|--|------------------|
| 3,592            | Sale of Council Houses- direct               | 15,738           |
| 146              | Other (including shared ownership)           | 776              |
| 65               | Other (including shared ownership)- Deferred | 74               |
| <b>3,803</b>     | <b>Total</b>                                 | <b>16,588</b>    |

## H9. CHARGES FOR DEPRECIATION

| 2024/25<br>£'000 | HRA Charges for Depreciation and Amortisation | 2025/26<br>£'000 |
|------------------|---|------------------|
| 194              | Council Dwellings                             | -                |
| -                | - Other land and buildings                    | (486)            |
| (7)              | Infrastructure and community assets           | -                |
| -                | - Surplus assets held for sale                | -                |
| -                | - Vehicles, Plant & Equipment                 | -                |
| -                | - Intangible assets - amortisation            | (162)            |
| <b>187</b>       | <b>Total</b>                                  | <b>(648)</b>     |

## H10. MOVEMENT ON THE MAJOR REPAIRS RESERVE

| 2024/25<br>£'000 | Major Repairs Reserve         | 2025/26<br>£'000 |
|------------------|-------------------------------|------------------|
| -                | <b>Balance as at 1 April</b>  | -                |
| 12,140           | Transfers in                  | 13,954           |
| (12,140)         | Transfers out                 | (13,954)         |
| -                | <b>Balance as at 31 March</b> | -                |

## 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 Ltd IAS19 reported figures.

The actual payments for pensions made to the pension fund from the HRA of £725,246 (2024/25: £728,895) plus the continuing pension payments in relation to underfunding and early retirements awarded to HRA employees of £389,137 (2024/25: £412,018) are removed from the HRA and replaced by the current service cost applying the principles of IAS 19 making a total amount removed of £657,158 (2024/25: £662,941). The corresponding entry is to the Pensions Fund Reserve.

The current service cost included in the HRA is the IAS19 reported sum of £457,225 (2024/25: £561,312) which represents the pension costs of current staff.

## H12. RENT ARREARS

Outstanding tenant rent arrears at 31 March 2026 total £2,803,643 including £65,140 in overpaid housing benefit (£2,668,515 and £67,033 as at 31 March 2025). An allowance for the impairment of debts has been made as at 31 March 2026 totalling £2,840,137 (£2,140,503 at March 2025).

The arrears exclude prepayments of £1,356,406 (£1,463,831 as at March 2025) and may be analysed as follows:

| 31/03/25<br>£'000 | Rent Arrears                      | 31/03/26<br>£'000 |
|-------------------|-----------------------------------|-------------------|
| 1,804             | Arrears due from: Current Tenants | 1,824             |
| 1,285             | Arrears due from: Former Tenants  | 1,528             |
| <b>3,089</b>      | <b>Total Rent Arrears (gross)</b> | <b>3,353</b>      |
| (1,453)           | Prepayments                       | (1,356)           |
| <b>1,636</b>      | <b>Total Rent Arrears (net)</b>   | <b>1,996</b>      |

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



# **Collection Fund**

## **Financial Statements**

## COLLECTION FUND ACCOUNT

Harlow District Council is the authority responsible for the billing, collection and recovery of Council Tax and Business Rates (BR) on behalf of itself, its preceptors (Essex County Council, Essex Fire Authority and Essex Police Authority) and Central Government.

The Collection Fund (England) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing Council in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and business rates.

| 31 March 2025           |                      |                  | 31 March 2026                                     |                         |                      |                  |
|-------------------------|----------------------|------------------|---|-------------------------|----------------------|------------------|
| Business Rates<br>£'000 | Council Tax<br>£'000 | Total<br>£'000   | Collection Fund<br>Income and Expenditure Account | Business Rates<br>£'000 | Council Tax<br>£'000 | Total<br>£'000   |
|                         |                      |                  | <b>Income:</b>                                    |                         |                      |                  |
|                         | (64,129)             | <b>(64,129)</b>  | Council Tax receivable                            |                         | (67,528)             | <b>(67,528)</b>  |
| (50,179)                | -                    | <b>(50,179)</b>  | Business Rates receivable                         | (52,841)                | -                    | <b>(52,841)</b>  |
| -                       | -                    | -                | TPP due (from) Central Govt #                     | -                       | -                    | -                |
|                         | (17)                 | <b>(17)</b>      | Ctax discounts funded from GF                     |                         | (16)                 | <b>(16)</b>      |
| <b>(50,179)</b>         | <b>(64,146)</b>      | <b>(114,325)</b> | <b>Total amounts to be credited</b>               | <b>(52,841)</b>         | <b>(67,544)</b>      | <b>(120,384)</b> |
|                         |                      |                  | <b>Expenditure:</b>                               |                         |                      |                  |
|                         |                      |                  | <b>Apportm't of Prev. Yr Surp/(Def):</b>          |                         |                      |                  |
| 1,515                   | 537                  | <b>2,052</b>     | Harlow District Council                           | 7                       | 244                  | <b>251</b>       |
| 341                     | 2,693                | <b>3,034</b>     | Essex County Council                              | 2                       | 1,284                | <b>1,286</b>     |
| -                       | 434                  | <b>434</b>       | Essex Police Authority                            | -                       | 208                  | <b>208</b>       |
| 38                      | 149                  | <b>187</b>       | Essex Fire Authority                              | -                       | 70                   | <b>70</b>        |
| 1,893                   | -                    | <b>1,893</b>     | Central Government                                | 9                       | -                    | <b>9</b>         |
|                         |                      |                  | <b>Precepts, demands and shares:</b>              |                         |                      |                  |
| 19,387                  | 8,307                | <b>27,694</b>    | Harlow District Council                           | 20,220                  | 8,464                | <b>28,684</b>    |
| 4,362                   | 43,777               | <b>48,139</b>    | Essex County Council                              | 4,549                   | 46,278               | <b>50,827</b>    |
| -                       | 7,085                | <b>7,085</b>     | Essex Police Authority                            | -                       | 7,628                | <b>7,628</b>     |
| 485                     | 2,376                | <b>2,865</b>     | Essex Fire Authority                              | 505                     | 2,566                | <b>3,071</b>     |
| 24,234                  | -                    | <b>24,234</b>    | Central Government                                | 25,275                  | -                    | <b>25,275</b>    |
|                         |                      |                  | <b>Disregarded Amounts:</b>                       |                         |                      |                  |
| 2,040                   | -                    | <b>2,040</b>     | Enterprise Zone                                   | 2,325                   | -                    | <b>2,325</b>     |
|                         |                      |                  | <b>Charges to Collection Fund:</b>                |                         |                      |                  |
| 367                     | 774                  | <b>1,141</b>     | Inc/(dec) in allowance for debt impair            | 422                     | 913                  | <b>1,335</b>     |
| 654                     | -                    | <b>654</b>       | BR Appeals settled against provision              | (2,725)                 | -                    | <b>(2,725)</b>   |
| -                       | -                    | -                | BR Appeals change in provision                    | 2,649                   | -                    | <b>2,649</b>     |
| 112                     | -                    | <b>112</b>       | BR Cost of Collection Allowance GF                | 112                     | -                    | <b>112</b>       |
| -                       | -                    | -                | Interest charged to Collection Fund               | -                       | -                    | -                |
| (43)                    | -                    | <b>(43)</b>      | TPP due to Central Govt #                         | 569                     | -                    | <b>569</b>       |
| <b>55,385</b>           | <b>66,132</b>        | <b>121,517</b>   | <b>Total amounts to be debited</b>                | <b>53,919</b>           | <b>67,654</b>        | <b>121,574</b>   |
| <b>5,206</b>            | <b>1,986</b>         | <b>7,192</b>     | <b>(Surplus)/Deficit arising in year</b>          | <b>1,079</b>            | <b>110</b>           | <b>1,189</b>     |
|                         |                      |                  |   |                         |                      |                  |
| (3,325)                 | (3,176)              | <b>(6,501)</b>   | (Surplus)/Deficit b/f at 1 April*                 | 1,887                   | (1,190)              | <b>697</b>       |
| <b>1,881</b>            | <b>(1,190)</b>       | <b>691</b>       | <b>(Surplus)/Deficit c/f at 31 March</b>          | <b>2,966</b>            | <b>(1,080)</b>       | <b>1,886</b>     |

\*The NNDR opening balance at 1/4/2025 has been re-stated from £1,881k to £1,887k.

# TPP means Transitional Protection Payments.

## 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 2025/26 were 49.9p for qualifying small businesses and 55.5p for all other businesses (49.9p and 54.6p respectively in 2024/25).

The NNDR income due (after exemptions and reliefs) of £52.841 million for 2025/26 (£50.179 million for 2024/25) was based on a rateable value for the Council’s area of £117.037 million at 31 March 2026 (£117.524 million 31 March 2025).

## 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 main 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 29,297 for 2025/26 (28,753 for 2024/25), 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:

|  | Discounted<br>Equivalent<br>Dwelling | Weighting | Band D<br>Equivalent |
|--|--------------------------------------|-----------|----------------------|
| Valuation Band A*                      | 4                                    |           | 2                    |
| Valuation Band A                       | 2,065                                | 6/9       | 1,377                |
| Valuation Band B                       | 7,021                                | 7/9       | 5,461                |
| Valuation Band C                       | 17,710                               | 8/9       | 15,742               |
| Valuation Band D                       | 4,788                                | 9/9       | 4,788                |
| Valuation Band E                       | 2,872                                | 11/9      | 3,510                |
| Valuation Band F                       | 1,129                                | 13/9      | 1,630                |
| Valuation Band G                       | 418                                  | 15/9      | 697                  |
| Valuation Band H                       | 15                                   | 18/9      | 29                   |
| <b>Total Band D Equivalents</b>        |                                      |           | <b>33,235</b>        |
| Less Local Council Tax Support         |                                      |           | (3,135)              |
| Less allowance for non-collection (3%) |                                      |           | (803)                |
| <b>Total Band D Equivalents</b>        |                                      |           | <b>29,297</b>        |

## CF3. Distribution of (surplus)/deficit

| 31 March 2025              |                      |                | 31 March 2026           |                            |                         |                |
|----------------------------|----------------------|----------------|-------------------------|----------------------------|-------------------------|----------------|
| Business<br>Rates<br>£'000 | Council Tax<br>£'000 | Total<br>£'000 |                         | Business<br>Rates<br>£'000 | Council<br>Tax<br>£'000 | Total<br>£'000 |
|                            |                      |                | <b>Allocated to;</b>    |                            |                         |                |
| 750                        | (164)                | 586            | Harlow District Council | 1,187                      | (142)                   | <b>1,045</b>   |
| 170                        | (846)                | (676)          | Essex County Council    | 267                        | (770)                   | <b>(503)</b>   |
| -                          | (136)                | (136)          | Essex Police Authority  | -                          | (126)                   | <b>(126)</b>   |
| 19                         | (45)                 | (26)           | Essex Fire Authority    | 30                         | (42)                    | <b>(12)</b>    |
| 944                        | -                    | 944            | Central Government      | 1,483                      | -                       | <b>1,483</b>   |
| <b>1,881</b>               | <b>(1,190)</b>       | <b>691</b>     | <b>Total</b>            | <b>2,967</b>               | <b>(1,080)</b>          | <b>1,887</b>   |



# **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 (also 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 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.

## **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.

### **Harlow Trading Services 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**

Inalienable assets, expenditure on which is only recoverable by continued use of the asset created i.e. there is no prospect of sale or alternative use. For example, expenditure on highways, coastal defences.

### **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.

### **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.

### **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 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.

## **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 (aka Refcus)**

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).



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



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

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

**The accounts are subject to audit. The report and certificate will be published with the financial statements, following the audit.**



# ANNUAL GOVERNANCE STATEMENT



As Leader of the Council and Managing Director, we are pleased to introduce Harlow Council's Annual Governance Statement for 2025/26.

Good governance is fundamental to everything the council does. It is how we ensure that decisions are lawful, transparent and accountable, that public money is safeguarded and used effectively, that risks are understood and managed, and that the council has the capacity, controls and assurance it needs to deliver for residents.

This year's statement covers an important period in Harlow Council's improvement journey. During 2025/26, the council continued to move from ambition into delivery through Building Harlow's Future, our mission-led corporate plan. That plan sets out the council's priorities to transform the council, rebuild the town, invest in housing, renew neighbourhoods, secure Harlow's future and protect our communities. The role of governance is to ensure that those ambitions are supported by clear decision-making, strong financial management, effective risk management, proper scrutiny and clear accountability.

A major achievement during the year was the adoption and implementation of a revised Constitution. This represented a comprehensive modernisation of the council's decision-making framework, replacing outdated arrangements with a clearer, more streamlined and more effective model of governance. The revised Constitution defines the roles and responsibilities of councillors, committees, statutory officers and senior officers, sets out the scheme of delegation, strengthens financial regulations and contract standing orders, and provides clear codes and protocols for how members and officers work together.

This matters because governance is not simply a procedural requirement. Strong governance enables delivery. The revised Constitution provides a stronger platform for faster, clearer and more accountable decision-making, while maintaining the checks, balances and safeguards required of a public authority. It supports the council's Executive Leader model, gives greater clarity over where decisions should be taken, and provides the framework needed to deliver a complex and ambitious programme of transformation responsibly.

During the year, the council also strengthened the way it oversees delivery. The corporate risk register was reviewed and better aligned to Building Harlow's Future, operational risk registers were introduced, and programme oversight was strengthened through the

Project Management Office and Mission Assurance Panels. These arrangements provide greater visibility of progress, risk, finance and delivery confidence across the council's priorities, helping ensure that issues are identified early and that resources remain focused on outcomes for residents.

The council also continued to strengthen the way performance is managed across the organisation. The Dynamic Working framework supports the Building Harlow's Future and enshrines the objectives of working well together, with clear objectives and priorities, regular face-to-face collaboration and a stronger connection between team activity, individual contribution and service outcomes. The framework supports both delivery and good governance by helping ensure that staff are clear about expectations, supported to perform well, and connected to the council's wider missions.

We are satisfied that Harlow Council has in place appropriate governance arrangements which are fit for purpose and operating effectively. These arrangements are consistent with the principles of good governance and support the effective delivery of the council's priorities. The annual review of effectiveness has been informed by the council's Constitution, internal audit opinion, strategic and operational risk registers, management assurance, performance reporting, external audit and regulatory oversight, and the work of councillors and senior officers.

Signed:  Date: 30 June 2026

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

Signed:  Date: 30 June 2026

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

## Scope of Responsibility

Harlow District Council (HDC) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively. The council also has a duty under the Local Government Act 1999 to make arrangements to ensure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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

The council has adopted a [Code of Corporate Governance](#) (last reviewed December 2025), 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 and its May 2025 Addendum.

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 (AGS).

## Purpose of the Governance Framework

The governance framework comprises the processes and protocols by which the council is directed and controlled and its activities through which it is accountable to, engages with and supports its communities. It assures that in conducting its business, the council:

- operates in a lawful, open, inclusive and honest manner
- safeguards public money and assets from inappropriate use, or from loss and fraud, and ensures it is properly accounted for and used economically, efficiently and effectively
- has effective arrangements for risk management
- secures continuous improvement in the way that it operates
- enables human, financial, environmental and other resources to be managed efficiently and effectively
- properly maintains records and information

- ensures its values and ethical standards are met

The governance framework also includes the council's wholly owned subsidiary company, HTS and various Alternative Service Delivery Vehicles (ASDVs).

A brief description of the key elements of the 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.

## Review of effectiveness

The council is responsible 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 various sources including the constitution, Head of Internal Audit's audit opinion, strategic and operational risk registers, management self-assessments, performance reporting, the views of external audit, inspectors and regulators and oversight from Members and senior officers.

It concludes that the council's governance framework continues to be regarded as fit for purpose. Arrangements are adequately aligned to support the council's delivery of planned outcomes and meets its responsibilities for value for money.

The Head of Internal Audit concluded that for 2025/26 the council had in place adequate and effective governance, risk management arrangements and control processes. Where issues have been highlighted by internal audit during the year these have been accepted by management and promptly corrected.

## Key features of the council's governance framework

For 2025/26 this included:

| Governance feature                            | What it is / how it supports governance  |
|---|--|
| The Corporate Plan (Building Harlow's Future) | The council's policy framework which sets out the council's long-term vision and priority outcomes to deliver the six missions set by Full Council. The governance framework is designed to support delivery of those priorities through clear |

| <b>Governance feature</b>   | <b>What it is / how it supports governance</b>   |
|-----------------------------|--|
|                             | <p>decision-making, performance monitoring, risk management and accountability.</p> <p>Best practice governance requires a clear “golden thread” between corporate priorities, resource allocation, performance, risk and assurance. During 2025/26 the council continued to strengthen that alignment by integrating strategic oversight with programme governance, service planning and regular reporting to members.</p>  |
| The Constitution            | <p>Sets out the council’s decision-making framework, including how decisions are made, the Executive, Council, Committees, Officers, finance and contract regulations, codes of conduct and member/officer working. During 2025/26 the council implemented a comprehensive rewrite and modernisation of its Constitution, with the full version coming into effect in January 2026.</p> <p>The Constitution defines the roles and responsibilities of councillors, committees and statutory officers, includes the scheme of delegation, financial regulations and contract standing orders, and sets out codes of conduct and protocols for how members and officers work together.</p> |
| The Strategic Risk Register | <p>Reflects the objectives of Building Harlow’s Future and identifies the implications for the council’s governance arrangements. It is reviewed monthly by Cabinet and at each Audit and Standards Committee meeting. During 2025/26 operational risk registers were introduced.</p>  |
| Council                     | <p>The ultimate decision-making body for all non-executive functions other than those delegated to the Planning, Licensing and Audit and Standards Committees, and operational decision-making delegated to specific officers.</p>   |
| Leader of the Council       | <p>Appointed by Full Council and responsible for all executive functions. The Leader determines how those functions are</p>  |

| <b>Governance feature</b>     | <b>What it is / how it supports governance</b>  |
|-------------------------------|---|
|                               | exercised, including through Cabinet, Cabinet Members, committees or officers, providing clear accountability for executive decision-making and delivery of the council's priorities.   |
| Cabinet                       | Supports the Leader in exercising executive functions and takes the decisions referred to it by the Leader, in line with the Constitution, the Budget and Policy Framework and the council's agreed priorities.   |
| Scrutiny Committee            | Has no decision-making powers but can examine and scrutinise matters of community interest, hold the Executive to account, and represent the interests and views of the public.   |
| Audit and Standards Committee | Provides an independent and high-level focus on the adequacy of governance, risk and internal control arrangements, giving confidence that corporate governance arrangements are effective. The Committee includes an independent person and oversees standards of Member conduct.  |
| Regulatory committees         | Ensure compliance with regulations, including through the Development Management Committee and Licensing Committee.   |
| Other committees              | Meet as required, including the Appointments, Hearings and Determination Committee.   |
| Statutory officers            | <p>The Head of Paid Service, as part of the Senior Leadership Team, has delegated authority to take operational decisions within policies and budgets set by Council and has overall corporate management responsibility for officers.</p> <p>The Section 151 Officer promotes effective financial management so that public money is safeguarded and used economically, efficiently and effectively.</p> |

| <b>Governance feature</b>          | <b>What it is / how it supports governance</b>  |
|------------------------------------|---|
|                                    | The Monitoring Officer is responsible for maintaining and advising on the Constitution, ensuring lawful and fair decision-making, and supporting high ethical standards and compliance with the Codes of Conduct.   |
| Executive Management Team (EMT)    | The council's collective leadership group, responsible for providing corporate leadership and oversight of service delivery across the organisation.  |
| Executive Committee forum (ExCo)   | Made up of the Statutory Officers, the Executive Directors and the Leader.  |
| Directorate Management Teams (DMT) | Chaired by the Executive Director, this group brings together all Directors reporting to said Executive Director to coordinate operational delivery, strengthen corporate performance and address cross-directorate priorities and issues. The DMTs are further supported by finance, legal and HR.             |
| Statutory Officers Group           | The Head of Paid Service, Monitoring Officer and Section 151 Officer meet regularly to discuss emerging governance issues and advise ExCo, the Leader and other relevant forums.  |
| Mission Assurance Panels           | Established to provide regular oversight of projects aligned to Building Harlow's Future. Chaired by the Leader of the Council, they provide strategic guidance, challenge and assurance that the six missions are being delivered effectively.   |
| Procurement governance             | Strengthened during 2025/26 through updated contract standing orders, the creation of a corporate procurement panel, a procurement strategy and social value policy. These arrangements support stronger oversight, compliance, transparency and financial control in procurement and contract decision-making. |

## Internal and External Audit

Both functions support the council's assurance framework.

**Internal Audit** – Has a risk-based approach to audit planning and provide independent assurance with regard to the council's internal control, governance and risk management arrangements. Internal Audit is delivered via a shared service with Epping Forest, Broxbourne and St Albans City and district councils; hosted by Broxbourne Borough Council. During 2025/26 a total of seven audit reports were issued, all being formal assurance (audit) reviews.

The Internal Audit work programme and workflows are reported to and monitored by the Audit and Standards Committee. Such reports can be seen [here](#).


Internal Audit investigates any allegations of fraud and suspected irregularity and whistleblowing allegations where fraud is suspected. For 2025/26 there were no significant (estimated at more than £10,000) investigations completed by Internal Audit into suspected fraud. There were two whistleblowing investigations and one special investigation into polygamous working. Controls have been strengthened where weaknesses were identified.

During the year Internal Audit finalised the council-wide fraud risk assessments begun in 2024/25, leading to targeted anti-bribery training for managers and developed an action plan in response to the requirements of the 2023 Economic Crime and Corporate Transparency Act.

Harlow Council participates in the National Fraud Initiative which is a data matching exercise run annually by the Cabinet Office. The exercise seeks to identify fraud spanning public bodies and Internal Audit is the key point of contact and facilitates and supports the council's involvement. Internal Audit also monitors and analyses data from the online fraud reporting form, to identify trends and possible areas for improvement.

Audit actions are tracked by ExCo and EMT throughout the year and progress is reported on a regular basis to the Audit & Standards Committee.

**External Audit** - The Audit and Standards Committee receives reports from the External Auditors including the annual Audit Results Report and other reports in relation to financial and other aspects of the council's governance. Any issues arising are considered and



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actioned by ExCo and the statutory officers as part of the Council's normal arrangements for exercising oversight of governance matters throughout the year.

At its 25 February 2026 meeting the Audit and Standards Committee considered and noted the contents of the External Auditors year-end report dated March 2025 (ISA260) and the Annual Auditors Report for the year ending March 2025 and approved the Statement of Accounts for 2024/25.

As in recent years external audit gave a disclaimed audit opinion on the basis that they were unable to obtain sufficient audit evidence due to the timeframes imposed under the backstop arrangements (and is not unique to Harlow). There is a plan in place with KPMG to rebuild assurance over the next few years.

## Reporting concerns

The council has a [corporate complaints policy](#) details of which can be found on the website. Complaints made to the Local Government and Social Care Ombudsman (LGSCO) are monitored by Cabinet and EMT. Of the 13 complaints dealt with by the LGSCO during 2025/26 the LGSCO closed all 13 after initial enquiry.

The Audit and Standards Committee considers any complaints made against members of the council relating to breaches of the code of conduct. None of the complaints received by the Monitoring Officer during 2025/26 had to be referred to the Audit and Standards Committee.

The council has a [whistleblowing policy](#) which is available on the council's website. Two whistleblowing allegations were received during the year. These were investigated by Internal Audit on behalf of the Monitoring Officer. Neither allegation could be substantiated but recommendations to tighten internal control were made and agreed with the relevant Director.

## Significant Governance Issues

No significant governance events or failures were reported during 2025/26.

This final part of the Annual Governance Statement (AGS) outlines the actions taken, or proposed, to deal with significant governance issues or risks. ExCo, which monitors and reviews the corporate governance framework, has ensured that issues raised in the previous AGS have been addressed as detailed in Table 1.

Other governance issues and areas for further strengthening have been identified through the council's established arrangements for keeping governance matters under review. These include consideration by ExCo, EMT, the Statutory Officers Group, Internal Audit, the Audit and Standards Committee and wider assurance, risk, performance and

management reporting channels. The resulting areas for improvement or monitoring are detailed in Table 2 below.

**Table 1: Progress on significant governance issues identified in the 2024/25 AGS**

| Issue / Risk area   | Progress during 2025/26  |
|---|--|
| <p><b>Governance Framework</b></p> <p>As a result of the recent management structure and to support the council's main corporate policy framework for 2025 to 2026/26 <a href="#">Building Harlow's Future Plan</a> to introduce a new constitution and governance framework, updating its Financial Regulations, Contract Standing Orders and other operating protocols.</p> | <p>The Monitoring Officer redrafted the constitution with the new constitution coming into effect from 5 January 2026 following Cabinet and Council approval. Further work is planned to update operating protocols during 2026-27. The new Constitution enables faster decision making by incorporating a strong Leader model whereby all executive functions are the responsibility of the Leader which can be delegated to executive members or officers as appropriate. Portfolio decisions are formally published, thereby enhancing transparency and reinforcing accountability. A comprehensive training programme on the revised governance framework has been delivered to both officers and members, ensuring that decision-making processes are appropriately understood and consistently adhered to.</p> <p>The corporate risk register has been overhauled by EMT through an in-person workshop led by the council's insurers. Service based risk registers have been created to support these following the training being extended to service managers.</p> <p>The Project Management Office is now established and assessing the governance framework for all projects.</p> <p>Mission Assurance Panels (MAPs) chaired by the Leader of the Council have been established to provide formal oversight on</p> |

| Issue / Risk area   | Progress during 2025/26   |
|---|---|
|   | <p>a weekly basis of projects aligned to the Building Harlow's Future Plan. MAPs provide strategic guidance, independent challenge, and assurance that each of the six key missions are being delivered effectively.</p>  |
| <p><b>Local Government Reorganisation (LGR)</b></p> <p>During 2025/26 the Council was engaged in preparations for potential Local Government Reorganisation (LGR). However, the Council has paused all activities in relation to LGR pending further consideration of representations to Government regarding current proposals and the laying of the Structural Change Order in Parliament.</p> <p>This change in direction has resulted in a renewed focus on the Council's standalone strategic, financial and organisational sustainability. These areas are being actively managed through the Council's corporate governance framework.</p> | <p>The Council will continue to monitor external policy developments relating to local government structures and actively manage the governance, financial and organisational risks arising from LGR.</p> <p>The Council has made formal representations to Government that the current LGR programme should be paused and fundamentally reassessed due to concerns about deliverability, cost, timescales, impact on existing council budgets and the risk of undermining growth, regeneration and public service delivery.</p> <p>The Council will maintain a clear evidence base on the implications of LGR for Harlow's governance, finances, workforce, service delivery and delivery of Building Harlow's Future, while ensuring that its arrangements remain robust as a standalone authority. It will also consider what further action may be available to support its position that LGR should be paused, including all lawful, appropriate and available avenues, such as further representations, engagement with Government and partners, and procedural or legal options where supported by advice.</p> |
| <p><b>Social Housing Regulator</b></p> <p>The September 2024 regulatory judgement from the Regulator of</p>   | <p>Progress on the work undertaken is reported regularly to the Leader and Housing Portfolio Holder, with regular reports presented to Cabinet which will</p>   |

| Issue / Risk area   | Progress during 2025/26   |
|---|---|
| <p>Social Housing found serious failings in how the council was delivering the outcomes of the consumer standards and significant improvement was needed, specifically in relation to outcomes in the Safety and Quality Standard.</p> <p><a href="#">Building Harlow's Future Plan</a> recognises the need for the council to do better following the Regulator's judgment as detailed in the council's invest in our housing mission.</p> | <p>continue until all actions identified in the improvement plan have been achieved.</p> <p>Achieving this is a clear outcome under the 'invest in our housing' mission in the <a href="#">Building Harlow's Future Plan</a>.</p> <p>The Council has been focused on the safety and quality of its homes since the Regulatory Judgement in September 2024.</p> <p>This has been reinforced by the clear mission to 'Invest in our Housing' in the corporate plan for 2025-26 and 2026-27, and the support of substantial capital funding.</p> <p>Sector experts, ARK Consultancy, completed an independent review of the Council's compliance performance in September 2025. They undertook a sampling exercise of certification, data, and records (last service, inspection, repair and remedial works) relevant to the 'Big Six' health and safety areas – Fire, Gas, Electrical, Water Hygiene, Asbestos and Lifts.</p> <p>ARK concluded that;</p> <p>"In most areas ARK found that the Council has sound processes and controls in place, and these are overall effective. Some important areas for improvement were identified, particularly in relation to Fire and Water Safety. Positively, the Council is self-aware and is making progress at addressing these risks."</p> <p>The Council built on the ARK review by undertaking in-house 'deep dive' reviews on Fire, Gas, Electrical, and Water safety. These reviews examined the end-to-end process from assessment through remediation to certification, including data</p> |

| Issue / Risk area | Progress during 2025/26   |
|-------------------|---|
|                   | <p>management and reporting, to provide assurance that the compliance position being reported is accurate. The deep dives into Asbestos and Lift Safety will conclude mid 2026-27.</p> <p>The Regulatory Judgement of September 2024 focused on Fire Safety after the Regulator of Social Housing identified from a data submission that the Council had carried out fire risk assessments for just over 20% of its tenants who live in blocks that require them. As of 31 March 2026, the Council was 100% compliant with this requirement.</p> <p>Remediation actions arising from the accelerated assessments peaked at 13,250 in April 2025 and were reduced to fewer than 4,000 by the end of March 2026, with clear plans to eliminate the remaining backlog by September 2026.</p> <p>As of 31 March 2026, the Council's position on compliance was;</p> <ul style="list-style-type: none"> <li>• Gas 100%</li> <li>• Electrical 99%</li> <li>• Fire 100%</li> <li>• Water 46.5%</li> <li>• Asbestos 100%</li> <li>• Lifts 100%</li> </ul> <p>Electrical Safety was 99% due to hard to access homes, including those of residents who are classified as hoarders. Teams across the Council are working collaboratively to address these remaining homes.</p> |

| Issue / Risk area | Progress during 2025/26  |
|-------------------|--|
|                   | <p>Water Safety was 46.5%, having been reported at 100% until the deep dive raised concerns about deficiencies in the end-to-end process. A recovery plan has been actioned and confirmed compliance improved to 60% by May 2026 with full compliance projected for September 2026.</p> <p>The Executive Director of Housing and Environment, Director of Housing (Property) and Director of Housing (People) meet the Regulatory Engagement team every month to update them on progress.</p> <p>The Portfolio Holder reports to Cabinet at every Cabinet meeting, giving all members the opportunity to scrutinise and seek assurance on the Council's progress towards full compliance.</p> <p>Altair Ltd. completed an assurance review of the Council's updated Compliance Policies in January 2026, and this will be followed later in 2026-27 with an independent assessment of their implementation and effectiveness.</p> <p>The Consumer Standards Improvement Plan for 2026/27 has been broadened beyond the necessary focus on the Safety &amp; Quality Standard to encompass the other three Standards. This has been reflected as a priority in the corporate plan for 2026-27. Cabinet approved the Plan in June 2026 alongside the Tenant and Leaseholder Engagement Strategy. This will be followed in July 2026-27 by the presentation of the Asset Management Strategy and Action Plan for approval.</p> |

| Issue / Risk area  | Progress during 2025/26  |
|--|--|
|  | <p>Campbell Tickell delivered Member and Officer training on Consumer Regulation in Local Authorities in January 2026, and the Executive Director has provided 121 sessions with key Members, and inductions for new Members post the May 2026 election on this key topic. This will be followed later in 2026-27 by an externally facilitated 'mock inspection'.</p>  |
| <p><b>Financial Management Code review</b></p> <p>Carried over from last year's AGS action plan.</p>   | <p>The assessment against the Code has been completed, and no significant issues have been identified. The review will be reported to the Audit and Standards Committee at their July 2026 meeting. An action plan is being developed to address minor weaknesses identified. The S151 Officer will own this action plan with progress reported to ExCo and Audit and Standards Committee throughout the year.</p>   |
| <p><b><i>Common themes from the 2024/25 Service Assurance Statements</i></b></p>   |  |
| <p><b>Risk management</b></p> <p>Managers would welcome the use of operational risk registers to identify and manage their departmental risks.</p> | <p>For 2025/26 the first step was EMT attending a workshop run by the council's insurers, Zurich, to ensure the council's strategic risk register is aligned to the council's priorities. Directors were then tasked with developing operational risk registers using the tools and training provided to them.</p> <p>Cabinet considered and adopted a new strategic risk register and Risk Management Framework in October 2025.</p> <p>The revised strategic risk register is now established and aligned to Building Harlow's Future. It is reviewed monthly by EMT and Cabinet, with a more in-depth</p> |

| Issue / Risk area   | Progress during 2025/26   |
|---|---|
|   | <p>quarterly review of risks, controls and actions.</p> <p>Operational risk management training was carried out in November 2025 with service managers and Directors, with a mop up session in January 2026. Operational risk registers have been set up and populated by service managers in conjunction with their teams and Director. These were all in place by the end of February 2026. Internal audit will provide assurance to ExCo that the current arrangements are fully embedded and fit for purpose.</p>   |
| <p><b>Personal Performance Plans (PPP)</b></p> <p>The use of these had lapsed during 2024/25 and managers found their use valuable with their staff</p> <p>This is underpinned in the council's mission to transform the council, as part of the <a href="#">Building Harlow's Future Plan</a>.</p> | <p>Achieving this is a clear outcome under the "Transform our council" mission in the Building Harlow's Future Plan and is supported by the council's wider approach to strengthening performance, accountability and delivery.</p> <p>During 2025/26, the council developed an enhanced performance appraisal approach to replace the previous Personal Performance Plan process with a new Appraisals Policy.</p> <p>This is intended to ensure that staff have clear, meaningful objectives, regular conversations with their line manager, and a stronger focus on wellbeing, development, performance and support where delivery is not on track.</p> <p>This approach is reinforced by the council's Dynamic Working framework, which links dynamic working to clearer objectives, shared priorities, stronger collaboration and delivery of council priorities. The policy states that dynamic working includes having clear objectives and priorities, working well with colleagues and spending regular time face to face with</p> |

| Issue / Risk area | Progress during 2025/26   |
|-------------------|---|
|                   | <p>both colleagues and residents. It also makes clear that dynamic working is a formal working arrangement which must be managed in line with council policies, with staff expected to work their contracted hours and duties as agreed.</p> <p>The framework also strengthens the role of line managers in performance management in setting aligned standards within their teams, ensuring staff understand expectations around workplace attendance and ensuring arrangements are followed. Where staff do not follow the policy or expected working practices, managers are expected to address this through the appropriate processes.</p> <p>The annual appraisal process has been developed within the iTrent performance module and expanded to include regular one-to-one recording and mid-year performance check-ins.</p> <p>Together with the Dynamic Working framework, this provides a more comprehensive and supportive approach to performance management across the year, linking individual objectives to the delivery of Building Harlow's Future and other council priorities, strengthening manager accountability, supporting staff wellbeing and development, and ensuring that performance, attendance and delivery expectations are actively managed.</p> <p>The effectiveness of Dynamic Working will also be monitored through ongoing staff feedback and process reviews.</p> |

## AGS Action Plan delivery

Executive Management Team will oversee the action plan below 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 financial year.

**Table 2: Areas for improvement or monitoring during 2026/27**

| No. | Issue / Risk area  | Action plan for 2026/27   |
|-----|--|---|
| 1.  | <p><b>Delivery of Transformation and Regeneration Programmes</b></p> <p>Given the scale and pace of regeneration, capital investment, and organisational transformation, governance arrangements must remain focused on programme oversight, benefits realisation, and clarity of accountability to mitigate delivery, financial, and reputational risks.</p>  | <p>This will be delivered through the Building Harlow's Future programme of works which is overseen by the weekly Mission Assurance Panel meetings and regular reporting to Cabinet. The council's project management office facilitates this review process.</p> <p><b>Action owner:</b> Managing Director (James Gardner)</p> <p><b>Target Completion Date:</b> 31 March 2027</p>   |
| 2.  | <p><b>Local Government Reorganisation (LGR)</b></p> <p>Should LGR proceed, the council must maintain strong, lawful governance while preparing to transition from the current two-tier system to new unitary authorities, with shadow councils operating via Joint Committees alongside existing ones and all decisions needing clear accountability and audit trails.</p> <p>It raises the governance bar by increasing risks around long-term decisions, finances,</p> | <p>The revised Constitution provides clearer and more modern governance arrangements; continued focus is required to ensure it is fully embedded and consistently applied by Members and officers during the LGR transition. This includes decision-making, delegations, financial and contract procedures, and the practical operation of new roles and responsibilities.</p> <p>Continued focus is required to ensure scrutiny, audit, and standards arrangements remain effective, independent, and appropriately resourced to provide constructive challenge.</p> |

| No.   | Issue / Risk area   | Action plan for 2026/27  |
|---|---|--|
|   | workforce, and partnerships, requiring heightened discipline, transparency, and oversight throughout the transition period.   | <p><b>Action owner:</b> Monitoring Officer (Farida Hussain)</p> <p><b>Target Completion Date:</b> 1 April 2028 (vesting day for the new unitary)</p>   |
| 3.  | <p><b>Alternative Service Delivery Vehicle (ASDV) Governance</b></p> <p>During 2025/26 the council made a number of changes designed to affect immediate improvements to its ASDV (i.e. Ltd Cos and LLPs) governance arrangements. These included refreshing officer and managing partner appointments and LLP Members' agreements to streamline, clarify and improve governance and record-keeping around ASDV activity. In addition, an internal central, digital ASDV register/repository was created to create a central record of critical ASDV activity and documentation to aid corporate memory and continuity across HDC's ASDVs.</p> <p>HDC also commissioned expert consultants 31Ten to further review its ASDV arrangements and make recommendations in relation the operation of its ASDVs to best exploit commercial opportunities and drive best value.</p> | <p>Throughout 2026/27 we will strengthen shareholder governance and the performance of the council's companies and commercial operations, building on the work undertaken by 31ten to maximise value, accountability and commercial opportunity as set out in the transform our council section of Building Harlow's Future.</p> <p><b>Action Owner:</b> Managing Director</p> <p><b>Target Completion Date:</b> 31 March 2027</p> |
| <p><b>Common themes emerging from the 2025/26 Service Assurance Statements are:</b></p> |   |  |

| No. | Issue / Risk area   | Action plan for 2026/27  |
|-----|---|--|
| 4   | <p><b>Procurement practices</b></p> <p>As part of the Constitution review, Contract Regulations were updated to comply with new procurement legislation and provide clarity on how procurement activity is undertaken at the council. During 2025/26 the council ensured it had a comprehensive and up to date Procurement Strategy with an operational guide, supported by a new compliant e-Tendering Contract Management System. The Council has also established a Procurement Panel to provide assurance and oversight and joined the Essex Procurement Partnership to ensure greater capacity and resilience.</p> | <p>Ensure governance and oversight mechanisms established during 2025/26 are fully embedded and remain effective and help promote transparency as set out in the 'transform our council' section of Building Harlow's Future. This includes the work of the Procurement Panel to ensure compliance and that there are effective financial controls in place.</p> <p><b>Action owner:</b> Monitoring Officer (Farida Hussain) and S151 Officer (Jan Willis)</p> <p><b>Target Completion Date:</b> 31 March 2027</p>   |
| 5   | <p><b>Technology and Innovation</b></p> <p>Harnessing innovation, technology and data will be a key enabler of council wide transformation and sustainable service delivery. This includes opportunities offered by artificial intelligence (AI), including generative AI tools, to support efficiency, decision-making and service delivery.</p>   | <p>During the year, the council will continue to modernise through smarter technology, streamlined processes and future-ready ways of working that enable faster delivery, more responsive services, greater innovation and better outcomes for residents, supported by a high performing and skilled council workforce as set out in the 'delivery' and 'transform our council' sections of Building Harlow's Future. <b>Action owner:</b> Executive Director (Corporate Services) (Tracie Langley)</p> <p><b>Target Completion Date:</b> 31 March 2027</p> |

## APPENDIX 1: Key elements of the council's governance framework during 2025/26

| 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.   |
| <b>Annual Governance Statement 2025/26</b>  |   |  |   |  |   |   |
| <ul style="list-style-type: none"> <li>The Constitution, which was revised during 2025/26, sets out the decision-making framework and Strong Leader governance model.</li> <li>The Constitution sets out a clear protocol governing member and officer relationships, supporting effective and ethical governance.</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>Public access to meetings, agendas and decisions.</li> <li>Strong Scrutiny Committee arrangements provide transparent challenge and</li> </ul> | <ul style="list-style-type: none"> <li>Building Harlow's Future provides a single corporate policy framework linking priorities, performance, risk and resource allocation.</li> <li>Mission-led governance framework aligns strategic objectives with delivery activity through six corporate missions.</li> <li>Mission Assurance Panels provide regular strategic oversight of</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> </ul> | <ul style="list-style-type: none"> <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> <li>Essex Procurement Partnership membership increases procurement resilience and expertise.</li> <li>Continuing professional development for Members and</li> </ul> | <ul style="list-style-type: none"> <li>New Risk Management Framework adopted and embedded throughout the organisation.</li> <li>Strategic Risk Register aligned to Building Harlow's Future and reviewed regularly by Cabinet and Audit and Standards Committee.</li> <li>Operational risk registers introduced across services during 2025/26.</li> <li>A performance management framework which includes integrated performance, risk,</li> </ul> | <ul style="list-style-type: none"> <li>Strong Leader governance model provides clear democratic accountability for executive decision-making.</li> <li>Constitution contains comprehensive scheme of delegation and defined decision-making responsibilities.</li> <li>All executive and committee decisions are supported by published reports and formal records.</li> <li>Updated Financial Regulations and Contract Standing Orders strengthen accountability for the use of public money.</li> </ul> |

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|--|--|--|---|--|---|--|
| <ul style="list-style-type: none"> <li>• Equality Impact Assessments in place for major policies, strategies, and decisions to meet the Public Sector Equality Duty (Equality Act 2010):</li> <li>• Monitoring Officer provides independent assurance on legality, constitutional compliance and ethical standards</li> <li>• Regular Statutory Officers Group meetings provide oversight of emerging governance issues.</li> <li>• A robust whistleblowing policy and zero tolerance approach to fraud and corruption.</li> <li>• Register of interests, gifts and hospitality</li> </ul> | <p>public accountability.</p> <ul style="list-style-type: none"> <li>• Constitution provides a clearer, more transparent framework for executive decision-making and delegations.</li> <li>• Corporate complaints and whistleblowing arrangements support openness and public confidence.</li> <li>• Audit and Standards Committee includes Independent Person representation.</li> <li>• Stakeholder consultation and engagement embedded within policy development.</li> </ul> | <p>corporate priorities.</p> <ul style="list-style-type: none"> <li>• Local Plan provides long-term spatial framework supporting sustainable growth and regeneration.</li> </ul> | <ul style="list-style-type: none"> <li>• Anti-Fraud and Corruption Strategy.</li> <li>• Project Management Office established to provide governance, consistency and assurance across the corporate programme.</li> <li>• Weekly Mission Assurance Panels provide challenge, oversight and assurance of major programmes and projects.</li> <li>• Cabinet receives regular reporting on delivery of Building Harlow's Future priorities.</li> </ul> | <p>Officers including online based training platform for statutory and bespoke learning activities.</p> <ul style="list-style-type: none"> <li>• Utilisation of training provision available from Industry bodies including LGA, SOLACE, Local Government East, CIPFA etc.</li> <li>• Workforce planning aligned to organisational priorities.</li> <li>• Vacancies and resourcing represent a standing agenda item for EMT agenda and is reviewed against delivery and capacity requirements of Building Harlow's Future.</li> <li>• Leadership capacity strengthened through EMT, ExCo and Statutory Officer governance arrangements</li> <li>• Shared Internal Audit Service provides specialist</li> </ul> | <p>and financial management report.</p> <ul style="list-style-type: none"> <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> <li>• Performance, risk and financial management increasingly integrated through corporate reporting arrangements.</li> <li>• Programme governance framework applied consistently across major projects.</li> <li>• Independent assurance obtained where necessary to provide additional confidence.</li> </ul> | <ul style="list-style-type: none"> <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>• Mission Assurance Panels provide regular challenge, oversight and assurance of delivery against council priorities.</li> <li>• Processes to ensure internal and external audit recommendations are acted upon.</li> <li>• Audit and Standards Committee provides independent oversight of governance, risk and control.</li> <li>• Clear separation between executive, scrutiny and regulatory functions.</li> <li>• Procurement Panel established to strengthen oversight, transparency and compliance.</li> </ul> |
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| <p>maintained and monitored.</p> <ul style="list-style-type: none"><li>• Annual review of governance arrangements against CIPFA/SOLACE principles.</li></ul> |  |  |  | <p>governance assurance capability.</p> |  |  |
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